ANNUAL REPORT 2017
IRIS CORPORATION BERHAD
302232-X

STRENGTHENING COMPETENCIES

IRIS®
Bringing Solutions to Life

IRIS CORPORATION BERHAD
302232-X

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FOCUS ON CORE STRENGTHS

Over the past 23 years, we have built a strong reputation for efficient project delivery, strong customer service and innovative solutions. Our competencies in Trusted Identification is at the heart of everything we do. IRIS remains firmly committed to renew our Trusted Identification division and divest our non-core divisions in order to focus our resources on our core strengths. We have embarked on a restructuring plan that will shape the Group and position us well to face an increasingly challenging but exciting future full of opportunities.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,
Financial Year 2017 (FY2017) has been extremely challenging for IRIS Group as both the Malaysian and global economies faced severe challenges including government fiscal stress, political disruptions in many large markets and policy uncertainties.

Against the backdrop of this tougher environment, the Board's priority for FY2017 was to position the Group for sustainable growth over the long term by reshaping our business and strengthening our competencies in IRIS core business, Trusted Identification.

Across the Group as a whole, we are significantly restructuring to improve our efficiency by de-layering and streamlining departments which will enable us to maintain our focus on delivery, and our responsiveness, both to market conditions and our customer's needs.

RESTRUCTURING FOR GROWTH

In our pursuit for efficiency and growth, IRIS has taken a bold step in formulating a Corporate Restructuring Plan (CRP) to deliver sustainable, profitable sales growth and long-term value creation for shareholders, by implementing a holistic funding strategy, focusing on core business, divesting non-core business and strengthening corporate governance.

The Board and I, together with Felda Investment Corporation (FIC), who is holding 19.4% shares in paid up capital of IRIS, have positively endorsed this CRP, which provides the best way forward to better position IRIS for further growth globally and domestically.

Across the business, we have continued with our wide-ranging CRP and I am pleased to say that these are very much on track. Through making some difficult decisions and putting our customers and employees at the heart of all we do, we are restructuring IRIS for the better. It was a difficult decision to divest our sustainable development projects in Papua New Guinea, Solomon Islands and Republic of Palau and our waste to fertiliser plant in China, but it was an important step in the restructuring plan. With these past projects behind us, we are back to focusing our resources into delivering more profitable Trusted Identification projects such as the Senegal eID RM364 million contract.

As part of the CRP, IRIS also successfully completed the Private Placement exercise of 9.09% of the issued and paid-up share capital of IRIS to our new strategic investor, Caprice Development Sdn Bhd. The money from this share placement will be used for working capital requirements.

There has been a renewed focus on corporate governance as per the CRP and the Board has spent time examining and strengthening our processes during this turnaround period for IRIS. Having a solid governance framework is key to rebuilding trust and transparency.

Among our initiatives to strengthen corporate governance was a meeting with Dato' Yusli Mohamed Yusoff, President of Malaysian Institute of Corporate Governance (MICG) and his MICG team to discuss how IRIS can enhance corporate governance effectively.

LOOKING FORWARD TO FY2018 AND BEYOND

Although it has been a very challenging year for IRIS, I remain extremely positive and confident about the future of our company. There are exciting opportunities for growth in the Trusted Identification sector as Acuity Market Intelligence estimated the global market revenues for Airport ABC eGates and kiosks are expected to reach USD1 billion annually by 2020 while the global ePassport market revenue is expected to reach more than USD5 billion annually by 2020. The Board and Management team are moving our Company forward and focusing directly on guiding IRIS back to its core strengths to capture these growth opportunities.

As the inventor of the world's first ePassport and world's first multi-application eID, IRIS has revolutionised the Trusted Identification industry. It is important that we put all our resources and efforts to focus on what IRIS is best at, our Trusted Identification products and solutions. To accelerate innovation, the Group has forged new strategic partnerships with Zwipe, a Norwegian company specializing in biometric payment cards and TruTag, a leading U.S. authentication and digital security company, to introduce new innovative security solutions in Malaysia and ASEAN.

For FY2018, IRIS will sharpen our responses to new challenges in the market and prepare ourselves for tremendous volatility globally in order to remain competitive, increase both top-line and bottom-line and achieve our goals for the long-term success of the Group. We will continue with our restructuring plan while ensuring we deliver on our reputation for excellence in project delivery, meeting customers' need and improving our cash flows. As we seek these outcomes for our shareholders, the Board and IRIS management team are fully aligned and moving expeditiously.

Given the importance of a strong management team, we will continue to spend ample time on succession planning, and will look to management to reassure us that there is a pipeline of talent coming through all levels of the Group.

CORPORATE DEVELOPMENTS

Corporate proposals reported during FY2017 were:

(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-owned subsidiary of the Company.

(b) Disposal of entire remaining equity interest in Versatile Creative Berhad

The Company had on 20 September 2016 completed the disposal of its entire remaining equity interest of 35,000,000 or 29.83% of the issued and fully paid-up shares of RM1.00 each in Versatile Creative Berhad to a 3rd party for a total gross consideration of RM22,194,000. Versatile Creative Berhad and its subsidiaries has then ceased to become the associated companies of the Company.

(c) Struck off of Northern Shine Holdings Limited

Northern Shine Holdings Limited ("NSHL"), a wholly-owned subsidiary of the Company, was struck off from the British Virgin Islands ("BVI") Government Register with effect from 1 November 2016.

NSHL was incorporated on 22 April 2014 under the laws of British Virgin Islands with an authorised share capital of 50,000 ordinary shares of USD1.00 each of which 10 ordinary shares of USD1.00 each have been issued and fully paid-up. The principal business activity of NSHL is an investment holding company.

The striking off of NSHL will not have any material effect on the earnings and net assets of the Company for the financial year ending 31 March 2017.

(d) Disposal of entire 30% equity interest in Paysys (M) Sdn Bhd

On 9 March 2017, the Company had entered into a Share Sale Agreement for the disposal of 300,000 ordinary shares, representing 30% equity interest of Paysys (M) Sdn Bhd ("Paysys") for a total purchase price of RM5,000,000. Paysys has ceased as an associate of the Company.

THE BOARD

I am confident that we have a strong, multidisciplinary Board with the right balance of skills, experience and backgrounds to support the management team that had undergone a few changes. The one significant change was the appointment of Mr. Choong Choo Hock as Acting CEO. I would like to thank Mr. Choong who took up the challenge of stepping in as Acting CEO since January 2017. He held the fort well in a challenging environment.

I would also like to formally welcome Dato' Dr. Abu Talib Bin Bachik who joined as Senior Independent Non-Executive Director, and Dato' Rozabil @ Rozamujib bin Abdul Rahman, Dato' Poh Yang Hong and Encik Hussein Bin Ismail who joined as Non-Independent Non-Executive Director during the year.

On behalf of the Board, I extend my thanks to YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, Dato' Eow Kwan Hoong and Tuan Syed Abdullah Bin Syed Abd Kadir who have retired from the Board during FY2017, and Datuk Noor Ehsanuddin Bin Hj Mohd Harun Narrashid who resigned from the Board on 28 July 2017.

I would like to put on record my gratitude to the Operational Advisory Committee (OAC) members comprising of Mr. Francis Chan (Independent Non-Executive Director), Dato' Dr. Abu Talib Bin Bachik (Senior Independent Non-Executive Director) and Datuk Nik Azman Bin Mohd Zain (Non-Independent Non-Executive Director). On behalf of the Board, the OAC has provided oversight on the business renewal and implementation of the CRP.

ACKNOWLEDGEMENTS

On behalf of the Board and management, I convey my sincere thanks and appreciation to all our supportive shareholders, steadfast clients, investors, business partners and suppliers for their confidence and continued belief in IRIS. Your support has provided us with the strength to push forward despite all odds to deliver our CRP especially in such a demanding and challenging environment.

I would like to thank all IRIS employees for your continued hard work, resilience and commitment through these difficult times. There is great strength to be derived from unity. I am confident we can achieve success through the concerted effort and collective energy from everyone who is a part of IRIS.

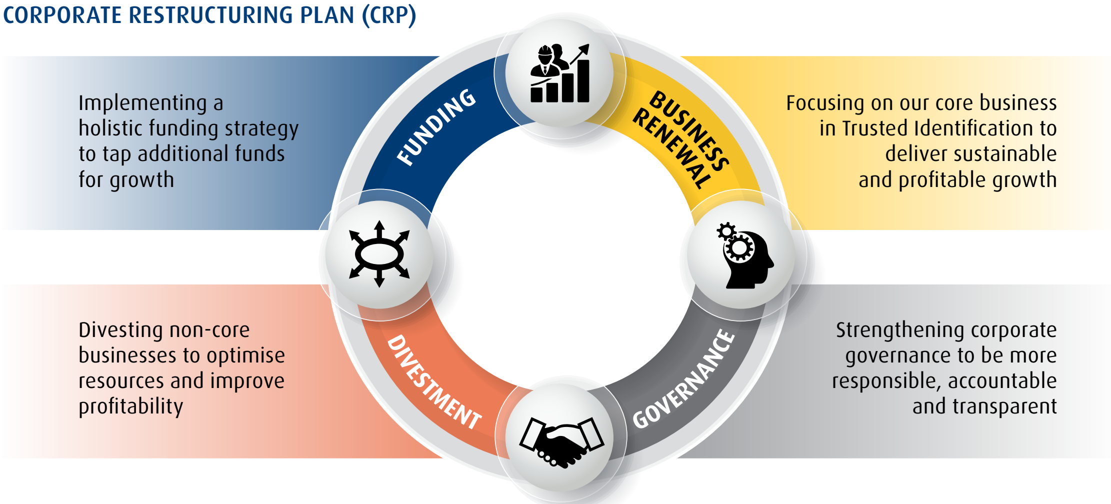
To the governments of the countries in which we operate, we thank you for giving us the opportunity and honour to provide IRIS trusted identification solutions to the citizens of your countries.

Strong foundations have been laid since we implemented our CRP and I believe that we have focused on the right priorities as we continue to strengthen our competencies to take the Group forward and face the challenges ahead.

TAN SRI RAZALI BIN ISMAIL
Chairman

This has been an extremely challenging year for IRIS Group. As we continue to improve our operating business, we announced a four-point Corporate Restructuring Plan (CRP) with clear, decisive initiatives to further accelerate growth and improve profitability. We have begun to transform our entire business by implementing the CRP.

CORPORATE RESTRUCTURING PLAN (CRP)

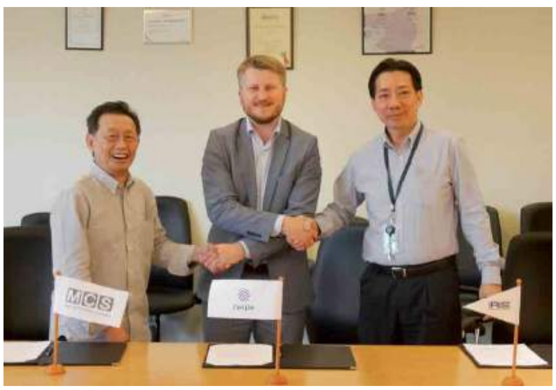


As part of the CRP, a holistic funding strategy was implemented and various stakeholders were engaged to tap additional funds to grow IRIS. Among the successful engagements was a private placement exercise of 9.09% of the issued and paid-up share capital of IRIS to our new shareholder, Caprice Development Sdn Bhd.

To deliver sustainable and profitable growth, the CRP will focus on the core of what has made IRIS the technology company it is today and what IRIS is best at, our Trusted Identification products and solutions. During financial year ended 31 March 2017 (FY2017), IRIS derived 85% of its revenue from Trusted Identification division with operational profit of RM71.2 million.

To renew IRIS Trusted Identification, a new sales strategy was formulated for FY2018 around the four pillars of Customers, Market Share, Share of Wallet and New Business.

The new sales strategy aims to accelerate top-line growth and increase our competitiveness and profitability by focusing on delivering the best value products and solutions to our customers in targeted regions. To increase share of wallet, we are also cross-selling technologies across our different customer segments, leveraging common tools and processes.



TOP. SIGNING CEREMONY BETWEEN TRUTAG AND IRIS ON 2 MAY 2017.

BOTTOM. PARTNERSHIP WITH ZWIPE TO DEVELOP NEW GOVERNMENT ID AND PAYMENT SOLUTIONS.

As part of developing new business, we started forging partnerships with new technology partners like Zwipe and TruTag to introduce innovative solutions to our customers. The synergistic partnership with Zwipe aims to integrate Zwipe's biometric authentication engine with IRIS' expertise in smart card manufacturing to create competitive and innovative payment cards and government ID solutions.

TruTag is the only company in the world with covert and ingestible (edible) optical memory microtags that can be applied to both consumables and secure documents. IRIS and TruTag plan to provide multiple layers of security to secure labels and documents.

To ensure that resources are utilised on our core business, the CRP had started divesting IRIS' non-core businesses including property development and waste to fertiliser plant. The CRP will also focus efforts on divesting and monetising our key assets such as IRIS' stake in Seri Stamford College, food waste to fertiliser plant in China and mining and exploration permit in New Zealand.

Recognising that corporate governance is an essential part of an organisation's sustainable growth, we are presently reviewing and updating the Group's corporate governance practices as we continue to strive towards excellent governance at IRIS.

We will implement the CRP methodically and energetically to ensure we run more efficiently and cost effectively than ever before as IRIS evolves toward a clearer heading of the core composition and priority growth pillars of our restructured business.

GROUP FINANCIAL PERFORMANCE

It had been a tough FY2017 due to a daunting business environment with slow economic growth and many governments grappling with escalating national debt. According to the World Bank, global growth for 2016 was an estimated 2.3%, its lowest since the 2008 global financial crisis. For FY2017, the Group achieved revenue of RM437.7 million, a decrease of 15.8% from RM519.6 million recorded in FY2016.

The decrease is attributed to lower revenue from Sustainable Development projects namely Rimbunan Kaseh project and Sentuhan Kasih project for the State Government and FELDA respectively and the non-renewal of the Malaysia ePassport project. The lower revenue was partially offset by higher revenue from the Trusted Identification division especially from Senegal eID cards project and delivery of banking cards for local financial institutions.

Due to the CRP, we had to make tough decisions and decided to make a one-time non-cash impairment of RM247.1 million. The impairment consists of goodwill and assets of RM143.5 million from non-core Sustainable Development and Education divisions and RM103.6 million from trade and other receivables for Trusted Identification. Due to these impairments, the Group recorded a significant loss before tax of RM316.0 million in FY2017 as compared to profit before tax of RM17.8 million in FY2016.

If we normalise these numbers to exclude one-off charges and only reflect on operations, the Group would have posted a loss before tax of RM68.9 million for FY2017. Taking into account taxation, IRIS reported a loss after tax of RM323.7 million in FY2017 compared to loss after tax of RM3.1 million in FY2016.

Overall, it had been a turbulent year in a competitive market beset further by global economic challenges. By implementing the CRP to minimise further losses within Sustainable Development and Education divisions, and to increase profit in Trusted Identification division, IRIS is making ongoing improvements across all areas of the Group to deliver sustainable growth.

SUMMARY OF FINANCIAL INFORMATION	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
REVENUE	**437,675**	519,633	561,954	574,604	537,066
Profit/(Loss) before taxation	**(316,032)**	17,818	(18,275)	34,342	34,029
Profit/(loss) after taxation	**(323,682)**	(3,087)	(24,720)	17,892	18,436
Total Equity attributable to owners of the company	**288,158**	550,029	545,097	549,398	416,059
Non-current assets	**295,380**	404,710	608,014	582,880	505,519
Current assets	**472,300**	671,869	712,018	722,952	586,441
Total assets	**767,680**	1,076,579	1,320,032	1,305,832	1,091,960
Current liabilities	**406,550**	383,902	574,133	606,594	518,009
Non-current liabilities	**104,631**	154,833	181,042	92,862	116,751
Total liabilities	**511,181**	538,735	755,175	699,456	634,760
Net assets	**256,499**	537,844	564,857	606,376	457,200

KEY RATIO	BASIS	2017	2016	2015	2014	2013
Pre-tax profit/ (loss) margin	(%)	**(72.21)**	3.43	(3.25)	5.98	6.34
Post-tax profit/ (loss) margin	(%)	**(73.95)**	(0.59)	(4.40)	3.11	3.43
Basic earnings/ (loss) per share	(sen)	**(13.07)**	0.30	(1.07)	1.30	1.34
Net assets per share	(sen)	**12.82**	26.48	26.72	28.71	26.39
Total borrowings to equity ratio	(%)	**63.01**	49.96	88.88	69.77	65.67

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

STRENGTHENING OUR CORE: TRUSTED IDENTIFICATION

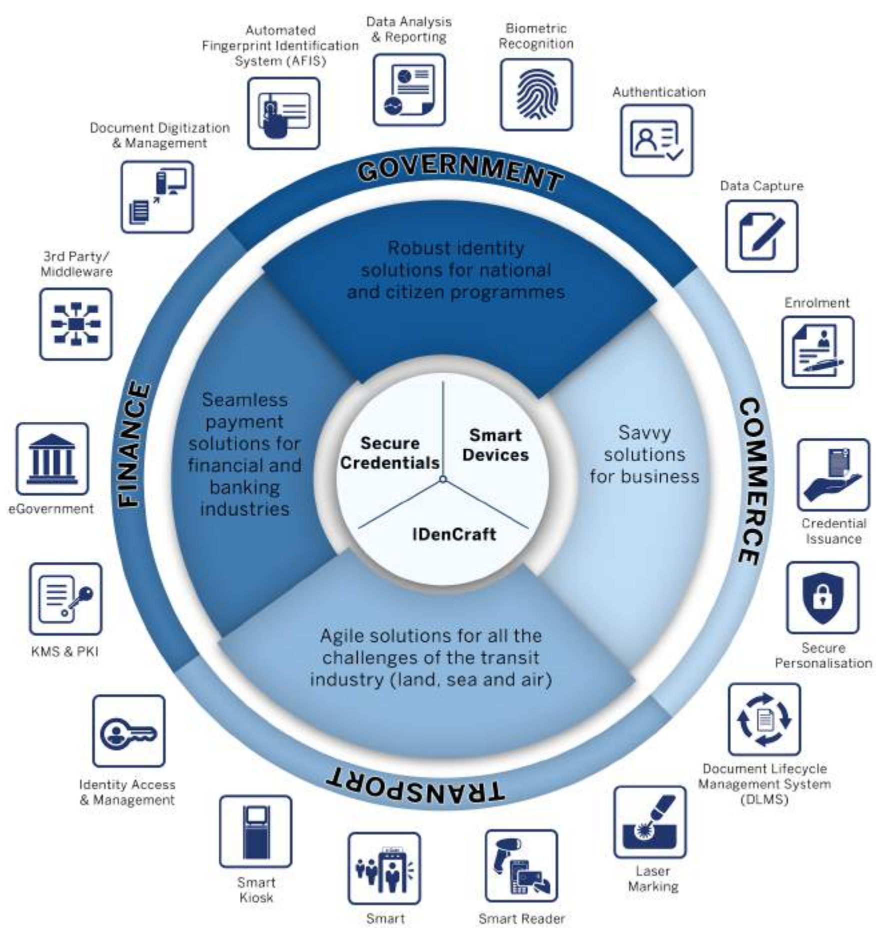
IRIS, as Malaysia's premier smart card manufacturer, has its business and bottom line deeply rooted in the Trusted Identification division. Over the past 23 years, we have built a strong reputation for efficient project delivery, strong customer service and innovative solutions in the Trusted Identification industry. In today's competitive business environment, our people continue to find new ways to innovate, control costs and deliver more value to our clients. The division has constantly and continuously delivered in all economic climates.

Trusted Identification division achieved higher revenue of RM372.9 million in FY2017 compared to revenue of RM342 million in FY2016. This division attained operational profit of RM71.2 million in FY2017 but due to one-time impairment of trade and other receivables of RM103.6 million, the division reported a loss before tax of RM8.6 million.

In FY2017, Trusted Identification's international sales raked in RM264.5 million. Growth prospects in the global smart card market remain healthy as smart cards continue to be used extensively for a range of purposes by business and government, from basic identification to border security management as well as telecommunication and financial services.

In 2016, the global smart card industry manufactured 14.7 billion smart cards (memory, contact, contactless and dual interface) valued at USD8.2 billion, of which 46% market share belonged to the Asia Pacific region. Increased efficiency and security offered by smart cards continues to drive the adoption of smart cards globally. While SIM cards, and banking and payment applications constitute a major portion of smart card applications, the increased demand for secure identification is driving the growth of smart cards for Government ID projects.

OUR COMPREHENSIVE RANGE OF TRUSTED IDENTITY PRODUCTS AND SOLUTIONS



IRIS believes that governments around the world will continue to use smartcards as national IDs, driver's licenses, voter registration cards, refugee cards and more. Where greater levels of security are required, physical cards are ideal because they can be easily customised, country-by-country, including adding in- and on-card security features. National ID cards also offer a unique opportunity to include custom security features that engender a sense of national pride: many citizens attach a lot of importance to having a physical item that shows that they "belong," and the card design is also an opportunity to shine.

Government eID cards are cards issued by national governments which give every national a way to prove their identity and residence in their respective country. Various governments have been using smart cards for various applications such as ePassport, eDriving License (eDL) and eID, benefiting both citizens and government. Governments across the globe have been able to reduce costs, increase operational efficiency, and manage national databases better by issuing smart cards to their citizens.

During FY2017, IRIS secured a new EUR76.20 million or RM364 million contract to supply a new system for the production of Senegal's national biometric identity and built-in voters' card. In the Senegal eID project, IRIS continues to demonstrate superior production and delivery capabilities that will ensure rapid deployment of the West African state's national identity scheme. Some 13 million (estimated population to date) Senegalese will see their current plastic identity card converted into a contactless chip card that stores biometric data for fast and reliable verification of an individual's identity. The Government of Senegal will issue the new national biometric and voters' cards to its citizens as added measure for strengthening administration, fighting identity theft, and combating electoral fraud.

TOP. SENEGAL PRESIDENT MACKY SALL LAUNCHING SENEGAL'S NEW BIOMETRIC eID PRODUCED BY IRIS.

MIDDLE. SIGNING AGREEMENT FOR MAINTENANCE CONTRACT BETWEEN IRIS AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH.

Apart from supplying a proprietary fraud resistant polycarbonate (PC) card embedded with contactless chip that incorporates extensive, world class security features, IRIS also provide its IDenCraft solution that manages enrolment, personalisation, and issuance of the new biometric identity and voters' cards. To ensure that the new identity card is impossible to forge, unlawfully manipulate and delaminate, each PC card will be personalised with high tech laser engraving technology.

In Bangladesh, our maintenance contract was renewed hence we continue to support and maintain the Bangladesh Machine Readable Passport (MRP) as well as its Automated Fingerprint Identification System (AFIS) with new maintenance contracts worth RM11.9 million and RM16.7 million respectively.

In Solomon Islands, IRIS launched the country's new ePassport and eGate systems in December 2016. Solomon Islands was one of the first Pacific Island countries to embrace the ePassport and eGate technologies whereby Solomon Islanders will see the conversion of manual passport book into ePassport. These new ePassport and eGate solutions will automate and accelerate border control.

IRIS also remains as committed supplier to the Thai government with new orders for inlays to be embedded into the Thai ePassport amounting to RM12.8 million. Our relationship with Thailand began in 2005 with the contract to supply electronic inlays. Thai ePassports contain security features to prevent forgery which contributes to international efforts to counter transnational terrorist activities and illegal entry into the Kingdom.

On the home front, IRIS maintains commitment to supply and service Malaysian government agencies and ministries with eIDs for MyKid and MyTentera; Malaysian Driving License and Automated Border Control (ABC) solution for Malaysian Immigration. Revenue from our joint venture company, IRIS Global Blue TRS Malaysia Sdn Bhd is expected to increase as Tourism Malaysia is targeting 36 million tourists with receipts of RM168 billion by the year 2020. According to Tourism Malaysia, the tourist receipts for 2016 were RM82.1 billion with tourist spending RM26 billion on shopping.

The global smart card industry has been witnessing dynamic changes since the last few years which have created significant opportunities for players operating in the market. New and attractive growth prospects are being observed in the market across the globe due to the emergence of Euro pay, MasterCard and VISA (EMV) migration, multi-functional smart cards, and the Near Field Communication (NFC) techniques.

In Malaysia, banks successfully replaced their customers' signature-based payment cards with PIN-enabled cards. As a result of this migration to a faster, easier and more secure payment system, IRIS manufactured and delivered over 9 million payment cards and billed RM49.9 million in FY2017.

The deployment of Advanced Fare Collection (AFC) systems and electronic ticketing systems comprising contact and contactless smart cards, bank cards and mobile payments are gaining popularity across the Asia Pacific region. These systems provide commuters and transit users with convenience, and transit agencies with benefits of reduced capital and operating costs, improved fare flexibility, increased revenues, and opportunities for interoperability and scalability.

Asia Pacific is one of the biggest markets for upcoming public transit projects including metrorail, light-rail and BRT. These cities offer several opportunities for technology providers; system integrators; ticketing and validation equipment suppliers; smartcard, mobile phone and chip manufacturers; financiers; consultants; workforce development organisations; etc.

There is also emphasis on integration and interoperability not just across transit modes (same or multiple operators) but also across various levels such as at the regional, national, or even international level, and across several services such as parking, retail purchases, identity verification, and building access. In FY2017, IRIS grew its foothold and revenue in the Malaysian transportation market to RM13.4 million, an impressive 283% increase from RM3.5 million in FY2016.

As the smart card industry grows and matures, there has been a natural move from provisioning of physical cards to expanding the smart card ecosystem through the delivery of smart card-related software and services. The commoditisation of physical smart cards and the progressive digitalisation of services has provided opportunities for us to re-think our strategies and focus on the services areas.

TOP. IRIS GLOBAL BLUE GST REFUND COUNTER.

MIDDLE. MBCR100U MOBILE BIOMETRIC CARD READER TO VERIFY AND AUTHENTICATE eID CARDS.

BOTTOM. IRIS eGATES DEPLOYED IN SOLOMON ISLANDS.

New solutions slated for launch and deployment in FY2018 include IDenCert, a secure solution for instant authentication and verification of certificates and the MBCR100U Mobile Biometric Card Reader, a sleek and compact device which facilitates verification and authentication of eID cards using mobile devices.

As a formidable means of overcoming counterfeit academic, professional and achievement certificates, IDenCert is a multi-channel, secure document verification system that provides a platform for creating physical certificates into electronic versions which are digitally signed and then integrated into a web-based management application. IDenCert is more than a digital signature solution, it is a comprehensive ecosystem for instant authentication and verification of certificates, from enrolment to verification of the documents, converting traditional paper to electronic document to allow instant authentication and verification from anywhere in our digitally connected world.

Top tech market intelligence firms such as Frost & Sullivan, Acuity and Transparency together with industry groups like International Card Manufacturers Association (ICMA) and Asia Pacific Smart Card Association (APSCA) are forecasting growth at a CAGR of between 7.5% to 8% for the, currently, USD8 billion industry as technology competence improves and demand for secured transactions increase.

SUSTAINABLE DEVELOPMENT DIVISION

During FY2017, the Malaysian economic outlook was challenging with government budget cuts and slowdown of the property market. These affected the Sustainable Development division resulting in collective revenue of RM56.4 million in FY2017 compared to RM181.4 million in FY2016. The lower revenue is mainly attributed from the completion of the Rimbunan Kaseh (RK), Sentuhan Kasih and Sarawak schools projects with IRIS Food and Agro Technology sub division's revenue contributing RM7.4 million.

As per the CRP, we have started our divestments in Papua New Guinea, Solomon Island and Republic of Palau which resulted in impairments of RM41.9 million. A one-off impairment of RM58.0 million was also made when we divested the Waste-to-Fertiliser Plant in Weinan, China. In addition to mitigating further losses, these divestments will better allocate resources and make us leaner, faster and more agile to focus on Trusted Identification division to improve overall revenue and profitability. As a result of these impairments, the division recorded a loss before tax of RM195.2 million.

We remain cognisant of the challenges we will face on the road ahead both internally and externally especially on improving the revenues of RK farms. However, there are discussions with relevant authorities and experts on solutions to improve the harvest yields and mitigate operational risks at the RK farms.

For FY2018, we will continue to supply IRIS KOTO IBS (Industrialised Building System) panels for large-scale building construction projects and bird nest (swiftlet houses) farming projects in Malaysia.

TOP. 4 STOREY WALK-UP APARTMENTS BUILT USING IRIS KOTO IBS.
BOTTOM. SK PINANG, KOTA SAMARAHAN, SARAWAK SCHOOL PROJECT.

EDUCATION DIVISION

The Education division, through Seri Stamford College Sdn Bhd (Seri Stamford), achieved an increased revenue of 16% to RM9.3 million in FY2017 due to higher student enrolment. However, high administrative costs and impairment of goodwill, intangible assets and receivables resulted in loss before taxation of RM31.7 million.

Student enrolment has been increasing yearly as Seri Stamford remains dedicated to providing quality education with academic programmes that are Ministry of Higher Education (MOHE) approved with accreditation by Malaysian Qualifications Agency (MQA). Students also get more than an education as they are given numerous opportunities to harness their potential. Our college goes the extra mile to ensure every student has a solid stepping stone to success by developing both practical and industry specific high-level skills through numerous events and competitions.

One such event was the Pan Borneo Adventure, that featured five staff traversing across Borneo on motorcycles and providing English classes to the children in the villages visited. A team of Seri Stamford students documented the adventure on film and will produce this documentary with the support of FINAS (National Film Development Corporation).

Seri Stamford also organised the first intervarsity sporting competition in celebration of a partnership between our College and Indonesia's Institut Bisnis dan Informatika KOSGORO-1957 (IBI-57). The 2-days

TOP. SERI STAMFORD COLLEGE 66TH GRADUATION CEREMONY ON 3 DECEMBER 2016.

BOTTOM. MERDEKA GAMES.

"Merdeka Games" event featured tournaments of badminton, football (field soccer) and multiplayer online battle arena (MOBA) video game, Dota 2. This competition provided a learning opportunity for students to learn about teambuilding and experience different cultures.

During FY2017, Seri Stamford launched the Master of Business Administration (MBA) and Master of Education online programmes. Online learning is the future of education and Seri Stamford will continue to develop and strengthen its online platform to capture the demand from working adults seeking to upgrade their skills and qualifications via online learning.

Under Malaysia Education Blueprint 2015-2025, MOHE is targeting to attract 250,000 international students by 2025. This is an opportune time for Seri Stamford to further promote and capitalise on our strengths in higher education to attract more international students.

Seri Stamford College continues to forge ahead in supporting modern learning environments, initiatives and innovative educational tools with the aim of making higher education affordable and accessible to everyone in Malaysia and around the world.

THE ROAD AHEAD

FY2018 will serve to intensify efforts we have already been making to ensure we are on track with our restructuring plan and on the road to better profitability as we unearth the hidden value of our Trusted Identification business to underpin our future.

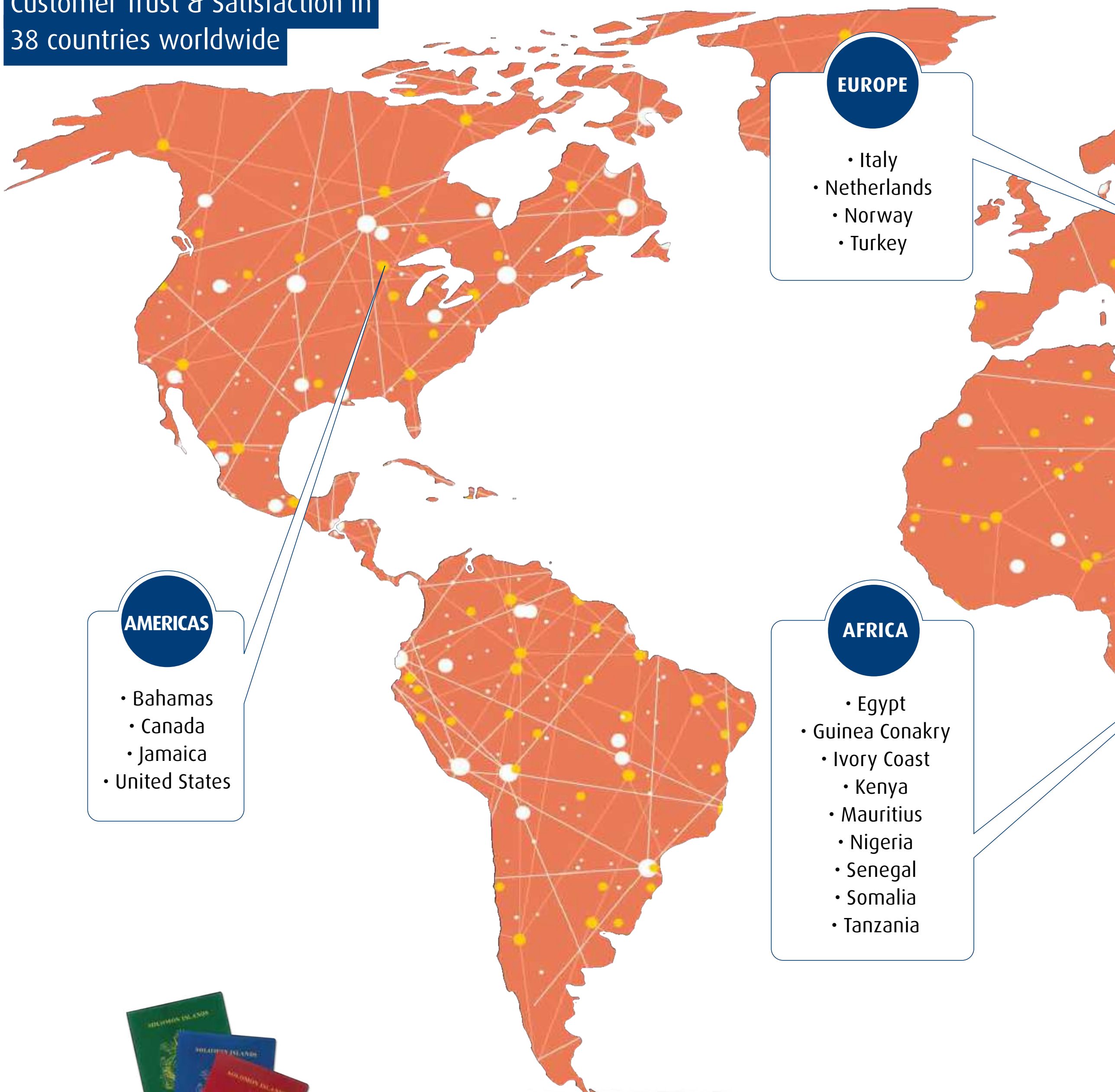
To increase profitability, our people are always striving to find new ways to deliver efficiency through cost optimisation while identifying risks from the outset and maintaining our risk management rigour every step of the way. We continue to become even more competitive by putting our customers at the heart of every decision we make as our success depends on addressing their evolving concerns, needs and behaviours.

There is a growing demand for the protection of identities and data, to provide trust, authenticate people and combat fraud. In addition, there is increasing demand from governments to migrate from paper-based identity documents to electronic documents. The rapid proliferation of online services, connected devices and remote payment is also transforming the identification and payment landscape. All of these factors are creating limitless opportunities for growth in Trusted Identification.

Strategically, we are on the right trajectory, and we remain optimistic about our future as we continue to focus on strengthening our competencies for sustainable growth.

OUR GLOBAL FOOTPRINT

Customer Trust & Satisfaction in
38 countries worldwide

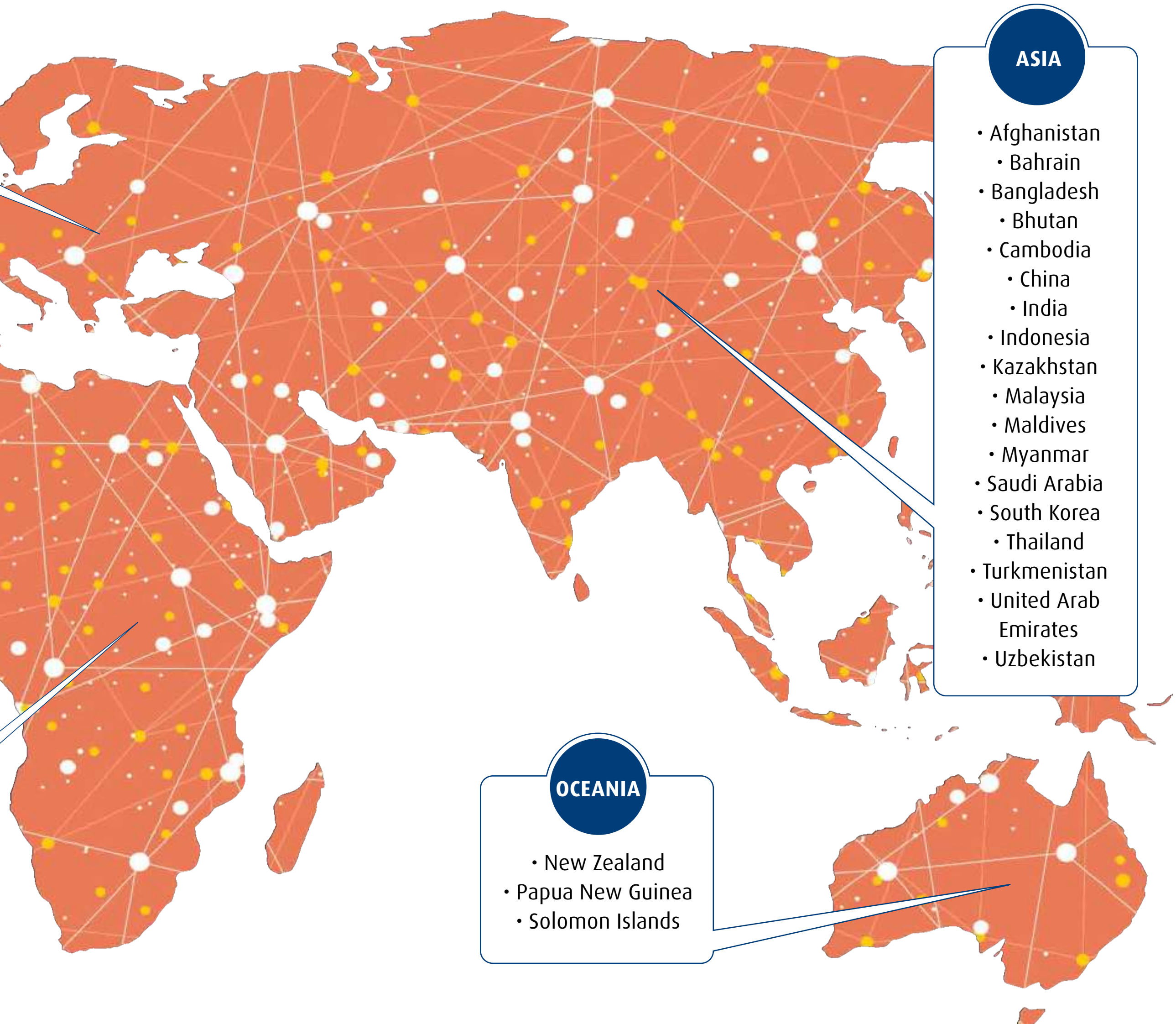


86.1
MILLION

As of March 2017,
we have delivered
more than 86.1 million pieces
of ePassport and/or
Inlay to 14 countries

119.8
MILLION

As of March 2017,
we have delivered more
than 119.8 million pieces
of eID and/or card-based
driving licenses



212 THOUSAND

As of March 2017, we have delivered more than 212 thousand contact / contactless card readers and devices sold to 28 countries

27.2 MILLION

As of March 2017, we have delivered more than 27.2 million pieces of Payment and Transportation cards

CORPORATE PROFILE

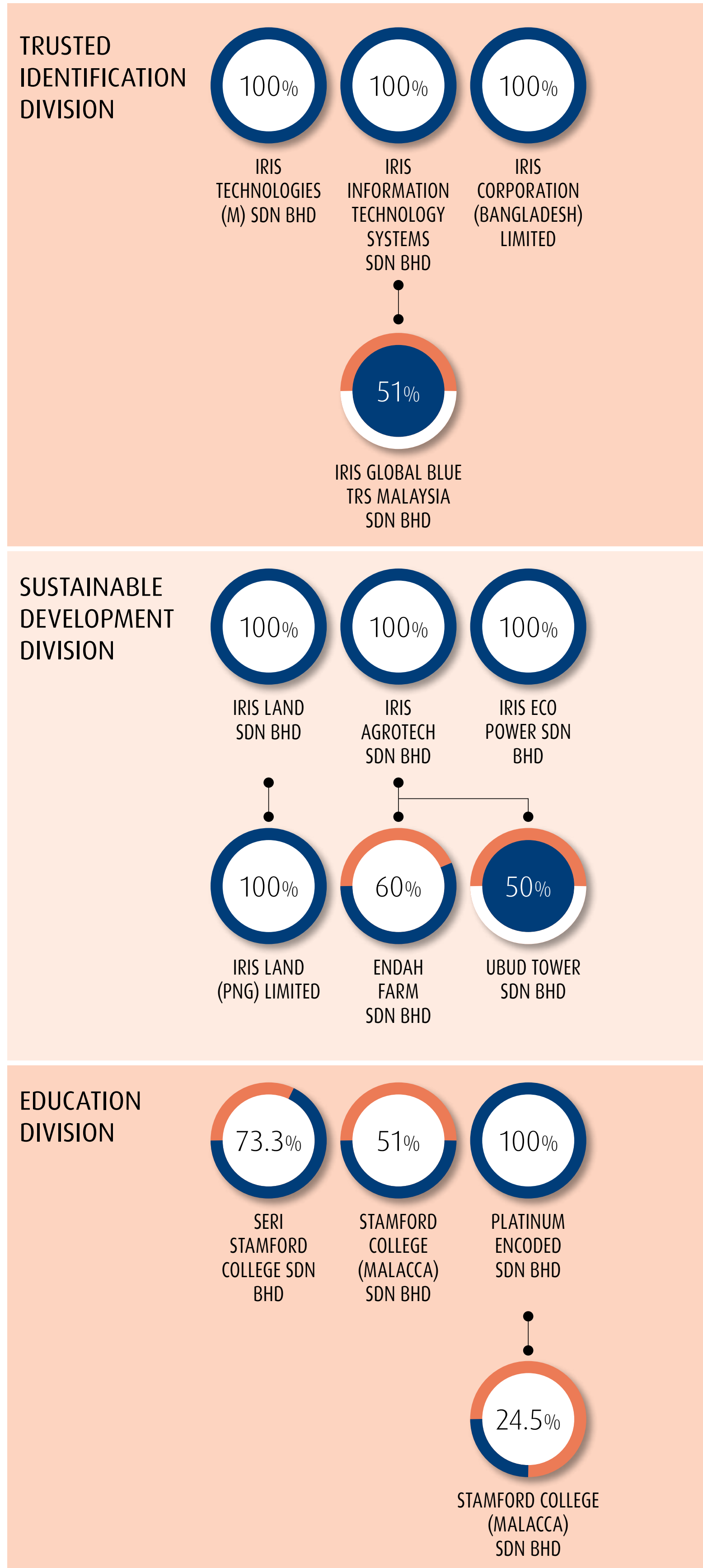
Founded in 1994, IRIS Corporation Berhad (ACE Market: IRIS) is a MSC-status technology innovator and leading provider of Trusted Identification products and solutions. Since pioneering the world's first ePassport in 1998, IRIS has set itself apart as a dedicated End-to-End integrated solutions provider for eID, ePassport, Automated Border Control (ABC), multiple credential identity management ecosystems, and payment systems for financial and transportation industries where authenticity, improved security, speed, accuracy and effectiveness are of paramount importance.

As an established player in Trusted Identification, IRIS has a significant international presence in over 38 countries across the globe where IRIS delivers unrivalled service exceeding clients' expectations. Every day, our capable, experienced, agile and adaptive team is delivering viable, secure and comprehensive solutions to suit the needs of our customers around the world while grounded by core values of passion, assertion, genuineness, innovation and compassion.

We pride ourselves in integrating disparate technologies to bring to life full suites of solutions that will enrich lives and change the world for the better.

This is what IRIS is about. Changing the way we do things now, for a sustainable and brighter tomorrow.

CORPORATE STRUCTURE



100% IRIS CORPORATION NORTH AMERICA LTD

44.4% MULTIMEDIA DISPLAY TECHNOLOGIES SDN BHD

20% NEURALOGY SDN BHD

100% REGAL ENERGY LIMITED (HK)

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

49% WARISAN ATLET (M) SDN BHD

66.67% RB BIOTECH SDN BHD

100% IRIS RIMBUNAN KASEH SDN BHD

100% IRIS HEALTHCARE SDN BHD

100% IRIS CAFE KASEH SDN BHD

51% PLAMAN RESOURCES LIMITED

51% IRIS KOTO (M) SDN BHD

51% FORMULA IRIS RACING SDN BHD

Subsidiaries of IRIS Group

Associate companies of IRIS Group

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI RAZALI BIN ISMAIL	Chairman, Independent Non-Executive Director
DATUK TAN SAY JIM	Group Managing Director
DATO' HAMDAN BIN MOHD HASSAN	Deputy Managing Director
CHAN FEOI CHUN	Independent Non-Executive Director
DATUK NIK AZMAN BIN MOHD ZAIN	Non-Independent Non-Executive Director
DATO' DR. ABU TALIB BIN BACHIK	Senior Independent Non-Executive Director
DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	Non-Independent Non-Executive Director
DATO' POH YANG HONG	Non-Independent Non-Executive Director
HUSSEIN BIN ISMAIL	Non-Independent Non-Executive Director

AUDIT COMMITTEE
Chan Feoi Chun, Chairman
Datuk Nik Azman Bin Mohd Zain
Dato' Dr Abu Talib Bin Bachik

COMPANY SECRETARY
Wong Youn Kim (MAICSA 7018778)

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

REGISTERED OFFICE
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel: +603 2241 5800
Fax: +603 2282 5022

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 City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: +603 2783 9299
Fax: +603 2783 9222

PRINCIPAL BANKERS
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
MIDF Amanah Investment Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad

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

PROFILE OF DIRECTORS

DATUK TAN SAY JIM
GROUP MANAGING DIRECTOR

A Malaysian aged 59, 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 recognises the contribution of people who inspire others with their vision, leadership and achievement.

TAN SRI RAZALI BIN ISMAIL
CHAIRMAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Razali, a Malaysian aged 78, was appointed to the Board on 2 May 2002. He retired from government in 1998, after 10 years as Malaysia's Permanent Representative to the United Nations ("UN") and earlier postings. At the UN, Tan Sri Razali 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 the Chairman of IRIS Corporation Berhad since 2002. He is also the Chairman of Cypark Resources Berhad, Allianz Malaysia Berhad and Pro Chancellor of Universiti Sains Malaysia. He heads an NGO foundation, Yayasan Chow Kit, on displaced children; sits on the Board of the Razak School of Government, and is the Chairman of the Global Movement of Moderates Foundation.

CHAN FEOI CHUN
INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 64, 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 was elected as a council member of CIMA (London, UK) since year 2016. He is also a Chartered Accountant of The Malaysian Institute of Accountants (MIA).

He has gained extensive experience of 35 years from international working experiences 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 Chairman of the Audit Committee, Nomination Committee and Remuneration Committee 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 the Chairman of Audit Committee and a member of Nomination Committee of the Company.

DATO' HAMDAN BIN MOHD HASSAN
DEPUTY MANAGING DIRECTOR

A Malaysian aged 58, was appointed to the Board on 17 October 2011. He graduated with a Diploma in Computer Science from Universiti Teknologi MARA and Advance Diploma in Computer Programming from City & Guilds, UK.

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

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

He is also a director for several private limited companies involved in sand dredging and reclamation works.

DATUK NIK AZMAN BIN MOHD ZAIN
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 67, 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.

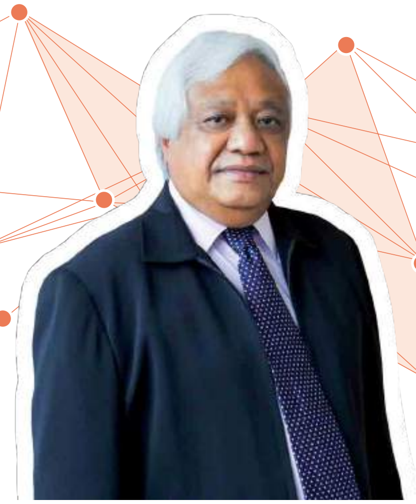
Datuk Nik Azman started his career with Unilever after his undergraduate study in the Technical Department of the Company. Post-MBA, he spent two years with Exxon Mobil as a Financial Analyst in the Financial Reporting Department of the Company. From Exxon, he joined SGV (now Deloitte) in 1978 as an 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 (comprising Malaysia, Singapore, Thailand, Indonesia, Vietnam, Brunei, Philippines and Guam), he was chosen to head Consulting Division for the Cluster.

Outside Consulting and the office, he serves, 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. He also serves and leads the panel of judges for the selection of Malaysian CEO of the Year – an annual award programme of Business Times-Maybank-American Express.

He is currently the Director in FELDA Investment Corporation Sdn Bhd ("FIC") and FIC Kuching Property Sdn Bhd.

Datuk Nik Azman currently serves as a member of Audit Committee and the Chairman for Remuneration Committee of the Company.



DATO' DR. ABU TALIB BIN BACHIK
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 68, was appointed to the Board on 7 November 2016. He graduated with a Bachelor of Science (Hons) and Master Degree from the Louisiana State University, United States and holds a Doctorate in Agriculture Science from the University of Gent, Belgium.

Dato' Dr. Abu Talib has wide experience in R&D, Operational and Management aspects, including Marketing, Business Development, Communications and Public Relations, when he was at the Multimedia Development Corporation ("MDeC") promoting the development of the Multimedia Super Corridor (MSC) from 1999 to 2008.

Prior to joining MDeC, he was a research scientist in the Malaysian Rubber Board (MRB) specialising in Agronomy and Soil Chemistry where he authored about 50 technical, scientific and research papers. In the RRIM, and later MRB, he held various administrative and management positions. In 1997 he was appointed as the Deputy Director General (Development) of MRB and held the position until he opted for early retirement in 1999 when he joined MDeC.

He is currently Chairman of Java Berhad, a public listed company with "Timber" as the core activity; other activities involved are oil palm plantations and rubber forests.

Dato' Dr. Abu Talib currently serves as a member of Audit Committee and the Chairman for Nomination Committee of the Company.

DATO' POH YANG HONG
NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR

A Malaysian aged 44, was appointed to the Board on 7 July 2017. He graduated with a Bachelor in Economics from University of Monash, Melbourne, Australia.

Dato' Poh started his career in the Hong Leong Group in 1994. He had held various positions in the Hong Leong Group including as the Managing Director of GuocoLand (Malaysia) Berhad and Managing Director of Corporate and Private Equity Department, Group Investment Office of HL Management Co Sdn Bhd.

He is currently the Chief Executive Officer of Caprice Capital International Ltd. He is also a Director of GuocoLand (Malaysia) Berhad and a member of nominating committee and a Director of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust which is listed on the Main Market of Bursa Malaysia Securities Berhad.

Dato' Poh was appointed as a member of Nomination Committee of the Company.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN
NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR

A Malaysian aged 45, was appointed to the Board on 7 July 2017. He graduated with an Executive Diploma in Plantation Management from UMCCeD, Kuala Lumpur.

Dato' Rozabil started his career as Managing Director and owner of Benar Prima Holdings (BPH) Sdn Bhd, a holding company that has businesses in engineering, property development and investments. He has diversified interests ranging from construction and property development to trading and serves as director of several other private companies.

Dato' Rozabil is currently the Group Managing Director of Destini Berhad (Destini). He has been on Board as Group Managing Director of Destini since 7 January 2014. Initially he was appointed as independent & non-executive director on 11 November 2010. Upon the resignation of the former Managing Director, he then was re-designated as Managing Director of Destini on 3 January 2011.

His vision and strategies have led to Destini's successful track record of growth and financial strength and is also instrumental in leading the executive team in implementing the Group's strategies. His leadership and entrepreneurial vision have been and will continue to be crucial in leading Destini into the future.

HUSSEIN BIN ISMAIL
NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR

A Malaysian aged 60, was appointed to the Board on 28 July 2017. He graduated with a Bachelor of Business Administration (Finance) and Diploma in Accountancy from Universiti Teknologi MARA (formerly known as MARA Institute of Technology). He is an approved Tax Agent under the Ministry of Finance Malaysia and also an approved Company Secretary under the Companies Commission of Malaysia.

Mr. Hussein joined Azman, Salleh & Co in 1979 and the firm was then merged into Folks DFK & Co. on 1 February 2006. He is currently the Director of Folks DFK & Co., a member firm of DFK international since 2007.

On 10 April 2017, Mr. Hussein was appointed as a Director of FELDA Investment Corporation Sdn Bhd. He has vast experiences in the full range of public accountancy services including audit, accountancy, taxation, secretarial, consultancy services and insolvency assignments covering wide of clients. He is presently a member of the Chartered Tax Institute of Malaysia, Institute of Approved Company Secretaries and an affiliate member of The Malaysian Institute of Chartered Secretaries and Administrators.

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 Statement on Corporate Governance.*

KEY MANAGEMENT TEAM

DATUK TAN SAY JIM
GROUP MANAGING DIRECTOR

DATO' VINCENT LEONG JEE WAI
MANAGING DIRECTOR
IRIS EDUCATION DIVISION

DATO' HAMDAN BIN MOHD HASSAN
DEPUTY MANAGING DIRECTOR

CHANG POH SHENG
DIRECTOR OF FINANCE

CHOONG CHOO HOCK
ACTING CHIEF EXECUTIVE OFFICER &
CHIEF OPERATING OFFICER

LEW YUNG SING
DIRECTOR OF PAYMENT & TRANSPORTATION

DATO' CHEAH TENG LIM
CEO IRIS SUSTAINABLE DEVELOPMENT DIVISION

PETER CHOONG CHOO LEONG
DIRECTOR OF SALES & MARKETING

CALENDAR OF EVENTS

17 April 2016
YAB Datuk Patinggi Mohd Najib Bin Tun Haji Abdul Razak, Prime Minister of Malaysia visit to SK Sg. Ladong, Simunjan, Sarawak

20 April 2016
Lieutenant General Lindile Yam, Chief of the South African Army, Republic of South Africa

5 May 2016
Malaysian Ministry of Education visit to SK Pinang, Samarahan, Sarawak

12 May 2016
Padjadjaran University, Indonesia

16 May 2016
Jabatan Perumahan Negara (KPKT)

16 May 2016
Honorable Elijah Doro Muala, Minister of Commerce, Industries, Labour & Immigration of Solomon Islands

27 May 2016
Honorable Sherry Ayittey, Minister of Fisheries and Aquaculture Development (MOFAD), Republic of Ghana

1 June 2016
Honorable Duminda Dissanayake, Minister of Agriculture, Democratic Socialist Republic of Sri Lanka

3 June 2016
Honorable Nana Oye Lithur, Minister of Gender, Children and Social Protection, Republic of Ghana

14 June 2016
YB Datuk Nur Jazlan Mohamed, Deputy Minister of Home Affairs, Malaysia

21 July 2016
Tuan Haji Johari Bin Ismail, Head of Internal Audit, Ministry of Home Affairs, Malaysia

25 August 2016
Datuk Muhammad Ibrahim, Governor of Bank Negara Malaysia

29 September 2016
His Excellency Stephen Mubiru, Ambassador Extraordinary & Plenipotentiary, Republic of Uganda

9 November 2016
YBrs. Tuan Haji Zamari Bin Mohd Ramli, Deputy Director General (Administration), National Registration Department, Malaysia

10 November 2016
Colombian ICT Trade Delegates

29 December 2016
YBHG Dato' Sri Haji Mustafa Bin Haji Ali, Director General of Immigration Department of Malaysia


27 MAY


1 JUNE

VISITORS 2016


17 APRIL


14 JUNE

CALENDAR OF EVENTS (CONT'D)

9 March 2017
Embassy of Ukraine

13 March 2017
Percetakan Nasional Malaysia Berhad (PNMB)

14 March 2017
Honorable E.N. Moyo, Minister of State for Bulawayo Province, The Republic of Zimbabwe

27 March 2017
MBA Student from WITS Business School, South Africa

21 April 2017
Zwipe Management

2 May 2017
Malaysian Institute of Corporate Governance (MICG)

2 May 2017
TruTag Technologies & NanoTag Solution

2 May 2017
Y.B. Tan Sri Shahrir Bin Abdul Samad, Chairman of FELDA

12 May 2017
Honorable Jigme Thinlye Namgyal, Minister of Information and Communications (MoIC), Director of Department of IT & Telecom (DTT), Kingdom of Bhutan

25 May 2017
Malaysia Ministry of Home Affairs, Audit team


14 MARCH

2 MAY


12 MAY


21 APRIL


2 MAY

VISITORS 2017

v

10 – 12 May 2016
SECURITY DOCUMENT WORLD 2016
QEII Centre, Westminster, London, UK

5 August 2016
RAFFLE DRAW FOR THE MADASS 125CC
Seri Stamford College, Kepong

24 – 27 August 2016
MERDEKA GAMES JAKARTA WITH KOSGORO UNIVERSITY VS STAMFORD COLLEGE
Jakarta, Indonesia

8 October 2016
HARI SUKAN NEGARA
Seri Stamford College, Kepong

3 December 2016
SERI STAMFORD COLLEGE 66TH GRADUATION CEREMONY
Seri Stamford College, Kepong

5 – 7 December 2016
15TH HIGH SECURITY PRINTING ASIA 2016
Grand Hyatt Singapore

1 – 11 December 2016
MAHA 2016
MAEPS, Serdang

15 December 2016
SOLOMON ISLANDS IMPLEMENTS IRIS eGATE SOLUTION
Honiara International Terminal, Solomon Islands

18 February 2017
LAUNCH OF THE PAN BORNEO ADVENTURE 2017
Seri Stamford College, Kepong

4 May 2017
MOU CONTRACT SIGNING FOR ROCK MELON CONTRACT FARMING WITH FAMA
Chuping, Perlis

19 June 2017
BANGLADESH CONTRACT SIGNING
Department of Immigration and Passports, People's Republic of Bangladesh


15 DECEMBER 2016


10 – 12 MAY 2016


3 DECEMBER 2016


18 FEBRUARY 2017

EVENTS 2016/2017


5 – 7 DECEMBER 2016


19 JUNE 2017

STRENGTHEN SUSTAINABILITY & CORPORATE GOVERNANCE

Everyone, at every level in IRIS plays a part in managing sustainability. At IRIS, sustainability is beyond social and environmental considerations; it also refers to long-term financial sustainability of IRIS and a more sustainable future for everyone. With the Corporate Restructuring Plan (CRP), we are repositioning IRIS to grow in a sustainable manner, taking into account the constraints of an increasingly competitive and tough market. The CRP also aims to strengthen IRIS corporate governance framework, as good governance is key to ensuring the resilience and continuity of the Group.

SUSTAINABILITY OVERVIEW

We are committed to the triple bottom line of Economic, Environmental and Social (EES) sustainability throughout the Group. By aligning our sustainability initiatives with our business plans, and embedding our core values of Passion, Assertion, Genuineness, Innovation and Compassion into our daily working lives, we hope to create a positive impact locally and globally.

As inventor of the world's first ePassport and multi-applications eID, IRIS products have enriched millions of lives globally. Ensuring these products are sustainable in the way they are made and used, and create maximum value for all our stakeholders, are important to us.

In IRIS, we are constantly working to reduce the environmental impact of our operations by reducing our carbon footprint so that our precious environment is conserved and protected for present and future generations. The Group is committed to green growth across our operations with the usage of eco-friendly packaging, printing of communication materials on eco-friendly paper, recycling our PCs and laptops and increasing energy efficiency in the office. We also lower our emissions by reducing business travel mainly through promoting IT communication solutions such as video-conferencing.

IRIS Group believes in giving back to the communities in which we do business. We do this through a number of programmes including donating clothes and food to Orang Asli families and partnering SOLS TECH, PIKOM and Incitement on a Tech Recycling Project in Malaysia. SOLS TECH refurbished used computers contributed by IRIS before donating them to underprivileged communities to improve their lives by making technology accessible to them.

TOP. TECH RECYCLING PROJECT
BOTTOM. DONATION OF CLOTHES AND FOOD TO KAMPUNG ORANG ASLI.

We have also successfully transformed rural spaces in Malaysia into pockets of sustainable communities through the Rimbunan Kaseh projects. This initiative has lifted many impoverished families out of abject poverty giving them hope and a better quality of life.

IRIS is also committed to delivering quality and security in everything we do. We have successfully renewed our ISO 9001 QMS (Quality Management System) and ISO 27001 ISMS (Information Security Management System) certifications ensuring that the Group implements QMS and ISMS that follows world-class best practices.

In Trusted Identification, our customers trust IRIS to manage the confidentiality and privacy of huge amounts of data every day. Our IT and software experts implement various security measures to boosts our resilience against the threat from cyber-attacks. In addition, we have created a robust crisis management and business continuity response plans to ensure resilience in the face of unforeseen events.

As an active member of the Business Council for Sustainable Development Malaysia (BCSDM), IRIS proactively collaborates with BCSDM on various initiatives to promote sustainability. The Group is committed to adopt sustainable and socially responsible policies and to incorporate United Nations (UN) Sustainable Development Goals (SDG) as part of IRIS business strategies. The SDG accelerates expectations for the private sector to join the international community to collectively end poverty, protect the planet, and ensure prosperity for all by 2030.

TOP. RIMBUNAN KASEH PROJECT IN KG. GAJAH, PERAK.
BOTTOM. CERTIFICATIONS RENEWAL.

OUR RESILIENT AND CAPABLE TEAM

Despite challenging times within IRIS, our resilient and capable team has remained the beating heart of IRIS and have continued to put customers first to deliver excellent service. The Group recognises that our people are crucial to sustainability of our operations and the effective execution of our strategies.

Our success is built on the ingenuity, dedication and passion of our people. Key to our success has been a high degree of teamwork across the Group and commitment to human capital development. In IRIS, we believe in implementing learning and development programmes to enhance individual competencies and leadership skills and to elevate the standard and quality of the IRIS workforce.

Workplace health and safety are also top priorities for IRIS. As per IRIS Industrial Accident FY2017 Report, IRIS had zero (0) fatalities and only one (1) industrial first-aid injury reported. The Group also organised numerous health and safety activities including health screening for employees by Tropicana Medical Center, first-aid training and an obesity prevention workshop.

TRAINING AND TEAMBUILDING ACTIVITIES

TOP TWO. TRAINING & TEAMBUILDING ACTIVITIES

BOTTOM TWO. LEARNING & DEVELOPMENT SESSIONS

TRAINING AND TEAMBUILDING ACTIVITIES

TOP & BOTTOM. WATER RAFTING – GOPENG PERAK, 13 AUGUST 2016.

SAFETY AND HEALTH ACTIVITIES

TOP THREE. FIRE DRILL ROUTINE, 23 DECEMBER 2016.

BOTTOM. ERT APPRECIATION CEREMONY (BOMBA), 13 JANUARY 2017.

SAFETY AND HEALTH ACTIVITIES

TOP. BLOOD DONATION CAMPAIGN, 21 MAY 2016.

MIDDLE. ANLENE BONE HEALTH TALK, 16 FEBRUARY 2016.

BOTTOM. HEALTH SCREENING BY TROPICANA MEDICAL CENTER, 1 MARCH 2017.

TOP & BOTTOM. SRC BACK TO NATURE – ROYAL BELUM NATIONAL PARK, PERAK, 28 APRIL – 1 MAY 2017.

FY2018 AND BEYOND

For FY2018, while the financial performance of the Group is important, we will continue to place strong emphasis on the need for the environment, society and business to coexist. The Group remains committed to achieve our corporate vision and mission by adopting innovations and sustainable business practices as the core enablers.

With our resilient and capable team behind IRIS every step of the way, we will be able to make FY2018 better by strengthening our competencies to deliver sustainable growth. The more we build together in a sustainable way, the more we will all benefit.

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 2016 ("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 2017.

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 Acting Chief Executive Officer 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.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

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

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

TYPE OF COMMITTEE	PRINCIPAL FUNCTIONS	MEMBERS	STATUS
Audit Committee	To review and report on the Group's results, accounting and audit procedures. To review potential investments, and business and internal audit functions.	Chan Feoi Chun - Chairman	Independent Non-Executive
		Datuk Nik Azman Bin Mohd Zain	Non-Independent Non-Executive
		Dato' Dr. Abu Talib Bin Bachik	Senior Independent Non-Executive
Nomination Committee	To recommend to the Board on all new Board appointments.	Dato' Dr. Abu Talib Bin Bachik - Chairman	Senior Independent Non-Executive
		Dato' Poh Yang Hong	Non-Independent Non-Executive
		Chan Feoi Chun	Independent Non-Executive
Remuneration Committee	To recommend to the Board the Directors' remuneration.	Datuk Nik Azman Bin Mohd Zain - Chairman	Non-Independent Non-Executive
		Dato' Dr. Abu Talib Bin Bachik	Senior Independent Non-Executive

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

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

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 present the Annual Budget for the Board's review and approve the Budget for the ensuing financial year at the Board Meeting.

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, organisational 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's 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. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

1.2 CLEAR ROLES AND RESPONSIBILITIES (continued)

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 system. 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.

1.3 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 diversity 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 staff 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.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

1.5 ACCESS TO INFORMATION AND ADVICE (continued)

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 has access to the advice and services of the Company Secretary who is suitably qualified under Section 235(2) of the Companies Act 2016 in Malaysia ("CA").

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's 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 Committees. 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 2016 in Malaysia, 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 two Executive Directors, three Independent Non-Executive Directors and four Non-Independent Non-Executive Directors.

2. STRENGTHENING THE COMPOSITION OF THE BOARD (continued)

2.1 NOMINATION COMMITTEE

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

The Committee also keeps under review the Board structure, size and composition. 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 Chief Executive Officer or Chief Operating Officer to be filed for the Company and Group;
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 five (5) times in the financial year ended 31 March 2017.

The details of attendance as of 31 March 2017 is set out below:

Dato' Dr. Abu Talib Bin Bachik *(Appointed on 07.11.2016)*	4/4
Chan Feoi Chun	4/5
Datuk Nik Azman Bin Mohd Zain	3/5

The NC carries out the evaluation exercise annually. The Company's 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 Directors exceeding 9 years tenure.

2. STRENGTHENING THE COMPOSITION OF THE BOARD (continued)

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

2.2.2 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 the 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.

2.2.3 Re-election and Re-appointment of Directors

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.

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 2017, 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's Human Resources before recommending to the Board for approval.

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

2. STRENGTHENING THE COMPOSITION OF THE BOARD (continued)

2.3 REMUNERATION COMMITTEE AND POLICY (continued)

Remuneration package

The Company has complied with the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") for ACE Market on the disclosure of remuneration of Directors in 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.

The aggregate remuneration of Directors for the financial year ended 31 March 2017 is set out as follows:

Aggregate Remuneration

	EXECUTIVE DIRECTORS RM	NON-EXECUTIVE DIRECTORS RM
Basic salaries, bonus and allowance	1,095,677	-
Defined contribution plan	124,496	-
Benefits-in-kind	54,617	-
Fees	56,700	636,700
Total	**1,331,490**	**636,700**

Analysis of Remuneration

RANGE OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
RM1 – RM50,000	–	4
RM50,001 – RM100,000	1	2
RM100,001 – RM200,000	–	-
RM200,001 – RM300,000	–	-
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 the disclosure of the Directors interest in transactions, any other relationship with the Group and whether the Directors have any conflicting interest in other companies, which may impair their ability to exercise independent judgement.

3. REINFORCE INDEPENDENCE (continued)

3.1 ASSESSMENT OF INDEPENDENT DIRECTORS (continued)

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.

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 SEPARATION OF POSITIONS OF THE CHAIRMAN AND EXECUTIVE DIRECTORS

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

The Directors from various professions have brought to the Board a wide range of experience, skills and knowledge that are necessary to direct and manage successfully the business and affairs of the Group towards enhancing business prosperity and corporate accountability. Information relating to the Directors are set out in the 'Profiles of Directors' in this Annual Report.

3.4 COMPOSITION OF THE BOARD

The Board currently has nine (9) directors, comprising of two (2) Executive Directors, three (3) Independent Non-Executive Directors and four (4) Non-Independent Non-Executive Directors. The Chairman is an 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.

4. FOSTER COMMITMENTS (continued)

4.1 TIME COMMITMENTS (continued)

During the financial year ended 31 March 2017, the Board met thirteen (13) 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 2017 are as follows:

NAME OF DIRECTORS	TOTAL MEETINGS ATTENDED BY DIRECTORS
Tan Sri Razali Bin Ismail	11/13
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin *(Resigned on 30.08.2016)*	2/2
Datuk Tan Say Jim	8/13
Syed Abdullah Bin Syed Abd Kadir *(Resigned on 30.09.2016)*	2/2
Dato' Hamdan Bin Mohd Hassan	12/13
Dato' Eow Kwan Hoong *(Retired on 01.09.2016)*	2/2
Chan Feoi Chun	12/13
Datuk Noor Ehsanuddin Bin Hj Mohd Harun Narrashid	13/13
Datuk Nik Azman Bin Mohd Zain	13/13
Dato' Dr. Abu Talib Bin Bachik *(Appointed on 07.11.2016)*	9/9

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 (save for Encik Hussein Bin Ismail who was appointed on 28.07.2017) have completed the Mandatory Accreditation Programme prescribed by Bursa Securities. During the year, they received briefings and updates on the Group's 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)

Directors were also kept informed of the latest regulatory developments by the Company Secretary and new accounting standards issued by International Accounting Standards Board by the External and Internal Auditors.

Additionally, the following directors have attended external training programmes and seminars as follows:-

NO.	NAME OF DIRECTOR	COURSE ATTENDED/PARTICIPATED	DATE
1.	Tan Sri Razali Bin Ismail	i) Fundamentals of Insurance ii) Board Chairman Series – "Leadership Excellence From the Chair"	10 August 2016 11 August 2016
2.	Datuk Tan Say Jim	i) World Entrepreneur of the Year IPO/Family Business Summit	8 – 12 June 2016
3.	Datuk Hamdan Bin Mohd Hassan	i) The Annual General Meeting – Practical Insight and Managing Shareholders Expectation	13 March 2017
4.	Datuk Noor Ehsanuddin Bin Hj Mohd Harun Narrashid	i) Overview of the Malaysian Code on Corporate Governance 2012 : SIDC (Security Industry Development Corporation)	20 September 2016
5.	Datuk Nik Azman Bin Mohd Zain	i) The Advanced ICAAP and Liquidity Workshop 2017	8 – 9 March 2017
6.	Chan Feoi Chun	i) What does Brexit mean to the Accounting & Finance profession and how does it affect the movement of professional global ii) MIA International Accountants Conference 2016	25 August 2016 15 –16 November 2016

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 2016 in Malaysia, Malaysian Financial Reporting Standards and 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 2016 in Malaysia.

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 communication, 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. RECOGNISE AND MANAGE RISK (continued)

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 system. 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 the '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 authorised 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 recognises the importance of transparency and accountability to its shareholders and the need to clear, effective communication 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 statements of the year and the operations 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 Report 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.

8.2 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 of the importance to maintain good communication 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 brief 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 Directors ("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 of 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 Directors.
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 authorised 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 function 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 cognisance 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:

Chan Feoi Chun	Chairman Independent Non-Executive Director
Datuk Nik Azman Bin Mohd Zain	Member Non-Independent Non-Executive Director
Dato' Dr. Abu Talib Bin Bachik	Member Senior Independent Non-Executive Director

The details of attendance as at 31 March 2017 as set out below:

NAME OF AUDIT COMMITTEE	TOTAL MEETINGS ATTENDED BY MEMBERS
Chan Feoi Chun	8/8
Datuk Nik Azman Bin Mohd Zain *(Appointed on 05.10.2016)*	5/5
Dato' Dr. Abu Talib Bin Bachik *(Appointed on 07.11.2016)*	5/5
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin *(Resigned on 30.08.2016)*	3/3
Tuan Syed Abdullah Bin Syed Abd Kadir *(Resigned on 30.09.2016)*	3/3

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. Recommended the engagement of Ferrier Hodgson MH Sdn Bhd ("FHMH") as Investigative Accountant ("IA") to conduct a review of the agreements and transactions entered into by the Group and the Company with regard to the Senegal Project, Guinea Project, BCS Project and the Property Development Projects. After complete investigation, FHMH concluded that no irregularities have occurred.
7. Reviewed the related party transactions entered into by the Group and the Company.
8. Received and reviewed of internal audit reports.
9. Reviewed internal audit plans for the financial year of the Group and the Company, prepared by internal auditors.

INTERNAL AUDIT FUNCTION

The outsourced Internal Auditors, Messrs Deloitte Enterprise Risk Services Sdn Bhd, an independent professional firm, 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 2017.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

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

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

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

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

INTERNAL AUDIT FRAMEWORK

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

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

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

INTERNAL AUDIT FRAMEWORK (continued)

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 organisational 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 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 control. 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 2017 was approximately RM70,720.

CONCLUSION

For the year under review, and up to the date of approval of this Statement, the Board is of the view that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. There were no significant internal control weaknesses that have not been reported in this section, which would have resulted in material losses, contingencies or uncertainties requiring separate disclosure in the Annual Report. In addition to continuously reviewing the internal control procedures, the Board will also be establishing an Investment Committee to monitor, evaluate and make decisions on all investments of the Group in order to improve and strengthen the system to ensure ongoing adequacy, integrity and effectiveness to safeguard the Group's assets and shareholders' investments.

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) Mr. Choong Choo Hock, the Acting Chief Executive Officer of the Company and the highest ranking executive at the Company who is responsible for carrying out corporate policy established by the Board.

ii) Mr. Chang Poh Sheng, the Director of Finance of the Company who is responsible for carrying out finance department.

This statement was approved by the Board of Directors on 31 July 2017.

STATEMENT OF 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 2016 in Malaysia.

The Directors have considered that all Malaysian Financial Reporting Standards and International Financial Reporting Standards have been followed in preparing the financial statements for the financial year ended from 1 April 2016 to 31 March 2017. The Group has fulfilled the requirements of using appropriate accounting policies and applying them consistently and made judgements 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, International Financial Reporting Standards and the Companies Act 2016 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 utilisation of the proceeds from the Private Placement I up to 31 March 2017 were as follow:

DESCRIPTION	PROPOSED UTILISATION (RM'000)	ACTUAL UTILISATION (RM'000)	BALANCE TO BE UTILISED (RM'000)
Partial repayment of short term borrowings	30,000	30,000	–
Capital expenditure of Group	25,000	11,477	13,523
Working capital of Group	47,000	47,000	–
Estimated expenses in relation to the Private Placement I	8,348	8,348	–
Total	**110,348**	**96,825**	**13,523**

b) The Company had on 29 May 2017 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").

224,718,405 new ordinary shares were issued at an issue price of RM0.14 each share pursuant to the Private Placement II and were subsequently listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 7 July 2017. Up to 28 July 2017, the proceeds from the Private Placement II of RM31.461 million had been utilised in the following manner:

DESCRIPTION	PROPOSED UTILISATION (RM'000)	ACTUAL UTILISATION (RM'000)	BALANCE TO BE UTILISED (RM'000)
Working capital of Group	31,332	15,591	15,741
Placemat expenses	129	129	–
	31,461	**15,720**	**15,741**

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 2016 to 31 March 2017, 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 2016 to 31 March 2017, 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 2016 to 31 March 2017, 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 2016 to 31 March 2017 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 2016 to 31 March 2017.

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 2016 to 31 March 2017.

6. NON-AUDIT FEES

There was RM20,000 non-audit fees incurred and paid to the external auditors of the Company and its subsidiaries for the financial year ended from 1 April 2016 to 31 March 2017 under review.

7. VARIATION IN RESULTS

There is no material variance between the audited results for the financial period from 1 April 2016 to 31 March 2017 and the unaudited results previously announced.

8. PROFIT GUARANTEE

During the financial year ended from 1 April 2016 to 31 March 2017, 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 2016 to 31 March 2017, 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 2016 to 31 March 2017. 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 2016 to 31 March 2017, 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)	22	17 July 1995	89,030

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

The details of the recurrent related party transactions are disclosed on pages 161 to 162.

IMPLEMENT
HOLISTIC STRATEGY FOR GROWTH

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 2017.

PRINCIPAL ACTIVITIES

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

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 for the financial year, net of tax		
- Continuing operations	(314,475)	(514,989)
- Discontinued operation	(9,207)	–
	(323,682)	(514,989)
Attributable to:		
Owners of the Company	(292,140)	(514,989)
Non-controlling interests	(31,542)	–
	(323,682)	(514,989)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2017.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; 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 15,349,603 new ordinary shares for cash arising from the exercise of 15,349,603 units of Warrants A at an exercise price of RM0.15 each;

(ii) issued 104,760,740 new ordinary shares for cash arising from the exercise of 104,760,740 units of Warrants B at an exercise price of RM0.15 each; and

(iii) issued 50,000,000 new ordinary shares pursuant to a placement exercise at an issue price of RM0.18 per ordinary share.

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

During the financial year, no new issue of debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS

Warrants A

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

On 27 June 2006, the Company issued 55,251,530 units of Warrants A to the shareholders of the Company on the basis of twenty (20) non-cumulative irredeemable convertible preference shares ("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.

From 1 April 2016 up to the date of expiry on 27 June 2016, a total of 15,349,603 Warrants 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.

Warrants B

On 27 April 2010, the Company issued 212,326,987 units of new six-year warrants (2010/2016) ("Warrants B") to the shareholders of the Company on the basis of three (3) Warrants B for every twenty (20) existing ordinary shares held in the Company at an issue price of RM0.15 per Warrants B. The Warrants B were listed on the ACE Market of Bursa Malaysia Securities Berhad.

From 1 April 2016 up to the date of expiry on 21 April 2016, a total of 104,760,740 Warrants B have been exercised and converted to ordinary shares at an issue price of RM0.15 per ordinary share. The number of unexercised Warrants B of 70,693,247 were expired and delisted on 20 April 2016 and 21 April 2016 respectively.

DIRECTORS

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

Tan Sri Razali Bin Ismail	
Datuk Tan Say Jim	
Dato' Hamdan Bin Mohd Hassan	
Chan Feoi Chun	
Datuk Nik Azman Bin Mohd Zain	
Dato' Dr. Abu Talib Bin Bachik	(Appointed on 7 November 2016)
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	(Appointed on 7 July 2017)
Dato' Poh Yang Hong	(Appointed on 7 July 2017)
Hussein Bin Ismail	(Appointed on 28 July 2017)
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	(Resigned on 30 August 2016)
Syed Abdullah Bin Syed Abd Kadir	(Resigned on 30 September 2016)
Dato' Eow Kwan Hoong	(Retired on 1 September 2016)
Datuk Noor Ehsanuddin Bin Hj Mohd Harun Narrashid	(Resigned on 28 July 2017)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporation during the financial year were as follows:

	NUMBER OF ORDINARY SHARES			
COMPANY	**AT 1.4.2016**	**BOUGHT**	**SOLD**	**AT 31.3.2017**
Direct interests:				
Tan Sri Razali Bin Ismail	34,551,733	–	–	34,551,733
Datuk Tan Say Jim	111,733,233	–	(51,974,542)	59,758,691
Indirect interests:				
Datuk Tan Say Jim*	32,625,458	–	(32,625,458)	–
SUBSIDIARY				
IRIS Land Sdn Bhd				
Direct interests:				
Dato' Hamdan Bin Mohd Hassan	40,000	–	(40,000)	–

* *Deemed interest pursuant to Section 8 of the Companies Act 2016 in Malaysia.*

	NUMBER OF WARRANTS A			
COMPANY	**AT 1.4.2016**	**ALLOTMENT**	**EXPIRED**	**AT 31.3.2017**
Direct interests:				
Datuk Tan Say Jim	1,385,000	–	(1,385,000)	–
Chan Feoi Chun	1,800	–	(1,800)	–

	NUMBER OF WARRANTS B			
COMPANY	**AT 1.4.2016**	**ALLOTMENT**	**EXPIRED**	**AT 31.3.2017**
Direct interests:				
Tan Sri Razali Bin Ismail	1,000,000	–	(1,000,000)	–
Datuk Tan Say Jim	6,973,834	–	(6,973,834)	–

DIRECTORS' INTERESTS (continued)

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in 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 as disclosed in Directors' Remuneration and Note 24 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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 of the Company.

DIRECTORS' REMUNERATION

Details of the directors' remuneration are disclosed in Note 24 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for, any director, officer or auditor of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

Other than those subsidiaries without auditors' reports as disclosed in Note 8 to the financial statements, the available auditors' reports on the accounts of the remaining subsidiaries did not contain any qualification.

AUDITORS' REMUNERATION

Details of the auditors' remuneration are disclosed in Note 24 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 33 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 34 to the financial statements.

AUDITORS

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

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

DATUK NIK AZMAN BIN MOHD ZAIN
Director

CHAN FEOI CHUN
Director

Kuala Lumpur

Date: 31 July 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**115,282**	180,649	**103,861**	109,804
Intangible assets	6	**163,720**	184,531	**18,162**	12,279
Operating financial assets	7	**9,354**	9,328	**9,354**	9,328
Investment in subsidiaries	8	**–**	–	**18,772**	213,864
Investment in associates	9	**6,597**	15,090	**5,000**	6,314
Available-for-sale financial assets	10	**406**	14,961	**406**	406
Deferred tax assets	11	**21**	151	**–**	–
Total non-current assets		**295,380**	404,710	**155,555**	351,995
Current assets					
Inventories	12	**72,481**	68,594	**69,405**	54,678
Operating financial assets	7	**2,750**	2,750	**2,750**	2,750
Trade and other receivables	13	**271,167**	395,418	**302,111**	556,561
Amount owing by contract customers	14	**52,368**	142,359	**40,785**	139,332
Tax recoverables		**7,715**	719	**6,288**	456
Cash and short-term deposits	15	**54,879**	62,029	**19,123**	36,416
		461,360	671,869	**440,462**	790,193
Assets of a disposal group classified as held for sale	16	**10,940**	–	**–**	–
Total current assets		**472,300**	671,869	**440,462**	790,193
TOTAL ASSETS		**767,680**	1,076,579	**596,017**	1,142,188

		GROUP		COMPANY	
	NOTE	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	**448,816**	311,561	**448,816**	311,561
Share premium	18	**–**	105,068	**–**	105,068
Other reserves	19	**44,451**	40,498	**12,880**	21,653
(Accumulated losses)/ Retained earnings		**(205,109)**	92,902	**(451,241)**	60,213
		288,158	550,029	**10,455**	498,495
Non-controlling interests		**(31,659)**	(12,185)	**–**	–
TOTAL EQUITY		**256,499**	537,844	**10,455**	498,495
Non-current liabilities					
Loans and borrowings	20	**89,691**	139,893	**89,095**	115,188
Deferred tax liabilities	11	**14,940**	14,940	**14,940**	14,940
Total non-current liabilities		**104,631**	154,833	**104,035**	130,128
Current liabilities					
Loans and borrowings	20	**91,904**	134,895	**73,493**	132,398
Tax payables		**4,637**	264	**3,575**	–
Trade and other payables	21	**304,789**	248,743	**404,459**	381,167
		401,330	383,902	**481,527**	513,565
Liabilities of a disposal group classified as held for sale	16	**5,220**	–	**–**	–
Total current liabilities		**406,550**	383,902	**481,527**	513,565
TOTAL LIABILITIES		**511,181**	538,735	**585,562**	643,693
TOTAL EQUITY AND LIABILITIES		**767,680**	1,076,579	**596,017**	1,142,188

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		GROUP		COMPANY	
	NOTE	2017 RM'000	2016 RM'000 RESTATED	2017 RM'000	2016 RM'000
Continuing operations					
Revenue	22	**437,675**	476,311	**403,007**	416,458
Cost of sales		**(421,484)**	(384,339)	**(374,074)**	(326,024)
Gross profit		**16,191**	91,972	**28,933**	90,434
Other income		**31,106**	21,237	**64,792**	52,477
Administrative expenses		**(60,802)**	(76,905)	**(37,999)**	(48,665)
Other expenses		**(269,758)**	(22,711)	**(549,429)**	(25,421)
Operating (loss)/profit		**(283,263)**	13,593	**(493,703)**	68,825
Finance costs	23	**(16,887)**	(25,810)	**(14,643)**	(26,617)
Share of results of associates, net of tax		**(6,675)**	25	**–**	–
(Loss)/Profit before tax	24	**(306,825)**	(12,192)	**(508,346)**	42,208
Income tax expense	25	**(7,650)**	(20,898)	**(6,643)**	(19,527)
(Loss)/Profit for the financial year from continuing operations		**(314,475)**	(33,090)	**(514,989)**	22,681
Discontinued operations					
(Loss)/Profit for the financial year from discontinued operations, net of tax	26	**(9,207)**	30,003	**–**	–
(Loss)/Profit for the financial year		**(323,682)**	(3,087)	**(514,989)**	22,681
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Share of equity reserve of associates		**(553)**	(5,848)	**–**	–
Foreign currency translation		**5,550**	6,348	**–**	–
Reclassification of equity accounted reserve to profit or loss on disposal of associated company		**10,482**	–	**–**	–
Reclassification of foreign currency translation reserve to profit or loss on disposal of a subsidiary		**–**	(6,627)	**–**	–
Other comprehensive income/(loss) for the financial year		**15,479**	(6,127)	**–**	–
Total comprehensive (loss)/income for the financial year		**(308,203)**	(9,214)	**(514,989)**	22,681

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000 RESTATED	COMPANY 2017 RM'000	COMPANY 2016 RM'000
(Loss)/Profit attributable to:					
Owners of the Company					
- Continuing operations		**(282,933)**	(23,951)	**(514,989)**	22,681
- Discontinued operations		**(9,207)**	30,003	**–**	–
		(292,140)	6,052	**(514,989)**	22,681
Non-controlling interests		**(31,542)**	(9,139)	**–**	–
		(323,682)	(3,087)	**(514,989)**	22,681
Total comprehensive (loss)/ income attributable to:					
Owners of the Company					
- Continuing operations		**(269,152)**	(31,110)	**(514,989)**	22,681
- Discontinued operations		**(9,207)**	30,003	**–**	–
		(278,359)	(1,107)	**(514,989)**	22,681
Non-controlling interests		**(29,844)**	(8,107)	**–**	–
		(308,203)	(9,214)	**(514,989)**	22,681
(Loss)/Earnings per share attributable to owners of the Company (sen per share)					
Basic	27(a)				
- Continuing operations		**(12.59)**	(1.15)		
- Discontinued operations		**(0.41)**	1.44		
		(13.00)	0.29		
Diluted	27(b)				
- Continuing operations		**(12.59)**	(1.15)		
- Discontinued operations		**(0.41)**	1.44		
		(13.00)	0.29		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	← ATTRIBUTABLE TO THE OWNERS OF THE COMPANY →									
	← NON-DISTRIBUTABLE →						DISTRIBUTABLE			
	SHARE CAPITAL	SHARE PREMIUM	WARRANTS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	FAIR VALUE RESERVE	REVALUATION RESERVE	RETAINED EARNINGS/ (ACCUMULATED LOSSES)	SUB-TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
GROUP	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 April 2016	311,561	105,068	8,773	3,470	(9,929)	38,184	92,902	550,029	(12,185)	537,844
Total comprehensive (loss)/income for the financial year										
Loss for the financial year	–	–	–	–	–	–	(292,140)	(292,140)	(31,542)	(323,682)
Other comprehensive (loss)/income for the financial year										
- share of equity reserve of associates	–	–	–	–	(553)	–	–	(553)	–	(553)
- foreign currency translation	–	–	–	3,852	–	–	–	3,852	1,698	5,550
- Reclassification of equity accounted reserve to profit or loss upon disposal of associated company	–	–	–	–	10,482	–	–	10,482	–	10,482
Total comprehensive (loss)/income	–	–	–	3,852	9,929	–	(292,140)	(278,359)	(29,844)	(308,203)
Transactions with owners										
Issuance of new shares	7,500	1,432	–	–	–	–	–	8,932	–	8,932
Warrants exercised	18,017	5,238	(5,238)	–	–	–	–	18,017	–	18,017
Transfer of unexercised warrant reserve	–	–	(3,535)	–	–	–	3,535	–	–	–
Effect of change in equity interest in subsidiaries	–	–	–	–	–	–	(10,461)	(10,461)	10,370	(91)
Effect from adoption of Companies Act 2016	111,738	(111,738)	–	–	–	–	–	–	–	–
Total transactions with owners	137,255	(105,068)	(8,773)	–	–	–	(6,926)	16,488	10,370	26,858
Realisation of revaluation reserve	–	–	–	–	–	(1,055)	1,055	–	–	–
At 31 March 2017	448,816	–	–	7,322	–	37,129	(205,109)	288,158	(31,659)	256,499

	ATTRIBUTABLE TO THE OWNERS OF THE COMPANY									
	NON-DISTRIBUTABLE						DISTRIBUTABLE			
	SHARE CAPITAL	SHARE PREMIUM	WARRANTS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	FAIR VALUE RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	SUB-TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
GROUP (CONTINUED)	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**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 (loss)/income for the financial year										
(Loss)/Profit for the financial year	–	–	–	–	–	–	6,052	6,052	(9,139)	(3,087)
Other comprehensive (loss)/income for the financial year										
- share of equity reserve of associates	–	–	–	–	(5,848)	–	–	(5,848)	–	(5,848)
- foreign currency translation	–	–	–	(1,311)	–	–	–	(1,311)	1,032	(279)
Total comprehensive (loss)/income	–	–	–	(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 change in tax rate	–	–	–	–	–	520	–	520	–	520
Disposal of a 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 2017 (CONT'D)

	NON-DISTRIBUTABLE				DISTRIBUTABLE	
	SHARE CAPITAL	SHARE PREMIUM	WARRANTS RESERVE	REVALUATION RESERVE	RETAINED EARNINGS/ (ACCUMULATED LOSSES)	TOTAL EQUITY
COMPANY	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2016	311,561	105,068	8,773	12,880	60,213	498,495
Total comprehensive loss for the financial year						
Loss for the financial year	–	–	–	–	(514,989)	(514,989)
Total comprehensive income	–	–	–	–	(514,989)	(514,989)
Transactions with owners						
Issuance of shares	7,500	1,432	–	–	–	8,932
Warrants exercised	18,017	5,238	(5,238)	–	–	18,017
Transfer of unexercised warrant reserves	–	–	(3,535)	–	3,535	–
Effect from adoption of Companies Act 2016	111,738	(111,738)	–	–	–	–
Total transactions with owners	137,255	(105,068)	(8,773)	–	3,535	26,949
At 31 March 2017	448,816	–	–	12,880	(451,241)	10,455

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

	◄ NON-DISTRIBUTABLE			►	DISTRIBUTABLE	
	SHARE CAPITAL	SHARE PREMIUM	WARRANTS RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
COMPANY (CONTINUED)	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
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						
Warrants exercised	5,519	1,819	(1,819)	–	–	5,519
Effect of change in tax rate	–	–	–	520	–	520
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

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		GROUP		COMPANY	
	NOTE	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax					
- continuing operation		**(306,825)**	(12,192)	**(508,346)**	42,208
- discontinued operation	26	**(9,207)**	30,010	**–**	–
		(316,032)	17,818	**(508,346)**	42,208
Adjustments for:					
Allowance/(Reversal) for impairment loss on amount due from related parties		**901**	(14)	**901**	(14)
Allowance/(Reversal)) for impairment loss on receivables		**148,620**	1,775	**102,715**	(4,981)
Allowance/(Reversal) for impairment loss on amount due from subsidiaries		**–**	–	**226,838**	(434)
Amortisation of concession assets		**4,325**	7,573	**4,325**	–
Amortisation of intellectual properties		**3,678**	2,863	**2,604**	2,604
Amortisation of development cost		**4**	–	**4**	–
Bad debt written off		**–**	1,394	**–**	1,394
Depreciation of property, plant and equipment		**13,560**	17,103	**6,284**	7,039
Finance costs		**16,887**	28,117	**14,643**	26,617
Allowance for impairment of goodwill		**17,153**	–	**–**	–
Allowance for impairment of intangible assets		**10,683**	–	**–**	–
Allowance for impairment of plant and equipment		**55,175**	–	**–**	–
(Reversal)/Allowance for impairment on investment in associates		**(500)**	1,000	**(500)**	324
Allowance of impairment loss on investment in subsidiaries		**–**	–	**213,742**	17,427
Allowance of impairment loss on investments		**14,555**	–	**–**	–
Allowance/(Reversal) for slow moving inventories		**1,091**	4,384	**(1,411)**	4,104
Share of loss/(profit) in associates		**6,675**	(25)	**–**	–
Property, plant and equipment written off		**1,067**	1,527	**–**	–
Gain on disposal of property, plant and equipment		**(274)**	(349)	**(217)**	(456)
Gain on disposal of subsidiaries		**–**	(29,931)	**–**	(36,308)
Gain on disposal of associated companies		**(11,503)**	–	**(4,186)**	–
Effect of accretion of interest on operating financial assets		**(2,776)**	(2,460)	**(2,776)**	(2,460)
Interest income		**(623)**	(541)	**(484)**	(2,761)
Dividend income		**–**	–	**(43,150)**	(150)
Unrealised (gain)/loss on foreign exchange		**(21,652)**	20,434	**(20,631)**	5,489
Investment in associate written off		**989**	–	**989**	–
Investment deposit written off		**100**	–	**100**	–
Loss on disposal of development costs		**–**	543	**–**	543
Operating (loss)/profit before changes in working capital		**(57,897)**	71,211	**(8,556)**	60,185

		GROUP		COMPANY	
	NOTE	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Operating (loss)/profit before changes in working capital, brought forward		**(57,897)**	71,211	**(8,556)**	60,185
Changes in working capital:					
Inventories		**(4,978)**	21,802	**(13,316)**	22,675
Trade and other receivables		**7,076**	(68,508)	**(62,343)**	87,646
Operating financial assets		**2,750**	2,750	**2,750**	2,750
Property development expenditure		**(500)**	2,959	**–**	–
Amount due by contract customers		**89,991**	(7,706)	**98,547**	(24,533)
Trade and other payables		**45,656**	(26,117)	**30,240**	(17,930)
Changes in assets and liabilities held for sales		**(134)**	–	**–**	–
Net cash flows generated from/(used in) operations		**81,964**	(3,609)	**47,322**	130,793
Interest paid		**(16,887)**	(28,117)	**(14,643)**	(26,617)
Interest received		**623**	541	**484**	2,761
Income tax paid		**(11,398)**	(16,756)	**(8,900)**	(14,257)
Net cash flow from/(used in) operating activities		**54,302**	(47,941)	**24,263**	92,680
Cash flows from investment activities					
Acquisition of financial operating assets		**(12,816)**	(5,675)	**(12,816)**	–
Acquisition of development expenditure		**–**	(1,828)	**–**	(1,828)
Acquisition of intellectual properties		**–**	(1,803)	**–**	–
Acquisition investments in subsidiaries		**(91)**	–	**(18,650)**	(43,163)
Acquisition investments in an associated company		**(8,823)**	–	**–**	–
Deposit paid for available-for-sales financial assets		**–**	(136)	**–**	–
Dividend received		**150**	150	**43,150**	150
Purchase of property, plant and equipment	(a)	**(2,377)**	(19,004)	**(465)**	(4,592)
Proceeds from disposal of plant and equipment		**1,553**	1,175	**341**	801
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	**–**	79,184
Proceeds from disposal of an associate		**30,869**	–	**5,000**	–
Net withdrawal of other investments		**–**	23,031	**–**	23,031
Net distribution from an associate in liquidation		**11**	–	**11**	–
Net cash generated from/(used in) investing activities		**8,476**	213,321	**16,571**	55,875

		GROUP		COMPANY	
	NOTE	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from financing activities					
Drawdown of term loans		–	90,402	–	66,870
Net repayment of bankers' acceptances		**(17,032)**	(61,845)	**(17,032)**	(61,845)
Net repayment of trade loans		**(33,514)**	(36,261)	**(32,050)**	(36,298)
Proceeds from issuance of new shares		**26,949**	5,519	**26,949**	5,519
Payment of hire purchase and lease obligations		**(2,590)**	(3,132)	**(1,316)**	(1,289)
Repayment of term loans		**(42,836)**	(182,403)	**(34,600)**	(152,900)
Withdrawal/(Placement) of pledged short-term deposits		**14,416**	(10,202)	**14,416**	(10,202)
Net cash flows used in financing activities		**(54,607)**	(197,922)	**(43,633)**	(190,145)
Net increase/(decrease) in cash and cash equivalents		**8,171**	(32,542)	**(2,799)**	(41,590)
Cash and cash equivalents at beginning of the financial year		**37,318**	66,008	**11,705**	45,806
Effect of exchange rate changes on cash and cash equivalents		**(905)**	3,852	**(78)**	7,489
Cash and cash equivalents at end of the financial year	(b)	**44,584**	37,318	**8,828**	11,705

(a) Purchase of property, plant and equipment:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Purchase of property, plant and equipment	**2,377**	20,926	**465**	6,228
Financed by way of hire purchase	–	(1,922)	–	(1,636)
Cash payment on purchase of property, plant and equipment	**2,377**	19,004	**465**	4,592

(b) Cash and cash equivalents

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and cash equivavelents including in statements of cash flows comprise following amounts:				
Short-term deposits with licensed banks	**11,538**	29,420	**10,829**	28,670
Cash and bank balances	**43,341**	32,609	**8,294**	7,746
	54,879	62,029	**19,123**	36,416
Less: Short-term deposits pledged to licensed banks	**(10,295)**	(24,711)	**(10,295)**	(24,711)
	44,584	37,318	**8,828**	11,705

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

IRIS Corporation Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 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.

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 31 July 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs

MFRS 5	Non-Current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MRFS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:

2. BASIS OF PREPARATION (continued)

2.2 Adoption of amendments/improvements to MFRSs (continued)

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.

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

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

		EFFECTIVE FOR 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 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurances Contracts	1 January 2018
MFRS 10	Consolidation Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2017
MFRS 12	Disclosure of Interest in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
New IC Int		
IC Int 22	Foreign Currency Transaction and Advance Consideration	1 January 2018

A brief discussion on the above significant new MFRSs, amendments/improvement to MFRSs and IC Int are summarised below. Due to the complexity of these new MFRSs amendments/improvement to MFRSs and IC Int, 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, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") 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

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.

2. BASIS OF PREPARATION (continued)

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

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

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.

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 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

2. BASIS OF PREPARATION (continued)

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

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.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basic of measurement

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

2.6 Use of estimates and judgement

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 period 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.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

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

(b) Non-controlling interests

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

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

(c) Associates

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

Investment in associates 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(c) Associates (continued)

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 3.12 to the financial statements.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign currency transactions and operations (continued)

(a) Translation of foreign currency transactions (continued)

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.

3.4 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(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 3.12. 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 investments 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 3.12. Gains and losses are recognised in profit or loss through the amortisation process.

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.

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)

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 3.12.

(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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(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.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost/valuation less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12 to the financial statements.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

(a) Recognition and measurement (continued)

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 on borrowing costs in Note 3.16 to the financial statements.

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

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

(c) Depreciation

Freehold land has an unlimited useful lives 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

(c) Depreciation (Continued)

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.

For operating leases, the Group and the Company 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(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 3.12 to the financial statements.

In respect of equity-accounted associates, 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.

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 3.12 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Goodwill and intangible assets (continued)

(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 lives. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12 to the financial statements.

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

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

3. 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.

(a) Financial assets model

The Group and the Company account for its service concession arrangements under the financial asset model as the Group and the Company have an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services. 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.

(b) Intangible assets model

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. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

3.10 Non-current assets or disposal groups held for sale

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Non-current assets or disposal groups held for sale (continued)

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

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

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

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

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

3.11 Cash and cash equivalents

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

3.12 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.

<u>Loans and receivables and held-to-maturity investments</u>

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Impairment of assets (continued)

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

Loans and receivables and held-to-maturity investments (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Impairment of assets (continued)

(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.

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.

3.13 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3.13 Share capital and share issuance expenses (continued)

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3.14 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

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

3.15 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) Interest income

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

(d) Dividend income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue and other income (continued)

(e) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(f) 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.

3.16 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.

3.17 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)

3.17 Income taxes

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Income taxes

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated inclusive of GST.

The net amount of GST refundable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.18 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.

3.19 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 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.

3.21 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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) 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.

(b) Classification of a service concession asset

The Group and the Company have entered into service concession arrangements with the Governments of Republic of Senegal to construct and operate public infrastructures for a specific period of time. In an arrangement where the Group and the Company receive a right to charge users of the public service, it will be accounted for using the intangible 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 intangible asset model are disclosed in Note 6.

(c) 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.

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

(d) 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).

(e) Assessment of significant influence on equity investment

Judgement is involved in determining whether the Group has control or significant influence on its equity investment in IRIS Global Blue TRS Sdn. Bhd. The directors considered the Group's power is limited only to participate in the financial and operating policy decisions of the entity based on the facts and circumstances. The carrying amounts of the Group's and the Company's investment in IRIS Global Blue TRS Sdn. Bhd. are disclosed in Note 9.

(f) 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. The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 28(a).

(g) 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.

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

(h) 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.

(i) 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 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.

(j) 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 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.

(k) Write-down of obsolete or slow moving inventories

The Group and the Company write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgment to evaluate the adequacy of the write-down of obsolete or slow moving inventories.

The carrying amounts of the Group's and the Company's inventories are disclosed in Note 12.

5. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	BUILDING RM'000	LEASEHOLD BUILDING 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									
At 1 April 2016	1,711	36,000	28,041	60,000	46,803	12,062	138,221	14,754	337,592
Additions	–	–	305	–	742	862	468	–	2,377
Disposals	–	–	–	–	(215)	(3,072)	(52)	–	(3,339)
Written off	–	–	(23)	–	(104)	(75)	(1,327)	–	(1,529)
Reclassification	–	–	–	–	28	(196)	1,942	(1,774)	–
Transfer to assets held for sales	–	–	(330)	–	(265)	(603)	(332)	–	(1,530)
Exchange differences	244	–	1,130	–	29	26	1,155	743	3,327
At 31 March 2017	1,955	36,000	29,123	60,000	47,018	9,004	140,075	13,723	336,898
Representing									
- Cost	1,955	–	29,123	–	–	–	–	–	–
- Valuation	–	36,000	–	60,000	–	–	–	–	–
	1,955	36,000	29,123	60,000	–	–	–	–	–
Accumulated depreciation and impairment losses:									
At 1 April 2016	–	1,742	3,674	2,904	38,176	8,194	102,253	–	156,943
Depreciation charge for the financial year	–	872	1,915	1,452	2,896	1,498	4,927	–	13,560
Impairment loss for the financial year	–	–	18,288	–	246	–	23,431	13,210	55,175
Disposals	–	–	–	–	(145)	(1,915)	–	–	(2,060)
Written off	–	–	(23)	–	(37)	(75)	(327)	–	(462)
Reclassification	–	–	–	–	(22)	(166)	188	–	–
Transfer to assets held for sales	–	–	(71)	–	(76)	(306)	(123)	–	(576)
Exchange differences	–	–	533	–	14	38	(1,880)	331	(964)
At 31 March 2017	–	2,614	24,316	4,356	41,052	7,268	128,469	13,541	221,616
Carrying amounts									
At 31 March 2017	1,955	33,386	4,807	55,644	5,966	1,736	11,606	182	115,282

5. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	BUILDING RM'000	LEASEHOLD BUILDING 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/Valuation									
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
Representing									
- Cost	1,711	–	28,041	–	–	–	–	–	–
- Valuation	–	36,000	–	60,000	–	–	–	–	–
	1,711	36,000	28,041	60,000	–	–	–	–	–
Accumulated depreciation and impairment losses:									
At 1 April 2015	–	871	1,720	1,452	35,898	8,669	96,059	–	144,669
Depreciation charge 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 amounts									
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)

COMPANY	LEASEHOLD LAND RM'000	LEASEHOLD BUILDING RM'000	BUILDING RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	TOTAL RM'000
Cost/Valuation							
At 1 April 2016							
At cost	–	–	6,600	25,461	4,601	97,533	134,195
At valuation	36,000	60,000	–	–	–	–	96,000
	36,000	60,000	6,600	25,461	4,601	97,533	230,195
Additions	–	–	–	287	–	178	465
Disposals	–	–	–	(155)	(1,133)	–	(1,288)
Written off	–	–	–	(20)	–	–	(20)
At 31 March 2017	36,000	60,000	6,600	25,573	3,468	97,711	229,352
Accumulated depreciation							
At 1 April 2016	1,742	2,904	1,710	22,540	4,261	87,234	120,391
Depreciation charge for the financial year	871	1,452	660	1,195	167	1,939	6,284
Disposals	–	–	–	(144)	(1,020)	–	(1,164)
Written off	–	–	–	(20)	–	–	(20)
At 31 March 2017	2,613	4,356	2,370	23,571	3,408	89,173	125,491
Carrying amounts							
At 31 March 2017	33,387	55,644	4,230	2,002	60	8,538	103,861

5. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	LEASEHOLD LAND RM'000	LEASEHOLD BUILDING RM'000	BUILDING RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	TOTAL RM'000
Cost/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 amounts							
At 31 March 2016	34,258	57,096	4,890	2,921	340	10,299	109,804

(a) Assets under finance leases

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

	GROUP		COMPANY	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Office equipment	**58**	108	**–**	–
Motor vehicles	**1,119**	2,773	**48**	325
Plant and machinery	**2,495**	2,632	**2,383**	2,475
	3,672	5,513	**2,431**	2,800

(b) Assets pledged as security

Property, plant and equipment with a net carrying amount of RM103,861,236 and RM103,861,236 (2016: RM158,742,843 and RM109,803,608) of the Group and of 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) Revaluation on leasehold land and building

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 and of the Company 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 RM38,378,280 (2016: RM39,734,850) as at the end of the reporting year.

(d) Construction in progress

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

(e) Impairment loss

During the financial year, an impairment loss of RM50,980,000 was recognised in the profit or loss, representing the impairment of all the property, plant and equipment held by a subsidiary. The directors are unable to reasonably assess the recoverable amount of the property, plant and equipment held by a subsidiary and therefore made a judgement and concluded that the recoverable amount for property, plant and equipment held by the subsidiary to be Nil.

6. **INTANGIBLE ASSETS**

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Goodwill	**128,268**	145,421	**–**	–
Development costs	**16**	20	**16**	20
Other intangible assets	**26,945**	39,090	**9,655**	12,259
Concession assets	**8,491**	–	**8,491**	–
	163,720	184,531	**18,162**	12,279

(a) Goodwill on consolidation

	GROUP	
	2017 RM'000	2016 RM'000
At 1 April	**145,421**	150,700
Disposal of subsidiaries	**–**	(5,279)
Impairment during the financial year	**(17,153)**	–
At 31 March	**128,268**	145,421

6. INTANGIBLE ASSETS (continued)

(a) Goodwill on consolidation (continued)

The movement in the Group's and the Company's allowance are as follows:

	GROUP	
	2017 RM'000	**2016 RM'000**
At 1 April	–	–
Additions	**17,153**	–
At 31 March	**17,153**	–

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.

Goodwill has been allocated to CGU of the Group, according to operating segments as follows:

	GROUP	
	2017 RM'000	**2016 RM'000**
Trusted identification - CGU 1	128,268	128,268
Other segments - Koto Industrial Building Systems - CGU 2	–	1,421
Other segments - Education - CGU 3	–	15,732
	128,268	145,421

Goodwill are assessed at each reporting period 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 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.

6. INTANGIBLE ASSETS (continued)

(a) Goodwill on consolidation (continued)

Impairment of goodwill (continued)

CGU 2 and CGU 3

During the financial year, impairment losses of RM17,153,000 (2016: Nil) were recognised against the carrying amounts of CGU 2 and CGU 3. The directors are unable to estimate the recoverable amount of the CGU. Due to the corporate restructuring plan undertaken by the Group for the Koto Industrial Building Systems and Education CGUs, the directors are of the view that the goodwill arising from the CGUs are irrecoverable and therefore, fully impaired during the year.

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

31.3.2017	CGU 1	CGU 2	CGU 3
Average gross margin	**25%**	**Nil**	**Nil**
Average annual revenue growth rate	**1%**	**Nil**	**Nil**
Discount rate	**22%**	**Nil**	**Nil**

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

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).

The calculation of value-in-use for the CGUs are most sensitive to the following assumptions:

- 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) Development costs

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cost:				
At 1 April	**16,243**	22,577	**16,243**	22,577
Additions	–	1,828	–	1,828
Disposals	–	(2,835)	–	(2,835)
Reclassification	–	(5,327)	–	(5,327)
At 31 March	**16,243**	16,243	**16,243**	16,243
Accumulated amortisation				
At 1 April	**16,223**	16,223	**16,223**	16,223
Amortisation during the financial year	**4**	–	**4**	–
At 31 March	**16,227**	16,223	**16,227**	16,223
Carrying amounts				
At 31 March	**16**	20	**16**	20

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.

6. INTANGIBLE ASSETS (continued)

(c) Other intangible assets

	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Costs				
At 1 April	**69,447**	67,644	**40,391**	40,391
Additions	**–**	1,803	**–**	–
Written off	**(445)**	–	**–**	–
Reclassification	**786**	–	**–**	–
Foreign currencies translation	**2,342**	–	**–**	–
At 31 March	**72,130**	69,447	**40,391**	40,391
Accumulated amortisation				
At 1 April	**30,357**	27,494	**28,132**	25,528
Amortisation charge for the financial year	**3,678**	2,863	**2,604**	2,604
Impairment loss for the financial year	**10,683**	–	**–**	–
Written off	**(445)**	–	**–**	–
Reclassification	**786**	–	**–**	–
Foreign currencies translation	**126**	–	**–**	–
At 31 March	**45,185**	30,357	**30,736**	28,132
Carrying amounts				
At 31 March 2017	**26,945**	39,090	**9,655**	12,259
Representing:				
Intellectual properties	**9,902**	14,447	**9,655**	12,259
Mining permits	**17,043**	15,640	**–**	–
Education license	**–**	9,003	**–**	–
	26,945	39,090	**9,655**	12,259

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

(d) Concession asset

	GROUP AND COMPANY 2017 RM'000	GROUP AND COMPANY 2016 RM'000
Cost		
At 1 April	**–**	–
Additionals	**12,816**	–
At 31 March	**12,816**	–
Accumulated amortisation		
At 1 April	**–**	–
Armortisation charge for the financial year	**4,325**	–
At 31 March	**4,325**	–
Carrying amounts		
At 31 March 2017	**8,491**	–

The Group and the Company had entered into an agreement with the Government of Republic of Senegal on 2 May 2016 to produce and supply 10 million multi-application identity biometric cards over a period of five years.

7. OPERATING FINANCIAL ASSETS

GROUP AND COMPANY	2017 RM'000	2016 RM'000
At 1 April	**12,078**	12,219
Increase during the year	**–**	149
Effect of accretion of interest from the discounting	**2,776**	2,460
Payment received	**(2,750)**	(2,750)
At 31 March	**12,104**	12,078
Non-current	**9,354**	9,328
Current	**2,750**	2,750
	12,104	12,078

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

Financial assets model

(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 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 Solomon Islands in a well maintained condition, fair of wear and tear.

The amount, being the financial assets arising from the above concession agreements represents the fair value of the consideration receivable for the construction services delivered during the stage of construction. They carry interest at the rate of 20% (2016: 20%) per annum repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession assets.

8. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2017 RM'000	2016 RM'000
At cost		
Unquoted shares	**285,173**	284,093
	285,173	284,093
Less: Accumulated impairment losses	**(266,401)**	(70,229)
	18,772	213,864

8. INVESTMENT IN SUBSIDIARIES (continued)

Movement in allowance for impairment losses is respect of investment in subsidiaries are as follows:

	COMPANY	
	2017 RM'000	2016 RM'000
At 1 April	**70,229**	52,802
Additions	**213,742**	17,427
Reversal for the financial year	**(17,570)**	–
At 31 March	**266,401**	70,229

(a) Details of the subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTERESTS 2017	2016	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 Koto (M) Sdn Bhd	Malaysia	**51**	51	Manufacture and supply of intergrated building system ("IBS") and building material
IRIS Land Sdn Bhd	Malaysia	**100**	60	Housing development and construction activities
IRIS Healthcare Sdn Bhd	Malaysia	**100**	100	Investment holding
Warisan Atlet (M) Sdn Bhd^	Malaysia	**49**	49	Dormant
IRIS Rimbunan Kaseh Sdn Bhd	Malaysia	**100**	100	Farm management of modern intergrated farms

8. INVESTMENT IN SUBSIDIARIES (continued)

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

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTERESTS 2017 %	2016 %	PRINCIPAL ACTIVITIES
IRIS Corporation (Bangladesh) Ltd*	Bangladesh	**100**	100	Provision of trusted identification related products, services and maintenance and business solution
Regal Energy Limited#	Hong Kong	**100**	100	Investment holding company
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 Holdings Limited@	British Virgin Island	**–**	100	Investment holding
Plaman Resources Limited+	New Zealand	**51**	51	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	**100**	60	Property development

* *Subsidiaries without audited financial statement and auditors' report but the unaudited financial statements of the subsidiaries were reviewed for the purpose of the financial statements of the Group.*

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

^ *The Group has control over the subsidiary.*

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

@ *Wound up during the financial year.*

8. INVESTMENT IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows: (continued)

The unaudited statements of comprehensive income and statements of financial position of the significant subsidiaries are as follows:

Statements of comprehensive income

	AGROTECH GROUP RM'000	REGAL/ WEINAN GROUP RM'000	IRIS LAND (PNG) LTD RM'000	SERI STAMFORD COLLEGE SDN BHD RM'000	STAMFORD COLLEGE (MALACCA) SDN BHD RM'000	2017 TOTAL RM'000
Revenue	6,120	–	–	4,123	2,522	12,765
Cost of sales	(17,784)	–	(1,831)	(1,211)	(705)	(21,531)
Gross (loss)/profit	(11,664)	–	(1,831)	2,912	1,817	(8,766)
Other income	345	4,463	3	3,047	380	8,238
Administrative expenses	(1,629)	(713)	(3,950)	(4,973)	(2,476)	(13,741)
Other expenses	(11,659)	(61,389)	(3,429)	(3,245)	(37)	(79,759)
Operating loss	(24,607)	(57,639)	(9,207)	(2,259)	(316)	(94,028)
Finance costs	(40)	(2,035)	–	(8)	(24)	(2,107)
Loss before tax	(24,647)	(59,674)	(9,207)	(2,267)	(340)	(96,135)
Income tax expense	–	–	–	(24)	(13)	(37)
Loss for the financial year	(24,647)	(59,674)	(9,207)	(2,291)	(353)	(96,172)
Minority interest	–	21,531	–	–	–	21,531
Loss for the financial year	(24,647)	(38,143)	(9,207)	(2,291)	(353)	(74,641)
Other comprehensive income, net of tax	–	–	–	–	–	–
Total comprehensive loss for the financial year	(24,647)	(38,143)	(9,207)	(2,291)	(353)	(74,641)

8. INVESTMENT IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows: (continued)

The unaudited statements of comprehensive income and statements of financial position of the significant subsidiaries are as follows: (continued)

Statements of financial position

	AGROTECH GROUP	REGAL/ WEINAN GROUP	IRIS LAND (PNG) LTD	SERI STAMFORD COLLEGE SDN BHD	STAMFORD COLLEGE (MALACCA) SDN BHD	ELIMI-NATION	2017 TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets							
Property, plant and equipment	2,077	–	–	2,836	125	–	5,038
Intangible assets	–	–	–	247	–	–	247
Deferred tax assets	–	–	–	–	21	–	21
Total non-current assets	2,077	–	–	3,083	146	–	5,306
Current assets							
Inventories	1,653	–	–	9	27	–	1,689
Trade receivables	5,932	–	–	3,231	543	–	9,706
Other receivables, deposits and prepayments	2,640	–	–	1,942	215	–	4,797
Amount owing by contract customers	5,636	–	–	–	–	–	5,636
Amount owing by ultimate holding company	45,481	–	–	–	–	(45,481)	–
Amount owing by related parties	11,284	–	–	3,211	4,786	(11,433)	7,848
Tax recoverables	–	–	–	154	68	–	222
Cash and bank balances	163	19,277	–	59	48	–	19,547
	72,789	19,277	–	8,606	5,687	(56,914)	49,445
Assets classified as held for sale	–	–	10,940	–	–	–	10,940
Total current assets	72,789	19,277	10,940	8,606	5,687	(56,914)	60,385
Total assets	74,866	19,277	10,940	11,689	5,833	(56,914)	65,691

8. INVESTMENT IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows: (continued)

The unaudited statements of comprehensive income and statements of financial position of the significant subsidiaries are as follows:

Statements of financial position (continued)

	AGROTECH GROUP	REGAL/ WEINAN GROUP	IRIS LAND (PNG) LTD	SERI STAMFORD COLLEGE SDN BHD	STAMFORD COLLEGE (MALACCA) SDN BHD	ELIMI-NATION	2017 TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Equity and liabilities							
Equity attributable to owners							
Share capital	42,000	951	4,606	5,000	1,500	–	54,057
Foreign currency reserve	–	(1,183)	(374)	–	–	–	(1,557)
Accumulated losses	(73,549)	(44,182)	(13,214)	(22,784)	(2,595)	–	(156,324)
	(31,549)	(44,414)	(8,982)	(17,784)	(1,095)	–	(72,275)
Non-controlling interest	(839)	(16,164)	–	–	–	–	(17,003)
Total equity	(32,388)	(60,578)	(8,982)	(17,784)	(1,095)	–	(89,278)
Non-current liabilities							
Loans and borrowings	–	–	–	138	36	–	174
Total non-current liabilities	–	–	–	138	36	–	174
Current liabilities							
Trade payables	8,305	3,880	–	35	112	–	12,332
Other payables and accruals	17,750	13,310	–	5,830	1,322	–	38,212
Amount owing to ultimate holding company	73,583	45,242	–	19,596	1,941	(140,362)	–
Amount owing to related parties	6,675	120	–	3,829	3,518	(14,022)	120
Loans and borrowings	940	17,263	–	46	–	–	18,249
Tax payables	–	39	–	–	–	–	39
	107,253	79,854	–	29,336	6,893	(154,384)	68,952
Liabilities classified as held for sale	–	–	19,922	–	–	–	–
Total current liabilities	107,253	79,854	19,922	29,336	6,893	(154,384)	68,952
Total liabilities	107,253	79,854	19,922	29,474	6,929	(154,384)	69,116
Total equity and liabilities	74,865	19,276	10,940	11,690	5,834	(154,384)	(20,152)

(c) Acquisition of additional interest in IRIS Land Sdn Bhd

During the financial year, the Group purchase an additional 40% equity interest (representing 40,000 ordinary shares) in IRIS Land Sdn. Bhd. a subsidiary of the Group at a price RM 2.25 per share. The Company's effective ownership in IRIS Land Sdn. Bhd increased 60% to 100% as a result of the additional share purchased.

8. **INVESTMENT IN SUBSIDIARIES (continued)**

(c) Acquisition of additional interest in IRIS Land Sdn Bhd (continued)

Effect of the increase in the Company's ownership interest is as follows:

	2017 RM'000
Fair value of consideration transferred	91
Decrease in share of net liabilities	10,370
Excess recognised to equity	10,461

(d) Disposal of PJT Technology Co. Ltd.

In the previous financial year, the Company disposed its entired 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 Technology 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

	RM'000
(ii) Effect of disposal on cash flow:	
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. INVESTMENT IN SUBSIDIARIES (continued)

(e) 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 2017	OWNERSHIP INTEREST 2016
		%	%
IRIS Koto (M) Sdn Bhd ("IRIS Koto")	Malaysia	**49**	49
IRIS Land Sdn Bhd and its subsidiary ("IRIS Land Group")	Malaysia	**–**	40
Warisan Atlet (M) Sdn Bhd	Malaysia	**51**	51
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**	49
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:

	2017 RM'000	2016 RM'000
IRIS Koto	**(16,775)**	(10,368)
IRIS Land Group	**–**	(5,152)
Weinan	**(16,164)**	5,530
Other subsidiaries	**1,280**	(2,195)
	(31,659)	(12,185)

Profit or loss allocated to material non-controlling interests:

	2017 RM'000	2016
IRIS Koto	**(6,407)**	(3,571)
IRIS Land Group	**–**	(3,407)
Weinan	**(21,531)**	(1,442)
Other subsidiaries	**124**	35
	(31,542)	(9,139)

8. INVESTMENT IN SUBSIDIARIES (continued)

(f) 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	WEINAN RM'000	IRIS LAND GROUP RM'000
Summarised statements of financial position As at 31 March 2017			
Current assets	**23,842**	**19,277**	**11,222**
Non-current assets	**3,377**	**–**	**12,433**
Current liabilities	**(41,382)**	**(79,854)**	**(99,668)**
Non-current liabilities	**(72)**	**–**	**(269)**
Net liabilities	**(14,235)**	**(60,577)**	**(76,282)**
Summarised statements of comprehensive income Financial year ended 31 March 2017			
Revenue	**1,463**	**–**	**–**
Loss for the financial year	**(13,077)**	**(59,674)**	**(69,881)**
Total comprehensive loss	**(13,077)**	**(59,674)**	**(69,881)**
Summarised statements of cashflow information Financial year ended 31 March 2017			
Cash flows from operating activities	**482**	**566**	**–**
Cash flows from investing activities	**603**	**–**	**–**
Cash flows used in financial activities	**(990)**	**–**	**–**
Net increase in cash and cash equivalents	**95**	**566**	**–**
Summarised statements of financial position As at 31 March 2016			
Current assets	31,702	20,590	51,947
Non-current assets	9,422	48,939	16,285
Current liabilities	(41,663)	–	(80,843)
Non-current liabilities	(619)	(53,729)	(269)
Net (liabilities)/assets	(1,158)	15,800	(12,880)
Summarised statements of comprehensive income Financial year ended 31 March 2016			
Revenue	7,132	4,265	7,042
Loss for the financial year	(7,287)	(4,123)	(8,226)
Total comprehensive expenses	(7,287)	(3,924)	(8,226)
Summarised cash flow information Financial year ended 31 March 2016			
Cash flows from operating activities	29,823	53	1,836
Cash flows used in investing activities	(1,681)	(10,533)	(1,328)
Cash flows (used in)/from financing activities	(29,776)	22,424	(124)
Net (decrease)/increase in cash and cash equivalents	(1,634)	11,944	384

9. INVESTMENT IN ASSOCIATES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At cost				
Unquoted shares	**14,323**	7,314	**5,500**	7,314
Quoted shares	**–**	21,905	**–**	–
	14,323	29,219	**5,500**	7,314
Share of post-acquisition reserves, net of dividend received	**(7,226)**	(3,200)	**–**	–
Share of post-acquisition equity reserves	**–**	(9,929)	**–**	–
	7,097	16,090	**5,500**	7,314
Less: Accumulated impairment losses	**(500)**	(1,000)	**(500)**	(1,000)
	6,597	15,090	**5,000**	6,314
Market value				
- Quoted shares	**–**	30,229	**–**	–

Details of associates are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTERESTS 2017 %	OWNERSHIP INTERESTS 2016 %	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	Provision of terminals and solutions for credit card transactions
GMPC Corporation Sdn Bhd#	Malaysia	**–**	25	Design, supply and install Smart Card System for the Malaysian Government Multipurpose Card Flagship
Neuralogy Sdn Bhd	Malaysia	**20**	20	Research and development in Electronics and IT

* *The associates have been disposed off during the financial year.*
\# *The associates has wound up during the financial year.*

9. INVESTMENT IN ASSOCIATES (continued)

Details of associates are as follows: (continued)

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTERESTS 2017 %	2016 %	PRINCIPAL ACTIVITIES
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	Investment holding
Associates of Versatile Creative Berhad				
Versatile Paper Boxes Sdn Bhd*	Malaysia	–	37.336	Manufacturing and trading of paper, board packaging products, specialising in offset-printed boxes and offset
FP Pack Sdn Bhd*	Malaysia	–	37.336	Dormant
Fairpoint Plastic Industries Sdn Bhd*	Malaysia	–	37.336	Manufacturing and sale of plastic packaging products
Versatile Smart Properties Sdn Bhd*	Malaysia	–	37.336	Dormant
Associates of Versatile Creative Berhad				
Imagescan Creative Sdn Bhd*	Malaysia	–	37.336	Provision of colour separation and lithography services and printed materials
Associates of IRIS Information Technology Systems Sdn Bhd				
IRIS Global Blue TRS Malaysia Sdn Bhd ("IGB")#	Malaysia	**51**	51	To market & operate as an agent for goods & services tax refund

* *The associates have been disposed off during the financial year.*
\# *The Group has no control but has significant influence over the associate.*

9. **INVESTMENT IN ASSOCIATES (continued)**

Fair value information

In the previous financial year, the fair value of Versatile Creative Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad, was RM30,228,931 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.

	MDT	IGB
GROUP	**RM'000**	**RM'000**
31 March 2017		
Assets and liabilities:		
Current assets	863	28,784
Non-current assets	917	1,022
Current liabilities	(588)	(25,293)
Non-current liabilities	–	(107)
Net assets	1,192	4,406
Results:		
(Loss)/Profit from continuing operations	(2,052)	943
Other comprehensive loss	–	–
Total comprehensive income	(2,052)	943

	PAYSYS (M) SDN BHD	MDT	IGB	OTHER INDIVIDUALLY IMMATERIAL ASSOCIATES	TOTAL
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 March 2017					
Reconciliation of net assets to carrying amount:					
Share of net assets fair value	–	4,000	8,823	–	12,823
Goodwill on acquisition	–	1,000	–	–	1,000
Cost of investment	–	5,000	8,823	–	13,823
Share of post-acquisition losses	–	(650)	(6,576)	–	(7,226)
Carrying amount in the statements of financial positions	–	4,350	2,247	–	6,597
Group's share of results					
Group's share of profit or loss from:					
- Continuing operations	1,311	(912)	(6,576)	(499)	(6,676)
Group's share of other comprehensive loss	–	–	–	(553)	(553)
Group's share of total comprehensive income/(loss)	1,311	(912)	(6,576)	(1,052)	(7,229)

9. INVESTMENT IN ASSOCIATES (continued)

GROUP	PAYSYS (M) SDN BHD RM'000	MDT RM'000	VCB AND ITS SUBSIDIARIES RM'000
31 March 2016			
Assets and liabilities:			
Current assets	12,106	863	27,529
Non-current assets	4,088	3,561	47,170
Current liabilities	(8,462)	(620)	(23,741)
Non-current liabilities	(654)	–	(6,448)
Net assets	7,078	3,804	44,510
Results:			
Profit/(Loss) from continuing operations	3,363	(180)	(2,064)
Other comprehensive loss	–	–	(15,376)
Total comprehensive income/(loss)	3,363	(180)	(17,440)

	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/(loss)	2,459	262	(6,083)	162	(3,200)
Share of post-acquisition other comprehensive loss 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)

(a) Disposal of entire 30% equity interest in Paysys (M) Sdn Bhd On 9 March 2017, the Company had entered into a Share Sale Agreement for the disposal of 300,000 ordinary shares, representing 30% equity interest of Paysys (M) Sdn Bhd ("Paysys") for a total purchase price of RM5,000,000. Paysys has ceased as an associate of the Company.

(b) Disposal of entire 37.33% equity interest in Versatile Creative Berhad ("VCB") on 20 September 2016, the Company had entered into a Share Sale Agreement for the disposal of 35,000,000 ordinary shares, representing 37.33% equity interest of VCB for a total purchase price of RM21,000,000. Versatile Creative Berhad has ceased as an associate of the Company.

10. AVAILABLE-FOR-SALES FINANCIAL ASSETS

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 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	**–**	–
- in Republic of Palau	**7,055**	7,055	**–**	–
Golf club membership	**406**	406	**406**	406
	18,320	18,320	**2,784**	2,784
Less: Accumulated impairment losses	**(17,914)**	(3,359)	**(2,378)**	(2,378)
	406	14,961	**406**	406

Investment in unquoted shares and golf club membership of the Group, designated as availablefor-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 available market data of the shares.

11. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax relates to the following:

GROUP	GROSS AT 1 APRIL 2017 RM'000	PROFIT OR LOSS RM'000	GROSS AT 31 MARCH 2017 RM'000	NET AT 31 MARCH 2016 RM'000
Deferred tax liabilities:				
Property, plant and equipment	**(17,895)**	–	**(17,895)**	(14,940)
	(17,895)	–	**(17,895)**	(14,940)
Deferred tax assets:				
Provisions	**2,326**	(130)	**2,196**	–
Other items	**780**	–	**780**	21
	3,106	(130)	**2,976**	21
	(14,789)	(130)	**(14,919)**	(14,919)

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

Deferred tax relates to the following: (continued)

GROUP	GROSS AT 1 APRIL 2015 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	RECOGNISED IN OTHER COMPRE-HENSIVE INCOME RM'000	ACQUI-SITION/ DISPOSAL OF SUBSI-DIARIES 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)

COMPANY	GROSS AT 1 APRIL 2016 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	RECOGNISED IN OTHER COMPRE-HENSIVE INCOME RM'000	ACQUI-SITION/ DISPOSAL OF SUBSI-DIARIES RM'000	GROSS AT 31 MARCH 2017 RM'000	SET-OFF RM'000	NET AT 31 MARCH 2017 RM'000
Deferred tax liabilities:							
Property, plant and equipment	**(17,895)**	–	–	–	**(17,895)**	–	**(17,895)**
	(17,895)	–	–	–	**(17,895)**	–	**(17,895)**
Deferred tax assets:							
Provisions	**2,326**	–	–	–	**2,326**	–	**2,326**
Other items	**629**	–	–	–	**629**	–	**629**
	2,955	–	–	–	**2,955**	–	**2,955**
	(14,940)	–	–	–	**(14,940)**	–	**(14,940)**

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

Deferred tax relates to the following: (continued)

COMPANY	GROSS AT 1 APRIL 2015 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	RECOGNISED IN OTHER COMPRE-HENSIVE INCOME RM'000	ACQUI-SITION/ DISPOSAL OF SUBSI-DIARIES 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)	–	(17,895)
	(18,598)	184	519	–	(17,895)	–	(17,895)
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)

12. INVENTORIES

	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
At lower of cost and net realisable value:				
Property under development				
- Development costs	–	4,785	–	–
Raw materials	**13,859**	5,151	**11,957**	4,534
Work-in-progress	**19,754**	29,018	**19,746**	28,948
Finished goods	**38,868**	29,640	**37,702**	21,196
	72,481	68,594	**69,405**	54,678

The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year in respect of continuing operations was RM105,831,000 (2016: RM200,871,000) and RM81,867,000 (2016: RM170,413,000) respectively.

The cost of inventories of the Group and of the Company recognised as an expense/(income) in respect of written down/(reversal of written down) of inventories to net realisable value was RM1,091,000 (2016: RM4,384.000) and (RM1,411,000) (2016: RM4,104,000) respectively.

13. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Trade					
Third parties	(a)	**308,356**	287,858	**252,719**	206,107
Amount owing by subsidiaries	(b)	**–**	–	**13,800**	45,043
Amount owing by associates	(b)	**–**	1,263	**–**	–
Amount owing by related parties	(c)	**11,931**	27,506	**4,711**	19,658
		320,287	316,627	**271,230**	270,808
Less: Accumulated impairment loss					
- third parties		**(103,778)**	(18,350)	**(85,557)**	(2,619)
- amount owing by associates		**–**	(1,263)	**–**	–
- amount owing by related parties		**(901)**	–	**(901)**	–
		(104,679)	(19,613)	**(86,458)**	(2,619)
		215,608	297,014	**184,772**	268,189
Non-trade					
Other receivables	(d)	**61,614**	63,707	**26,953**	23,976
Deposits	(d)	**50,298**	41,309	**15,688**	6,373
Prepayments	(d)	**1,468**	3,478	**1,353**	891
Advances to suppliers		**26,597**	9,200	**26,597**	9,200
Amount owing by subsidiaries	(b)	**–**	–	**319,103**	271,739
Amount owing by associates	(b)	**290**	2,211	**290**	2,211
Amount owing by related parties	(c)	**6**	21	**6**	17
		140,273	119,926	**389,990**	314,407
Less: Accumulated impairment loss					
- other receivables		**(39,894)**	(21,522)	**(10,262)**	(4,645)
- deposits		**(44,820)**	–	**(14,161)**	–
- amount owing by subsidiaries		**–**	–	**(248,228)**	(21,390)
		(84,714)	(21,522)	**(272,651)**	(26,035)
		55,559	98,404	**117,339**	288,372
Total trade and other receivables, net		**271,167**	395,418	**302,111**	556,561

(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 (2016: 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 of 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 2017				
Not past due	**60,286**	**–**	**–**	**60,286**
Past due:				
- less than 3 months	**52,080**	**–**	**–**	**52,080**
- 3 to 6 months	**23,995**	**(17,177)**	**–**	**6,818**
- over 6 months	**183,926**	**(87,502)**	**–**	**96,424**
	320,287	**(104,679)**	**–**	**215,608**
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
COMPANY				
At 31 March 2017				
Not past due	**48,209**	**–**	**–**	**48,209**
Past due:				
- less than 3 months	**51,418**	**–**	**–**	**51,418**
- 3 to 6 months	**20,609**	**(17,177)**	**–**	**3,432**
- over 6 months	**150,994**	**(69,281)**	**–**	**81,713**
	271,230	**(86,458)**	**–**	**184,772**
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

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 and the Company.

13. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (Continued)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM155,322,000 and RM136,563,000 (2016: RM238,471,000 and RM215,316,000) respectively 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 and the Company is closely monitoring these receivables and is confident of their eventual recovery.

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 April	**19,613**	15,074	**2,619**	4,837
Charge for the financial year				
- Individual impairment loss	**94,427**	6,696	**84,303**	–
- Collective impairment loss	–	190	–	107
Reversal of impairment loss				
- Individual impairment loss	**(4,695)**	(2,347)	**(261)**	(2,325)
- Collective impairment loss	**(4,666)**	–	**(203)**	–
At 31 March	**104,679**	19,613	**86,458**	2,619

(b) **Amount owing by subsidiaries and associates**

The trade amount owing by subsidiaries and associates are non-interest bearing and normal credit term offered by the Company is 30 days (2016: 30 days) from the date of invoices.

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

The movement in the Group's and the Company's impairment of non-trade amount owing by subsidiaries and associates are as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 April	–	–	**21,390**	21,824
Charge for the financial year	–	–	**226,838**	–
Reversal for the financial year	–	–	–	(434)
At 31 March	–	–	**248,228**	21,390

(c) **Amount owing by related parties**

Amount due by related parties are non-interest bearing and normal credit term offered by the Group and the Company ranging from 30 to 60 days (2016: 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)

(d) Other receivables, deposits and prepayments

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

(i) Payment of 10% deposits to IPSA Group PLC of approximately RM8,800,000 (2016: RM8,800,000) for the purchase of equipment. The amount was fully impaired in the previous financial year.

(ii) Downpayment of approximately RM5,700,000 (2016: 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 33(a)(iii) to the financial statements.

(iii) Advance payment of approximately RM19,450,255 (2016: RM19,450,255) for the acquisition of additional 50% shareholdings in Palau Peliliu Resorts Limited. The amount was fully impaired during the financial year.

The movement in the Group's and the Company's impairment of other receivables and deposits are as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 April	21,522	25,224	4,645	8,347
Charge for the financial year	63,192	-	19,778	-
Reversal for the financial year	–	(3,702)	–	(3,702)
At 31 March	84,714	21,522	24,423	4,645

14. AMOUNT OWING BY CONTRACT CUSTOMERS

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amount owing by contract customers	**52,368**	142,359	**40,785**	139,332

(a) Revenue recognised in the financial year

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue recognised in the financial year from:				
Amounts included in contract revenue during the financial year	**295,741**	324,628	**277,325**	304,042

14. AMOUNT OWING BY CONTRACT CUSTOMERS (continued)

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

	GROUP		COMPANY	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Aggregate costs incurred to date	**1,301,795**	1,475,456	**1,142,216**	1,351,465
Attributable profit	**356,859**	450,149	**295,251**	415,059
Less: Provision for foreseeable losses	**–**	(1,852)	**–**	(1,852)
	1,658,654	1,923,753	**1,437,467**	1,764,672
Less: Progress billings	**(1,606,286)**	(1,781,394)	**(1,396,682)**	(1,625,340)
	52,368	142,359	**40,785**	139,332

15. CASH AND SHORT-TERM DEPOSITS

	GROUP		COMPANY	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Cash and bank balances	**43,341**	32,609	**8,294**	7,746
Short-term deposits placed with licensed banks	**11,538**	29,420	**10,829**	28,670
	54,879	62,029	**19,123**	36,416

Included in the short-term deposits placed with licensed banks of the Group and of the Company is an amount of RM10,295,287 (2016: RM24,711,042) pledged to the bank for credit facilities granted to the Group and the Company as disclosed in Note 20 to the financial statements.

The weighted average effective interest rates of the short-term deposits at the end of the reporting year ranged from 2.90% to 3.00% (2016: 2.90% to 7.00%) per annum. The fixed deposits have maturity periods ranging from 30 days (2016: 30 days).

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

Assets of a disposal group classified as held for sale

	2017 RM'000
Property, plant and equipment	**954**
Inventories	**5,285**
Other receivables	**3,436**
Other assets	**1,265**
	10,940

Liabilities of a disposal group classified as held for sale

	2017 RM'000
Trade and other payables	**5,220**

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

The Board of Directors approved a plan to sell a subsidiary, IRIS Land (PNG) Ltd., which operates in Papua New Guinea. The assets and liabilities related to IRIS Land (PNG) Ltd. have been presented as held for sale. The transaction is currently pending on the execution of Share Sale Agreement.

In accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities held for sales of the above disposal group had been written down to their fair value less cost to sell.

17. SHARE CAPITAL

	GROUP AND COMPANY			
			AMOUNT	
	2017 UNIT'000	2016 UNIT'000	2017 RM'000	2016 RM'000
Issued and fully paid up:				
Ordinary shares:				
At 1 April	**2,077,074**	2,040,283	**311,561**	306,042
Issued during the financial year	**50,000**	36,791	**7,500**	5,519
Warrants exercised	**120,110**	–	**18,017**	–
Effect from adoption of Companies Act 2016	**–**	–	**111,738**	–
At 31 March	**2,247,184**	2,077,074	**448,816**	311,561

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 15,349,603 new ordinary shares for cash arising from the exercise of 15,349,603 units of Warrant A at an exercise price of RM0.15 each;

(ii) issued 104,760,740 new ordinary shares for cash arising from the exercise of 104,760,740 units of Warrant B at an exercise price of RM0.15 each; and

(iii) issued 50,000,000 new ordinary shares pursuant to a placement exercise at an issue price of RM0.18 per ordinary share.

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 1.4.2016	EXERCISED	EXPIRED	AT 31.3.2017
	UNIT'000	UNIT'000	UNIT'000	UNIT'000
Warrants A (2006/2016)	**44,911**	**(15,350)**	**(29,561)**	**–**
Warrants B (2010/2016)	**175,454**	**(104,761)**	**(70,693)**	**–**

17. SHARE CAPITAL (continued)

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 expired and was 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 expired and was delisted on 24 June 2016 and 27 June 2016 respectively.

18. SHARE PREMIUM

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM111,738,310 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium accounts of RM111,738,310 for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

19. OTHER RESERVES

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Warrants reserve	(a)	–	8,773	–	8,773
Fair value reserve	(b)	–	(9,929)	–	–
Foreign exchange translation reserve	(c)	**7,322**	3,470	–	–
Revaluation reserve	(d)	**37,129**	38,184	**12,880**	12,880
		44,451	40,498	**12,880**	21,653

(a) Warrants reserve

The warrants reserve arose from the proceeds from issuance of warrants. 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 cumulative 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.

20. LOANS AND BORROWINGS

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Non-current:					
Secured					
Term loans	(a)	**88,785**	136,400	**88,785**	114,045
Hire purchase payables	(b)	**539**	2,468	**3**	177
Finance lease liabilities	(c)	**367**	1,025	**307**	966
		89,691	139,893	**89,095**	115,188
Current:					
Secured					
Bankers' acceptances	(d)	**12,522**	5,692	**3,960**	5,691
Trade loans	(e)	**19,256**	51,958	**19,256**	51,306
Term loans	(a)	**38,138**	31,392	**20,875**	30,215
Revolving loans	(f)	**20,000**	12,497	**–**	12,497
Hire purchase payables	(b)	**933**	962	**66**	384
Finance lease liabilities	(c)	**915**	889	**635**	800
Unsecured					
Bankers' acceptances		**140**	11,505	**8,701**	11,505
Revolving loans		**–**	20,000	**20,000**	20,000
		91,904	134,895	**73,493**	132,398
		181,595	274,788	**162,588**	247,586

(a) Term loans

Group and Company

Term loan 1 of RM68,750,000 (2016: RM81,250,000) bears interest at 7.00% (2016: 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 RM40,909,803 (2016: RM63,010,000) bears interest at 7.81% (2016: 8.26%) 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 RM17,263,350 (2016: RM23,532,000), a term loan of a subsidiary, bears interest at 5.00% (2016: 5.48%) per annum and is repayable by monthly instalments and last instalment to be payable in October 2017 and is secured by the fixed and floating charges over all the present and future assets of a subsidiary.

Subsequently on 17 July 2017, the Group has made an early full settlement of Term Loan 3. All secured assets will be discharged accordingly upon the satisfaction of charge with the related authorities.

20. LOANS AND BORROWINGS (continued)

(b) Hire purchase payables

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Minimum hire purchase payments:				
- Not later than one year	**1,047**	1,057	**64**	411
- Later than one year and not later than 5 years	**578**	2,696	**6**	173
	1,625	3,753	**70**	584
Less: Future finance charges	**(153)**	(323)	**(1)**	(23)
Present value of hire purchase payables	**1,472**	3,430	**69**	561

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Represented by:				
Current				
- Not later than one year	**933**	962	**66**	384
Non-current				
- Later than one year and not later than 5 years	**539**	2,468	**3**	177
	1,472	3,430	**69**	561

The hire purchase payables of the Group and of the Company bore effective interest rates ranging from 4.64% to 6.70% (2016: 4.74% to 6.70%) per annum at the end of the reporting period.

20. LOANS AND BORROWINGS (continued)

(c) Finance lease liabilities

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Minimum lease payments:				
Not later than one year	**1,031**	1,129	**756**	1,035
Later than one year and not later than 5 years	**367**	1,111	**293**	1,047
	1,398	2,240	**1,049**	2,082
Less: Future finance charges	**(116)**	(326)	**(107)**	(316)
Present value of finance lease payables	**1,282**	1,914	**942**	1,766

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Represented by:				
Current				
- Not later than one year	**915**	889	**635**	800
Non-current				
- Later than one year and not later than 5 years	**367**	1,025	**307**	966
	1,282	1,914	**942**	1,766

The finance lease liabilities of the Group and of the Company bore effective interest rate ranging from 5.31% to 7.21% (2016: 5.80% to 5.81%) per annum at the end of the reporting period.

(d) Bankers' acceptances

The bankers' acceptances bore effective interest rates ranging from 4.16% to 5.16% (2016: 3.05% to 5.48%) per annum 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.

(e) Trade loans

The trade loans bore effective interest rates ranging from 3.40% to 6.47% (2016: 2.82% to 6.18%) per annum 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.

20. LOANS AND BORROWINGS (continued)

(f) Revolving loans

The revolving loans bore effective interest rate at 5.06% (2016: 4.95% to 5.19%) per annum 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	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade					
Third parties	(a)	**113,698**	40,761	**94,487**	26,290
Amount owing to subsidiaries	(b)	**–**	–	**103,640**	86,741
		113,698	40,761	**198,127**	113,031
Non-trade					
Other payables		**68,247**	45,387	**15,198**	13,662
Deposits		**57,202**	54,872	**57,202**	52,984
Accruals		**65,642**	106,702	**52,114**	93,817
Amount owing to subsidiaries	(b)	**–**	–	**81,818**	106,652
Amount owing to associates	(b)	**–**	1,021	**–**	1,021
		191,091	207,982	**206,332**	268,136
		304,789	248,743	**404,459**	381,167

(a) Trade payables

Trade payables are non-interest bearing and are the normal credit terms granted to the Group and the Company ranging from 30 to 120 days (2016: 30 to 120 days).

(b) Amount owing to subsidiaries and associates

The trade amount owing are subject to the normal trade credit terms ranging from 30 to 90 days (2016: 30 to 90 days). The amount owing are to be settled in cash.

The non-trade amount owing represent unsecured, interest free advances, payments made on behalf are repayable on demand and is expected to be settled in cash.

22. REVENUE

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000 RESTATED	2017 RM'000	2016 RM'000
Continuing operations				
Contract revenue	**295,741**	324,628	**277,325**	304,042
Services	**8,356**	8,037	**–**	–
Sale of goods	**133,578**	143,646	**125,682**	112,416
	437,675	476,311	**403,007**	416,458
Discontinued operations				
Sale of goods	**–**	43,322	**–**	–
	437,675	519,633	**403,007**	416,458

23. FINANCE COSTS

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000 RESTATED	2017 RM'000	2016 RM'000
Continuing operations				
Bankers' acceptances	**1,032**	2,550	**1,032**	2,550
Hire purchase and finance lease	**404**	860	**225**	668
Term loans	**11,561**	14,424	**9,526**	15,586
Revolving loans	**1,250**	2,237	**1,250**	2,237
Trade loans	**2,185**	4,970	**2,155**	4,807
Others	**455**	769	**455**	769
	16,887	25,810	**14,643**	26,617
Discontinued operations				
Term loans	**–**	2,307	**–**	–
	16,887	28,117	**14,643**	26,617

24. (LOSS)/PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	2017 RM'000	**2016 RM'000 RESTATED**	**2017 RM'000**	**2016 RM'000**
Continuing operations				
Auditors' remuneration:				
- audit services				
- Current year	**452**	556	**198**	165
- prior year	**47**	52	**28**	30
- other services	**20**	20	**20**	20
Allowance/(Reversal) for impairment loss on amount due from related parties	**901**	(14)	**901**	(14)
Allowance/(Reversal) for impairment loss on receivables	**148,620**	1,775	**102,715**	(4,981)
Allowance/(Reversal) for impairment loss on amount due from subsidiaries	**–**	–	**226,838**	(434)
Allowance for impairment loss on amount owing from contract customers	**625**	–	**625**	–
Amortisation of intellectual properties	**3,678**	2,863	**2,604**	2,604
Amortisation of development costs	**4**	–	**4**	–
Allowance/(Reversal) for slow moving inventories	**1,091**	4,384	**(1,411)**	4,104
Bad debts written off	**–**	1,394	**–**	1,394
Depreciation of property, plant & equipment	**13,560**	17,002	**6,284**	7,039
(Reversal)/Allowance for impairment loss on investment in associates	**(500)**	1,000	**(500)**	324
Impairment on goodwill	**17,153**	–	**–**	–
Impairment loss on investment in subsidiaries	**–**	–	**213,742**	17,427
Impairment loss on plant and equipment	**55,175**	–	**–**	–
Impairment loss on intellectual properties	**10,683**	–	**–**	–
Impairment loss on available for sales investment	**14,555**	–	**–**	–
Property, plant and equipment written off	**1,067**	1,527	**–**	–
Gain on disposal of property, plant and equipment	**(274)**	(349)	**(217)**	(456)
Gain on disposal of a subsidiary	**–**	(29,931)	**–**	(36,308)
Gain on disposal of investment in associate	**(11,503)**	–	**(4,186)**	–
Effect of accretion of interest on operating financial assets	**–**	(2,460)	**–**	(2,460)
Interest income	**(623)**	(541)	**(484)**	(2,761)
Dividend income	**–**	–	**(43,150)**	(150)
Investment in associates written off	**989**	–	**989**	–
Investment deposit written off	**100**	–	**100**	–
Loss on disposal of development costs	**–**	543	**–**	543
Directors' remuneration				
- salaries and other remuneration	**1,248**	1,174	**1,248**	1,174
- defined contribution plans	**133**	140	**133**	140
Directors' fee	**693**	700	**693**	700
Staff costs				
- salaries and other remuneration	**58,639**	61,258	**38,166**	35,335
- defined contribution plans	**5,306**	6,000	**3,120**	3,464
Research and development expenses	**87**	22	**87**	22

STRENGTHENING COMPETENCIES

24. (LOSS)/PROFIT BEFORE TAX (continued)

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

	GROUP		COMPANY	
	2017 RM'000	**2016 RM'000 RESTATED**	**2017 RM'000**	**2016 RM'000**
Continuing operations (continued)				
Loss/(Gain) on foreign exchange:				
- realised	**4,615**	(9,504)	**(4,652)**	(9,466)
- unrealised	**(21,652)**	20,434	**(20,631)**	5,489

25. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 March 2017 and 31 March 2016 are as follows:

	GROUP		COMPANY	
	2017 RM'000	**2016 RM'000 RESTATED**	**2017 RM'000**	**2016 RM'000**
Continuing operations				
Current income tax				
Taxation in Malaysia				
- current year	**4,468**	11,032	**3,575**	9,482
- prior years	**2,568**	6,178	**2,584**	6,350
	7,036	17,210	**6,159**	15,832
Taxation outside Malaysia				
- prior years	**484**	2,226	**484**	2,226
	484	2,226	**484**	2,226
Deferred tax				
Origination of temporary differences	**130**	1,462	**–**	1,469
	130	1,462	**–**	1,469
	7,650	20,898	**6,643**	19,527
Discontinued operation				
Current income tax				
Taxation in Malaysia				
- prior years	**–**	7	**–**	–
	–	7	**–**	–
Income tax expense recognised in profit or loss	**7,650**	20,905	**6,643**	19,527

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

25. INCOME TAX EXPENSE (continued)

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

	GROUP		COMPANY	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
(Loss)/Profit before tax				
- Continuing operations	**(306,825)**	(12,192)	**(508,346)**	42,208
- Discontinued operation	**(9,207)**	30,010	–	–
	(316,032)	17,818	**(508,346)**	42,208
Tax at Malaysian statutory income tax rate of 24% (2016: 24%)	**(75,848)**	4,277	**(122,003)**	10,130
Adjustments				
Effect of changes in tax rate	–	(520)	–	(519)
Income not subject to tax	**(1,010)**	(9,952)	**(1,010)**	(13,433)
Non-deductible expenses	**81,922**	17,917	**129,145**	15,268
Deferred tax not recognised on tax losses and temporary differences	**(466)**	1,963	**(2,557)**	–
Adjustment in respect of current income tax of prior years	**3,052**	8,404	**3,068**	8,576
Utilisation of previously unrecognised tax losses and capital allowances	–	(689)	–	–
Adjustment in respect of deferred tax of prior years	–	(495)	–	(495)
Income tax expense	**7,650**	20,905	**6,643**	19,527

26. DISCONTINUED OPERATION

As disclosed in Note 16, the Group had discontinued its property development business in Papua New Guinea on 30 December 2016. The segment did not meet the definition of a discontinued operation or classified as held for sale as at 31 March 2016 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:

	2017 RM'000	**2016 RM'000**
Revenue	–	43,322
Expenses	**(9,207)**	(43,243)
(Loss)/Profit before tax of discontinued operation	**(9,207)**	79
	–	(7)
(Loss)/Profit for the financial year from discontinued operation, net of tax	**(9,207)**	72
Gain on disposal of discontinued operation (Note 8)	–	29,931
	(9,207)	30,003

26. DISCONTINUED OPERATION (continued)

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

	2017 RM'000	2016 RM'000
Auditors' remuneration	–	74
Amortisation of concession assets	–	7,573
Depreciation of property, plant and equipment	**401**	101
Interest expense	–	2,307
Loss on foreign exchange:		
- unrealised	**2,413**	14,879
Staff costs		
- salaries and other remuneration	**932**	3,983
- defined contribution plans	–	100
Gain on disposal of property, plant and equipment (Note 8(d))	–	(325)

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

	2017 RM'000	
Net cash flows (used in)/from operating activities	**(289)**	14,745
Net cash flows used in investing activities	–	(10,395)
Net cash flows used in financing activities	–	(15,023)
	(289)	(10,673)

27. (LOSS)/EARNINGS PER SHARE

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

	GROUP	
	2017 RM'000	2016 RM'000
Loss after tax (RM)	**(323,682)**	(3,087)
(Loss)/Profit after tax attributable to owners of the Company (RM)		
- Continuing operations	**(282,933)**	(23,951)
- Discontinued operations	**(9,207)**	30,003
	(292,140)	6,052
Weighted average number of ordinary shares (unit):		
Issued ordinary shares 1 April	**2,077,074**	2,040,283
Effect of issuance of ordinary shares	**170,110**	36,791
Weighted average number of ordinary shares at 31 March	**2,247,184**	2,077,074
Basic (loss)/earnings per ordinary share		
- Continuing operations	**(12.59)**	(1.15)
- Discontinued operations	**(0.41)**	1.44
	(13.00)	0.29

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

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

The basic and diluted (loss)/earnings per ordinary shares is the same as the Group has no dilutive potential 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) Available-for-sale financial assets ("AFS")
(iii) Other financial liabilities ("FL")

GROUP	CARRYING AMOUNT	L&R/ (FL)	AFS
	RM'000	RM'000	RM'000
As 31 March 2017			
Financial assets			
Available-for-sales financial assets	406	–	406
Trade and other receivables	269,381	269,381	–
Cash and short-term deposits	54,879	54,879	–
Operating financial assets	12,104	12,104	–
	336,770	336,364	406
Financial liabilities			
Loans and borrowings	(181,595)	(181,595)	–
Trade and other payables	(252,760)	(252,760)	–
	(434,355)	(434,355)	–
Company			
Available-for-sales financial assets	406	–	406
Trade and other receivables	300,440	300,440	–
Cash and short-term deposits	19,123	19,123	–
Operating financial assets	12,104	12,104	–
	332,073	319,563	406
Loans and borrowings	(162,588)	(162,588)	–
Trade and other payables	(363,308)	(363,308)	–
	(525,896)	(525,896)	–

28. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (Continued)

GROUP	CARRYING AMOUNT RM'000	L&R/ (FL) RM'000	AFS RM'000
As 31 March 2016			
Financial assets			
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	–
Operating financial assets	12,078	12,078	–
	481,008	466,047	14,961
Financial liabilities			
Loans and borrowings	(274,788)	(274,788)	–
Trade and other payables	(154,777)	(154,777)	–
	(429,565)	(429,565)	–
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	–
Operating financial assets	12,078	12,078	–
	604,359	603,953	406
Loans and borrowings	(247,586)	(247,586)	–
Trade and other payables	(295,522)	(295,522)	–
	(543,108)	(543,108)	–

(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.

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (Continued)

(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.

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.

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade and other receivables (Continued)

Credit risk concentration profile

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

	GROUP			
	2017		2016	
	RM'000	%	RM'000	%
Trusted identification & payment and transportation	**231,709**	**86**	284,102	71
Sustainable development, food and agro & koto industrialised building systems	**28,039**	**10**	102,617	26
Environment & renewable energy	**806**	**1**	5,221	1
Other business	**8,827**	**3**	6,627	2
	269,381	**100**	398,567	100

	COMPANY			
	2017		2016	
	RM'000	%	RM'000	%
Trusted identification & payment and transportation	**211,954**	**96**	527,224	95
Sustainable development, food and agro & koto industrialised building systems	**3,811**	**4**	28,235	5
	215,765	**100**	555,459	100

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 RM27,014,000 (2016: RM94,104,000) representing the maximum amount of the Company. 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.

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (Continued)

(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.

Maturity analysis

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

GROUP	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS ON DEMAND OR WITHIN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 March 2017					
Trade and other payables	**252,760**	**252,760**	–	–	**252,760**
Hire purchase payables	**1,472**	**909**	**682**	–	**1,591**
Financial lease liabilities	**1,282**	**819**	**356**	–	**1,175**
Term loans	**126,923**	**38,138**	**88,785**	–	**126,923**
Revolving loans	**20,000**	**20,000**	–	–	**20,000**
Trade loans	**19,256**	**19,256**	–	–	**19,256**
Bankers' acceptances	**12,662**	**12,661**	–	–	**12,661**
	434,355	**344,543**	**89,823**	–	**434,366**
At 31 March 2016					
Trade and other payables	154,777	154,777	–	–	154,777
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
	429,565	300,751	141,435	19,790	461,976

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis (continued)

COMPANY	CARRYING AMOUNT	← CONTRACTUAL CASH FLOWS: ON DEMAND OR WITHIN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL →
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 March 2017					
Trade and other payables	**363,308**	**363,308**	**–**	**–**	**363,308**
Hire purchase payables	**69**	**64**	**5**	**–**	**69**
Financial lease liabilities	**942**	**660**	**282**	**–**	**942**
Term loans	**109,660**	**20,875**	**88,785**	**–**	**109,660**
Revolving loans	**20,000**	**20,000**	**–**	**–**	**20,000**
Trade loans	**19,256**	**19,256**	**–**	**–**	**19,256**
Bankers' acceptances	**12,661**	**12,661**	**–**	**–**	**12,661**
	525,896	**436,824**	**89,072**	**–**	**525,896**
At 31 March 2016					
Trade and other payables	295,522	295,522	–	–	295,522
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
	543,108	437,899	114,934	19,790	572,623

(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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Financial assets and liabilities not held in functional currencies				
Trade and other receivables				
Thai Baht	–	–	–	287
US Dollar	**185,632**	152,586	**185,632**	154,584
Euro	**75,123**	38,055	**75,123**	39,130
Chinese Renminbi	–	6,768	–	36
Egyptian Pound	**81**	940	**81**	943
Others	**12,484**	45,441	**11,460**	35,613
	273,320	243,790	**272,296**	230,593
Cash and short-term deposits				
Thai Baht	–	12	–	12
US Dollar	**2,438**	3,298	**2,438**	3,298
Euro	**1,097**	211	**1,097**	211
Chinese Renminbi	–	22,696	–	–
Egyptian Pound	**611**	3,092	**611**	3,092
Others	**21,237**	8,658	–	–
	25,383	37,967	**4,146**	6,613

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

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

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 2017			
US Dollar	+10%	6,924	6,924
	-10%	(6,924)	(6,924)
Euro	+10%	4,237	4,237
	10%	(4,237)	(4,237)
Chinese Renminbi	+10%	185	185
	-10%	(185)	(185)
Egyptian Pound	+10%	51	51
	-10%	(51)	(51)
Others	+10%	1,888	1,888
	-10%	(1,888)	(1,888)
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)

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

COMPANY	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
31 March 2017			
US Dollar	+10%	8,630	8,630
	-10%	(8,630)	(8,630)
Euro	+10%	4,299	4,299
	-10%	(4,299)	(4,299)
Chinese Renminbi	+10%	3	3
	-10%	(3)	(3)
Egyptian Pound	+10%	51	51
	-10%	(51)	(51)
Others	+10%	4,372	4,372
	-10%	(4,372)	(4,372)
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)

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.

	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR	EFFECT ON EQUITY
		RM'000	RM'000
Group			
31 March 2017	**+1%**	**1,244**	**1,244**
	-1%	**(1,244)**	**(1,244)**
31 March 2016	+1%	(1,780)	(1,780)
	-1%	1,780	1,780
Company			
31 March 2017	**+1%**	**(500)**	**(500)**
	-1%	**500**	**500**
31 March 2016	+1%	(1,776)	(1,776)
	-1%	1,776	1,776

(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 (2016: no transfer in either directions).

28. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement (continued)

GROUP	CARRYING AMOUNT TOTAL	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE				FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			
		FAIR VALUE				FAIR VALUE			
	RM'000	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 March 2017									
Financial assets									
Operating financial assets	**12,104**	–	–	–	–	–	–	**12,104**	**12,104**
Financial liabilities									
Hire purchase payables	**(1,472)**	–	–	–	–	–	–	**(1,472)**	**(1,472)**
Finance lease liabilities	**(1,282)**	–	–	–	–	–	–	**(1,282)**	**(1,282)**
Term loans	**(126,923)**	–	–	–	–	–	–	**(126,923)**	**(126,923)**
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)

COMPANY	CARRYING AMOUNT TOTAL	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE				FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			
		FAIR VALUE				FAIR VALUE			
	RM'000	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 March 2017									
Financial assets									
Operating financial assets	**12,104**	–	–	–	–	–	–	**12,104**	**12,104**
Financial liabilities									
Hire purchase payables	**(69)**	–	–	–	–	–	–	**(69)**	**(69)**
Finance lease liabilities	**(942)**	–	–	–	–	–	–	**(942)**	**(942)**
Term loans	**(109,660)**	–	–	–	–	–	–	**(109,660)**	**(109,660)**
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	(31,181)	–	–	–	–	–	–	(31,181)	(31,181)

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

Capital commitments

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

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Capital expenditures approved and contracted for:				
- Plant and equipment	**7,538**	1,741	**7,538**	1,741

30. 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

30. 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sales				
Subsidiaries	–	–	**9,868**	65,315
Associates	**29**	10	**989**	10
Related party	**16,744**	30,293	**16,744**	30,293
	16,773	30,303	**27,601**	95,618
Purchases				
Subsidiaries	–	–	**4,109**	22,563
Associates	**60**	99	**60**	99
	60	99	**4,169**	22,662
Rental income				
Subsidiaries	–	–	**461**	532
Related party	**63**	63	**63**	63
	63	63	**524**	595
Consultancy fees charged				
Related party	–	1,200	–	–
Maintenance fees charged				
Associates	**960**	636	–	–
Management fee income				
Subsidiary	–	–	**240**	240
Rental expense				
Subsidiary	–	–	**954**	1,008
Interest income on loan				
Subsidiary	–	–	–	2,241

(c) Compensation of key management personnel

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term employee benefits	**1,855**	3,492	**980**	996
Post-employment employee benefits	**361**	419	**361**	122
	2,216	3,911	1,341	1,118

31. 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 2017 and 31 March 2016.

		GROUP		COMPANY	
	NOTE	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade and other payables	21	**304,789**	248,743	**404,459**	381,167
Borrowings					
Hire purchase payables	20	**2,754**	5,344	**1,011**	2,327
Bank borrowings	20	**158,841**	269,444	**161,577**	245,259
Total debts		**466,384**	523,531	**567,047**	628,753
Less:					
Short-term deposit placed with licensed bank		**(11,538)**	(29,420)	**(10,829)**	(28,670)
Cash and bank balance		**(43,341)**	(32,609)	**(8,294)**	(7,746)
Net debt		**411,505**	461,502	**547,924**	592,337
Total equity		**256,499**	537,844	**10,455**	498,495
Debt-to-equity ratio		**160%**	86%	**5241%**	119%

32. 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 Division	e-Passports, e-Identification cards, banking cards, transporation and other related Trusted Identification's devices and equipments
Property Development & Construction sub-division	Construction of buildings and modern integrated farms and manufacturing of Koto industrialised building systems
Food and Agro Technology sub-division	Provision of food and agro produce and equipment
Environment & renewable energy sub-division	Provision of waste management and power and energy related systems
Education Division	Provision of academic, tertiary and professional courses

Inter-segment pricing is determined on negotiated basis.

32. SEGMENT INFORMATION (continued)

Segment profit
Segment performance is used to measure performance as the Directors believe 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 tax recoverables) of a segment, as included in the internal reports that are reviewed by the Directors.

Segment liabilities
The total of segment liabilities is measured based on all liabilities (excluding deferred tax liabilities and tax payables) of a segment, as included in the internal reports that are reviewed by the Directors.

32. SEGMENT INFORMATION (continued)

2017	NOTES	CONTINUING OPERATIONS: TRUSTED IDENTIFICATION DIVISION	CONTINUING OPERATIONS: SUSTAINABLE DEVELOPMENT DIVISION: PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION	CONTINUING OPERATIONS: SUSTAINABLE DEVELOPMENT DIVISION: FOOD & AGRO TECHNOLOGY SUB-DIVISION	CONTINUING OPERATIONS: SUSTAINABLE DEVELOPMENT DIVISION: ENVIRONMENT & RENEWABLE ENERGY SUB-DIVISION	CONTINUING OPERATIONS: EDUCATION DIVISION	CONTINUING OPERATIONS: ADJUSTMENTS AND ELIMINATIONS	CONTINUING OPERATIONS: TOTAL CONTINUING OPERATIONS	DISCONTINUED OPERATIONS: PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION	TOTAL
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:										
Revenue from external customers		372,876	48,783	7,408	750	9,319	(1,461)	437,675	–	437,675
Inter-segment revenue	A	–	(507)	–	–	(954)	1,461	–	–	–
		372,876	48,276	7,408	750	8,365	–	437,675	–	437,675
Results										
Operating results		71,198	(25,783)	(20,815)	367	506	–	25,473	(1,831)	23,642
Interest income		490	–	122	–	11	–	623	–	623
Dividend income		43,150	–	–	–	–	(43,150)	–	–	–
Other operating income		13,566	166	388	4,514	1,455	–	20,089	3	20,092
Depreciation and amortisation		(9,994)	(2,952)	(2,896)	(812)	(354)	–	(17,008)	(232)	(17,240)
Impairment loss of goodwill		–	(1,421)	–	–	(15,732)	–	(17,153)	–	(17,153)
Impairment loss of intangible assets		–	–	(1,680)	–	(9,003)	–	(10,683)	–	(10,683)
Impairment loss of plant and equipment		–	(3,011)	–	(52,164)	–	–	(55,175)	–	(55,175)
Impairment loss of non-financial assets		–	(14,555)	–	–	–	–	(14,555)	–	(14,555)
Impairment loss of trade and other receivables		(103,575)	(36,831)	984	(7,028)	(3,071)	–	(149,521)	–	(149,521)
Interest expense		(14,673)	(104)	(40)	(2,035)	(35)	–	(16,887)	–	(16,887)
Administrative and operating expenses		(8,768)	(4,130)	(21,312)	(4,126)	(5,530)	–	(43,866)	(7,147)	(51,013)
Reportable segment profit/(loss)		(8,606)	(88,621)	(45,249)	(61,284)	(31,753)	(43,150)	(278,663)	(9,207)	(287,870)
Other unallocated income	B	–	–	–	–	–	10,395	10,395	–	10,395
Share of results of associates	B	–	–	–	–	–	(6,675)	(6,675)	–	(6,675)
Unallocated corporate expenses		–	–	–	–	–	(31,882)	(31,882)	–	(31,882)
Segment profit/(loss)		(8,606)	(88,621)	(45,249)	(61,284)	(31,753)	(71,312)	(306,825)	(9,207)	(316,032)
Income tax expense		(7,613)	–	–	–	(37)	–	(7,650)	–	(7,650)
Profit/(loss) for the financial year		(16,219)	(88,621)	(45,249)	(61,284)	(31,790)	(71,312)	(314,475)	(9,207)	(323,682)
Assets:										
Investments in associates		13,823	–	–	–	–	(7,226)	6,597	–	6,597
Addition to capital expenditure		467	415	211	–	747	–	1,840	537	2,377
Segment assets		478,605	62,537	127,328	52,390	21,547	–	742,407	10,940	753,347
Segment liabilities		60,048	121,469	143,938	129,227	46,642	–	501,324	5,220	506,544

32. SEGMENT INFORMATION (continued)

		CONTINUING OPERATIONS							DISCONTINUED OPERATIONS	
			SUSTAINABLE DEVELOPMENT DIVISION							
		TRUSTED IDENTIFICATION DIVISION	PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION	FOOD & AGRO TECHNOLOGY SUB-DIVISION	ENVIRONMENT & RENEWABLE ENERGY SUB-DIVISION	EDUCATION DIVISION	ADJUSTMENTS AND ELIMINATIONS	TOTAL CONTINUING OPERATIONS	PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION	TOTAL
2016	**NOTES**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**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

32. 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

	2017 RM'000	2016 RM'000
Share results of associates	**(6,675)**	25
Unallocated amounts:		
- Other income	**10,395**	5,888
- Other corporate expenses	**(31,882)**	(39,313)
	(28,162)	(33,400)

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:

	REVENUE RM'000	SEGMENT ASSETS RM'000
31 March 2017		
Malaysia	**113,989**	**267,009**
African Region	**233,279**	**–**
Asia Pacific	**13,938**	**–**
North America	**15,105**	**–**
Oceania and Europe	**2,145**	**18,997**
	378,456	**286,006**

	REVENUE RM'000	SEGMENT ASSETS RM'000
31 March 2016		
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

32. SEGMENT INFORMATION (continued)

Information about major customers

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

	2017 RM'000	2016 RM'000	SEGMENTS
Customer A	**131,855**	62,280	Trusted identification
Customer B	**68,029**	60,390	Trusted identification
	205,596	122,670	

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Material Litigations

(i) IRIS Corporation Berhad ("ICB") v. The Government of the United States

The lawsuit commenced on February 24, 2015. The gravamen of the lawsuit is a claim for patent infringement of IRIS' U.S. Patent No. 6,111,506, "Method of Making an Improved Security Identification Document Including Contactless Communication Insert Unit". It is alleged that U.S. electronic passports manufactured for the U.S. Government, as well as use of foreign and U.S. Passports by the U.S. Government and by entities acting on behalf of the U.S. Government constitute infringements of that aforementioned IRIS patent, for which infringements IRIS is claiming just compensation.

The Government has filed their answer, and the litigation is in the discovery phase. In February 2016 the Government filed a petition with the United States Patent and Appeals Board, (the PTAB), to have the aforementioned IRIS patent declared invalid. While the PTAB proceedings are pending, the litigation in the United States Court of Federal Claims is on hold. At the time the litigation was put on hold, we were still in the discovery phase. As of this date, the PTAB proceedings are pending, and therefore it is too early to give an opinion as to the likelihood of success and/or as the quantity of compensation if IRIS is successful. Until a decision is rendered by the PTAB on the patent validity issues, it is also impossible to know how long the litigation will last. If IRIS is successful in defeating the validity challenge to any of the claims in issue before the PTAB, the Government will probably appeal, and if IRIS is not successful in defending validity of any of the patent claims, IRIS will have the right to appeal. During the PTAB process and appeals (if any), the Court of Federal Claims litigation remains stayed. With that in mind it is impossible to estimate future costs and disbursements, although there will be no further billing for legal services prior to the PTAB decision and the filing of a notice of appeal by either party thereafter. Any appeals will be heard by the United States Court of Appeals for the Federal Circuit in Washington.

(ii) (1) 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 or Emniyet Genel Mudurlugu (Turkey)

The Company received the update on the court proceedings of the consolidated Ankara 12th Civil Court of First Instance (2009/343) and 23 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.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(a) Material Litigations (continued)

(ii) (1) 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 or Emniyet Genel Mudurlugu (Turkey) (continued)

The Judgment declared the following:-

1. The JVCO's claim for unlawful termination by Extraordinary General Meeting 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 judgment is pending enforcement against the JVCO.

(iii) IRIS Corporation Berhad vs Tan Chin Hwang

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 (Encl 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 the matter was fixed for hearing both Enclosures 1 and 8 on 21 January 2016.

The High Court then dismissed the Defendant's application in Enclosure 8 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. The Auction was scheduled to be on 23 August 2016 at the Court premises.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(a) Material Litigations (continued)

(iii) IRIS Corporation Berhad vs Tan Chin Hwang (continued)

However, on 18 August 2016, the Defendant obtained a stay for the Auction, challenging the Valuation Report obtained by the Plaintiff. The Court fixed 13 March 2017 for hearing to fix the auction price. The first auction was scheduled to take place on 17 May 2017. As there were no bidders, the relevant applications are being made to reduce 10% of the reserve price and the court is to set another date for auction.

(iv) Dipon Group (M) Sdn Bhd vs Bitara Abadi Sdn Bhd & IRIS Corporation Berhad;

Dipon Group (M) Sdn Bhd ("Plaintiff") had filed a Writ of Summons ("Writ") dated 22 August 2016 at the High Court of Kuala Lumpur against Bitara Abadi Sdn Bhd ("Bitara") being the first defendant and ICB being the second defendant. The Writ was received by ICB on 5 September 2016.

Bitara entered into a subcontract agreement with Data-edge-i-People Consortium in 2014 ("Subcontract Agreement") for "The Collection of MRP Enrolment Data and Related Services Incidental To and Distribution of MRP among Bangladesh Citizens at Sites in Malaysia" in 2014.

Bitara also executed another subcontract agreement in 2014 with the Plaintiff ("Bitara-Dipon Subcontract Agreement") where the Plaintiff was contracted to provide and supply Bangladeshi workers at the application receiving centres.

The Plaintiff alleges that the payment received under the Subcontract Agreement was controlled by ICB. The Plaintiff claims that they have not been paid for the performance of their obligations under the Bitara-Dipon Subcontract Agreement.

The Plaintiff is now suing for the monies owing and payable under the Bitara-Dipon Subcontract Agreement. IRIS being the 2nd Defendant filed an application to strike out the Order by the Court in striking out the Judgment in Default against Bitara Abadi Sdn Bhd ("1st Defendant"). Hearing for the application is fixed on 29 June 2017. Trial date has been set to take place in October 2017.

(v) Dipon Gulf Infotech Consultancy LLC v IRIS Corporation Berhad

The Plaintiff filed its amended Statement of Claim against the Defendants for an amount of USD3,226,056 (at rate 4.0896 as 13 of June 2016 totalling RM13,193,278) for the alleged non-payment of goods and services rendered under a sub-contract agreement titled 'For the Collection of MRP Enrolment Data and Related Services Incidental to and Distribution of DRP Among Bangladesh Citizen at Sites in the Kingdom of Saudi Arabia ('MRP Saudi Project') and USD712,989 (at the rate of 4.0896 as at the 13 June 2016 totalling RM2,915,359) for the alleged non-payment of goods and services rendered under a sub-contract agreement titled :For the Collection of MRP Enrolment Data and Related Services Incidental to and Distribution of MRP Among Bangladesh Citizen at Sites in the United Arab Emirates ('MRP UAE Project'). Trial has ended on 2 May 2017 and parties are directed to file their respective submissions. The hearing is fixed on 31 July 2017.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(a) Material Litigations (continued)

(vi) Saudi Arabia Quad Communication & Securitt Solutions v IRIS Corporation Berhad

The Plaintiff filed its claim against the Defendant for the alleged non-payment of goods and service rendered arose from an agreement and contractual relationship to implement a project with the Ministry of Interiors, Department of Passports and Immigration, People's Republic of Bangladesh for the Enrolment of Bangladeshi Citizens in Kingdom of Saudi Arabia for Machine Readable Passports (MRP) (the "Project") for the amount of USD3,477,522. Trial date has not been fixed yet.

(vii) Roxwell Group Sdn Bhd (755819-U) against (1) IRIS Corporation Berhad ("ICB"), (2) Tan Say Jim ("D2"), (3) Su Thai Ping ("D3"), (4) Hamdan Bin Mohd Hassan ("D4") & (5) Sylla Ibrahima Sory ("D5")

The Plaintiff and D1 entered into a Cooperation Agreement ("Agreement") on 17 November 2011 and among the salient terms of the Agreement was for the Plaintiff to identify for ICB for potential projects in the Republic of Guinea and Guinea Bissau ("Territory") for a period of three (3) years from the date of the Agreement. In consideration of any and all services in respect of the Agreement involving the sale of plant, equipment, machinery or asset arranged by the Plaintiff, ICB agreed to pay the Plaintiff a commission of 15% on the value or price of the plant, equipment, machinery or asset sold.

The Plaintiff is claiming for an alleged commission payment in the amount of RM169,480,350 (together with interest deemed appropriate by the court) under the Agreement calculated based on the formula of 15% on the reported value of the BOT Passport Contract awarded by the Government of the Republic of Guinea to ICB in 2013 ("Project"). The Plaintiff is also alleging that ICB has colluded with D2, D3, D4 and D5 to deprive of its contractual rights under the Agreement.

It is relevant to note that the Project does not involve the sale of plant and equipment and no deposit was received from the Republic of Guinea. There was also no commission payment agreed between the Plaintiff and ICB as to the securement of the Project. ICB denies it has breached the Agreement and wishes to reiterate that the Plaintiff had never in any way facilitated to secure any contract whatsoever in favour of ICB within the two years from the execution of the Agreement. By virtue of clause 7.1 of the Agreement, the same in effect became redundant and was never pursued.

The Plaintiff via its solicitors served ICB a letter of demand in relation to the alleged commission payable for the securement of the Project in 21 July 2014 which was categorically denied and refuted by ICB's solicitors via letter dated 19 September 2014. ICB therefore deems the Plaintiff's action as nothing but retaliatory in nature.

ICB has appointed a solicitor to act on behalf and the memorandum of appearance was filed on 28 March 2017. ICB has filed in its defence and application for security for cost.

(b) Companies Act 2016

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which the Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company prepared the financial statements for the financial year ended 31 March 2017 in accordance with the requirements of the Companies Act 2016..

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(b) Companies Act 2016 (continued)

Amongst the key changes introduced in the Companies Act 2016 which affect the financial statements of the Group and of the Company are:

- the removal of the authorised share capital;
- shares issued have no par or nominal value; and
- share premium became part of share capital.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965.

(c) Investigation by Malaysian Anti-Corruption Commission ("MACC")

During the financial year, the deputy managing director of the Company was arrested by the Malaysian Anti-Corruption Commission (MACC) for alleged abuse of power and involvement in corrupt practices involving an e-passport project for the Republic of Guinea. The Company had on 20 January 2017 announced that the remand of the deputy managing director would not have any material effect on the earnings and net assets of the Group for the financial year ended 31 March 2017 and financial year ending 31 March 2018. On 30 May 2017, the Company had commissioned Ferrier Hodgson MH Sdn Bhd ("FHMH") to undertake an investigation on the allegation made by the MACC.

34. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

Investigation on certain agreements and transactions entered into by the Company

On 30 May 2017, based on the recommendation by the Audit Committee, the Board of IRIS Corporation Berhad ("ICB") engaged Ferrier Hodgson MH Sdn. Bhd. ("FHMH") as the Investigative Accountant ("IA") to conduct a review of the agreements and transactions entered into by ICB with regard to the Senegal Project, Guinea Project, BCS Project and the Property Development Projects to ascertain whether any irregularities have occurred and to ascertain the current status of the various development projects and any appropriate recommendations to be made.

In this report dated 28 July 2017, FHMH concluded that the report ascertains that there were no irregularities observed. FHMH also recommended that the Company should seek pertinent legal advice on the recovery of deposits for certain investments made.

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 of the Company as at 31 March 2017 and 31 March 2016 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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Total (accumulated losses)/retained earnings of the Company and its subsidiaries				
- Realised	**(260,866)**	58,254	**(446,374)**	86,642
- Unrealised	**(5,326)**	(26,435)	**(4,867)**	(26,429)
	(266,192)	31,819	**(451,241)**	60,213
Total share of accumulated losses from associates:				
- Realised	**1,097**	(3,200)	–	–
	(265,095)	28,619	**(451,241)**	60,213
Less:				
Consolidation adjustments	**59,986**	64,283	–	–
Total (accumulated losses)/retained earnings	**(205,109)**	92,902	**(451,241)**	60,213

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, DATUK NIK AZMAN BIN MOHD ZAIN and CHAN FEOI CHUN, 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 68 to 172 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 173 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 and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

DATUK NIK AZMAN BIN MOHD ZAIN
Director

CHAN FEOI CHUN
Director

Kuala Lumpur

Date: 31 July 2017

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, CHANG POH SHENG being the officer 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 68 to 172 and the supplementary information set out on page 173 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.

CHANG POH SHENG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 31 July 2017.

Before me,

Commissioner of Oath

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IRIS CORPORATION BERHAD
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the financial statements of IRIS Corporation Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company, for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 172.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR QUALIFIED OPINION

Audit of Subsidiaries

As disclosed in Note 8 to the financial statements, the audited financial statements and auditors' report of the said subsidiaries are not available. The audited financial statements of the Group have been consolidated using the unaudited management accounts of these subsidiaries for the financial year ended 31 March 2017.

We were unable to perform appropriate audit procedures to obtain sufficient and appropriate audit evidence that we considered necessary for the said subsidiaries during our audit of the financial statements of the Group. Therefore, we could not determine whether any adjustments were necessary in respect of the unaudited management accounts of the subsidiaries and the effects, if any, on the financial position of the Group as at 31 March 2017 or on its financial performance and cash flows for the financial year then ended including the impairment loss of property plant and equipment of RM50,980,000 and the impaired goodwill of RM17,153,000 in respect of the Koto Industrial Building Systems and Education segments as disclosed in Note 5 and Note 6 respectively to the financial statements.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS (continued)

Going concern

The directors' assessment on the Group's ability to continue as a going concern was an area of focus as the assessment requires the exercise of significant judgement by the directors on assumptions supporting the cash flow forecast, including the revenue and profit margins, and these are fundamental to the appropriateness of the going concern basis which was adopted for the preparation of the financial statements.

The directors have continued to adopt the going concern basis in preparing the financial statements after having prepared a cash flow forecast supporting the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the end of the financial year.

Our response:

Our audit procedures included, among others:

- reviewing the Group's assessment in relation to going concern;
- reviewing the cash flow forecast by reviewing the key assumptions to assess their reasonableness and the achievability of the forecasting;
- testing the mathematical accuracy of the cash flow forecast;
- performing sensitivity analysis for a range of reasonable possible scenarios;
- discussing and reviewing the Group's executed funding plans, including the private placement and the collections from significant receivables subsequent to year end; and
- assessing the appropriateness of disclosures in relation to going concern.

KEY AUDIT MATTERS (continued)

Investigation by the Malaysian Anti-Corruption Commission ("MACC") (Note 33(c) to the financial statements)

During the financial year, the deputy managing director of the Company was arrested by the Malaysian Anti-Corruption Commission ("MACC") for alleged abuse of power and involvement in corrupt practices involving an e-passport project for the Republic of Guinea.

The investigation by MACC was an area of focus because it was a significant event that occurred during the financial year which could potentially have a material impact to the financial statements of the Group. The Company had on 20 January 2017 announced that the remand of the deputy managing director would not have any material effect on the earnings and net assets of the Group for the financial year ended 31 March 2017 and financial year ending 31 March 2018. On 30 May 2017, the Company had commissioned Ferrier Hodgson MH Sdn. Bhd. ("FHMH") to undertake an investigation on the allegation made by the MACC.

As a consequence thereto, and in addition to the above scope, the directors of the Company had also included in the scope of FHMH's investigation a review of the commission agreement entered into by the Company in relation to the e-passport project for the Republic of Senegal to determine whether there could be a material impact to the earnings and net assets of the Group.

Our response:

Our audit procedures included, among others:

- evaluating the competence, capabilities and objectivity of FHMH, including consideration of its qualifications and experience and their scope of work;
- discussing with the members of the audit committee on the actions taken by the audit committee to deal with the allegations made by the MACC;
- obtaining verbal and written confirmation from the board of directors in relation to possible or alleged fraud affecting the Group;
- reviewing the Group's significant contracts and agreements entered into with the Government of the Republic of Guinea and the Government of the Republic of Senegal;
- reviewing the Group's investigation report from FHMH in relation to the commission agreements entered into for the e-passport project for the Republic of Guinea and the Republic of Senegal;
- assessing the financial impact, if any, on the financial statements of the Group;
- reviewing other significant contracts and agreements entered into by the Group; and
- assessing the appropriateness of disclosures in relation to the significant event during the financial year.

KEY AUDIT MATTERS (continued)

Trade receivables (Note 4(f) and 13 to the financial statements)

As disclosed in Note 13 to the financial statements, the carrying value of trade receivables of the Group amounted to RM215,608,000 as at 31 March 2017 after recognising an impairment loss of RM94,427,000 during the financial year.

We focused on this area because the directors had made subjective judgements over both the timing of recognition of impairment and the estimation of the size of any such impairment. The trade receivables are monitored individually by the Group and therefore the impairment is assessed based on the knowledge of each individual debtor.

Our response:

Our audit procedures included, among others:

- discussing with the Group's management on the recoverability of the trade receivables;
- reviewing the history of cash payments from the trade receivables, including subsequent to financial year end cash receipts from the trade receivables;
- reviewing the major contracts and agreements with the debtors, if any; and
- assessing the adequacy of the Group's disclosures in the financial statements on this area.

Goodwill (Note 4(d) and 6 to the financial statements)

As disclosed in Note 6 to the financial statements, the Group's goodwill amounted to RM128,268,000 as at 31 March 2017. The goodwill is tested for impairment annually. In performing the impairment assessment, the Group has identified the trusted identification segment as the cash generating unit to which the goodwill is allocated. We focused on this area because the impairment assessment requires the exercise of significant judgement by the Group on the discount rate applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which include future sales, gross profit margins and operating expenses.

Our response:

Our audit procedures focus on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:

- assessing the appropriateness of the recoverable amount valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 Impairment of Assets;
- comparing the actual results with previous budgets to assess the performance of the business and reliability of the forecasting process;
- reviewing the cash flow forecast by reviewing the key assumptions to assess their reasonableness and the achievability of the forecasting;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

KEY AUDIT MATTERS (continued)

Other investments (Note 4(i) and 10 to the financial statements)

During the financial year, the Board of Directors of the Company embarked on a Corporate Restructuring Plan ("CRP") for the Group to enable the Group to refocus and to ensure that resources are utilised on its core business being the Trusted Identification business. The CRP will focus efforts on divesting the Group's non-core businesses including property development, education and food waste-to-fertiliser plant as disclosed in Note 6 to the financial statements. As a result of the Group's strategy to divest its non-core activities, the Group had recognised an impairment loss of RM14,555,000 for other investments during the financial year.

We focused on this area because the impairment loss recognised in the financial statements had a significant impact to the profit and loss of the Group. As disclosed in Note 34 to the financial statements, on 30 May 2017, the Company had commissioned Ferrier Hodgson MH Sdn. Bhd. ("FHMH") to undertake an investigation on, among others, the underlying reasons for other investments and the reasons for the impairment loss recognised.

Our response:

Our audit procedures included, among others:

- evaluating the competence, capabilities and objectivity of FHMH, including consideration of its qualifications and experience and their scope of work;
- discussing with the directors of the Company on the said other investments and its impairment loss recognised;
- reviewing the Group's investigation report from FHMH in relation to the other investments;
- reviewing the Group's correspondence and agreements entered into in relation to the said other investments;
- assessing the financial impact, if any, on the financial statements of the Group; and
- assessing the appropriateness of disclosures in relation to the significant event during the financial year.

Other receivables, deposits and prepayments (Note 4(f) and 13 to the financial statements)

During the financial year, as part of the Group's strategy to divest its non-core activities, the Group had recognised an impairment loss of RM63,192,000 for other receivables, deposits and prepayments in relation to the potential foreign property development investments.

We focused on this area because the impairment loss recognised in the financial statements had a significant impact to the profit and loss of the Group. As disclosed in Note 34 to the financial statements, on 30 May 2017, the Company had commissioned Ferrier Hodgson MH Sdn Bhd ("FHMH") to undertake an investigation on, among others, the underlying reasons for the funds advanced for the potential foreign property development investments and the reasons for the significant impairment loss recognised.

Our response:

Our audit procedures included, among others:

- discussing with the Group's management on the recoverability of the other receivables, deposits and prepayments;
- evaluating the competence, capabilities and objectivity of FHMH, including consideration of its qualifications and experience and their scope of work;
- discussing with the directors of the Company on the potential foreign investments and its related other receivables, deposits and prepayments and its impairment loss recognised;
- reviewing the Group's investigation report from FHMH in relation to the other investments and the other receivables, deposits and prepayments;
- reviewing the Group's correspondence and agreements entered into in relation to the said other investments and the other receivables, deposits and prepayments;
- assessing the financial impact, if any, on the financial statements of the Group;
- assessing the appropriateness of disclosures in relation to the significant event during the financial year; and
- assessing the adequacy of the Group's disclosures in the financial statements on this area.

KEY AUDIT MATTERS (continued)

Inventories (Note 4(k) and 12 to the financial statements)

As disclosed in Note 12 to the financial statements, the carrying value of the Group's inventories amounted to RM72,481,000. The Group's inventories are measured at the lower of cost or net realisable value. Judgement is required in estimating their net realisable values and identifying slow-moving inventories.

Our response:

Our audit procedures included, among others:

- reviewing the design and implementation of controls associated with monitoring and detection and write down/off of slow-moving inventories;
- attending year end physical inventory count to observe the physical existence and condition of the finished goods and reviewing the design and assessing the implementation of controls during the count;
- reviewing subsequent sales and evaluating the Group's assessment on estimated net realisable value on selected samples of inventory items; and
- evaluating whether the inventories have been written down to their net realisable values for inventory items with net realisable values lower than their costs.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis of Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence about the unaudited management accounts of the subsidiaries. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 173 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

In our opinion, except for the possible effects of the matters described in the Basis of Qualified Opinion section of our report, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng No. AF 0117 Chartered Accountants	Heng Fu Joe No. 02966/11/2018 J Chartered Accountant

Kuala Lumpur

Date: 31 July 2017

STATISTICS ON SHAREHOLDINGS
as at 14 July 2017

Authorised Capital	:	RM480,000,000.00
Issued and Fully Paid-up Capital	:	RM368,538,185.25
Class of Securities	:	Ordinary shares
Voting Rights	:	On show of hands one vote for every shareholder or on a poll one vote for every ordinary share held
Number of shareholders	:	17,969

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF HOLDERS	% OF HOLDERS	NO. OF RM1.00 SHARES	% OF ISSUED CAPITAL
1 – 99	174	0.968	5,028	0.00
100 – 1,000	1,295	7.206	870,247	0.035
1,001 – 10,000	6,597	36.713	42,963,891	1.738
10,001 – 100,000	7,959	44.292	316,355,782	12.798
100,001 – 123,595,122 (*)	1,941	10.801	1,407,628,828	56.945
123,595,123 AND ABOVE (**)	3	0.016	704,078,686	28.483
TOTAL	17,969	100.00	2,471,902,462	100.00

Note: * - *Less than 5% of issued holdings*
** - *5% and above of issued holdings*

THIRTY LARGEST SHAREHOLDERS AS AT 14 JULY 2017

NO.	NAME	HOLDINGS	%
1	Amsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account – AmBank Islamic Berhad for Felda Investment Corporation Sdn Bhd)	309,080,000	12.503
2	Cimsec Nominees (Tempatan) Sdn Bhd (PB) CIMB for Caprice Development Sdn Bhd	224,718,405	9.090
3	Felda Investment Corporation Sdn Bhd	170,280,281	6.888
4	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Versatile Paper Boxes Sdn Bhd (PJAC))	78,855,667	3.190
5	MCS Microsystems Sdn Bhd	65,333,333	2.643
6	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Polunin Emerging Markets Small Cap Fund, LLC	42,669,790	1.726
7	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Inter-Pacific Capital Sdn Bhd (A/C 83)	41,600,000	1.682
8	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Singapore Branch (A/C Clients-FGN)	39,280,556	1.589
9	Bong Yam Keng	38,100,000	1.541
10	Razali Bin Ismail	34,493,333	1.395

THIRTY LARGEST SHAREHOLDERS AS AT 14 JULY 2017 (continued)

NO.	NAME	HOLDINGS	%
11	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	21,834,300	0.883
12	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Amanah International Finance Sdn Bhd for Lee Kwee Hiang	21,670,000	0.876
13	HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Poh Yang Hong)	17,000,000	0.687
14	Versatile Paper Boxes Sdn Bhd	16,568,366	0.670
15	Lew Haw Shyang	15,000,000	0.606
16	Lim Chin Huat	14,229,200	0.575
17	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ng Chai Go	14,000,000	0.566
18	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	13,227,200	0.535
19	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Market Small Cap Series	12,373,200	0.500
20	Ng Chai Go	10,902,000	0.441
21	RHB Capital Nominees (Asing) Sdn Bhd (Pledged Securities Account for Ioannis Koromilas)	10,017,500	0.405
22	RHB Capital Nominees (Tempatan) Sdn Bhd Phua Sin Mo	10,000,000	0.404
23	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ng Geok Kuan (E-SRB))	9,298,000	0.376
24	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	9,000,000	0.364
25	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	8,792,500	0.355
26	Muhamad Aloysius Heng	8,575,100	0.346
27	Tey Soon Dee	8,268,900	0.334
28	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chin Lee Mee (E-TMI))	8,232,200	0.333
29	R Capital Sdn Bhd	8,082,500	0.326
30	HSBC Nominees (Asing) Sdn Bhd Exempt An for Caceis Bank (Lux BR-UCITSCLT)	6,610,710	0.267
	TOTAL	1,288,093,041	52.109

SUBSTANTIAL SHAREHOLDERS AS AT 14 JULY 2017

According to the Register of Substantial Shareholders required to be kept under Section 138 of the Companies Act, 2016, the following are the substantial shareholders of the Company:

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST (A)	%	DEEMED INTEREST (B)	%	TOTAL INTEREST (A+B)	%
Amsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account – AmBank Islamic Berhad for Felda Investment Corporation Sdn Bhd)	309,080,000	12.503	–	–	309,080,000	12.503
Cimsec Nominees (Tempatan) Sdn Bhd (PB) CIMB for Caprice Development Sdn Bhd	224,718,405	9.090	–	–	224,718,405	9.090
Felda Investment Corporation Sdn Bhd	170,280,281	6.888	–	–	170,280,281	6.888
Felda Land Development Authority	–	–	(1) 479,260,281	19.391	479,260,281	19.391
Dato' Poh Yang Hong	18,000,000	0.727	(2) 224,718,405	9.090	242,718,405	9.817
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	–	–	(3) 232,800,905	9.418	232,800,905	9.418

Note:
(1) Deemed interested by virtue of its interest in Felda Investment Corporation Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
(2) Deemed interested by virtue of his interest in Caprice Development Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
(3) Deemed interested by virtue of its interest in Caprice Development Sdn Bhd and R Capital Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

DIRECTORS' INTEREST IN SHARES AS AT 14 JULY 2017

According to the Register of Directors' Shareholdings required to be kept under Section 219 of the Companies Act, 2016, the Directors' interests in the ordinary share capital of the Company and its related companies are as follows:

NAME OF DIRECTOR	DIRECT INTEREST (A)	%	DEEMED INTEREST (B)	%	TOTAL INTEREST (A+B)	%
Y.Bhg Tan Sri Razali Bin Ismail	34,551,733	1.397	-	-	34,551,733	1.397
Datuk Tan Say Jim	50,758,691	2.053	-	-	50,758,691	2.053
Dato' Hamdan Bin Mohd Hassan	-	-	-	-	-	-
Chan Feoi Chun	-	-	-	-	-	-
Y.Bhg Datuk Noor Ehsanuddin Bin Hj Mohd Harun Narrashid	-	-	-	-	-	-
Datuk Nik Azman Bin Mohd Zain	-	-	-	-	-	-
Dato' Dr. Abu Talib Bin Bachik	-	-	-	-	-	-
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	-	-	(1) 232,800,905	9.418	232,800,905	9.418
Dato' Poh Yang Hong	18,000,000	0.727	(2) 224,718,405	9.090	242,718,405	9.817

Note:

(1) Deemed interested by virtue of his interest in Caprice Development Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

(2) Deemed interested by virtue of its interest in Caprice Development Sdn Bhd and R Capital Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third (23rd) Annual General Meeting ("AGM") of the Company will be held at the Auditorium, 1st Floor, Lot 8 & 9, IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 6 September 2017 at 11.00 a.m. to transact the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note A)**

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

   (a) Mr Chan Feoi Chun **RESOLUTION 1**

   (b) Dato' Hamdan Bin Mohd Hassan **RESOLUTION 2**

3(a). To approve the payment of Directors' Fees for the financial year ended 31 March 2017. **RESOLUTION 3.1**

3(b). To approve the payment of Directors' Fees for the financial year ending 31 March 2018. **RESOLUTION 3.2**

4. To re-elect the following Directors who retire pursuant to Article 93 of the Company's Articles of Association and, being eligible, offer themselves for re-election:-

   (a) Dato' Dr. Abu Talib Bin Bachik **RESOLUTION 4**
   (b) Dato' Poh Yang Hong **RESOLUTION 5**
   (c) Dato' Rozabil @ Rozamujib Bin Abdul Rahman **RESOLUTION 6**
   (d) Encik Hussein Bin Ismail **RESOLUTION 7**

5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. **RESOLUTION 8**

Special Business

To consider and, if thought fit, to pass the following ordinary resolutions:-

6. **Authority to Issue Shares**

   "THAT subject always to the Companies Act, 2016 ("Act"), Articles of Association of the Company, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of the relevant governmental/ regulatory bodies (if any), the Directors be and are hereby authorised and empowered pursuant to Section 76 of the Act to issue new shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued in any one financial year of the Company pursuant to this resolution does not exceed ten percentage (10%) of the total issued and paid-up share capital of the Company at the time of issue 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 Bursa Securities and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company." **RESOLUTION 9**

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **RESOLUTION 10**

"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 31 July 2017, 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").

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 340(2) of the Companies Act, 2016 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate."

8. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

BY ORDER OF THE BOARD,

WONG YOUN KIM (MAICSA 7018778)
Company Secretary

Kuala Lumpur

31 July 2017

Notes:-

(A) Audited Financial Statements

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to provisions of Section 340(1) of the Companies Act, 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

(i) To be valid, the form of proxy, duly completed must be deposited at the Registered Office Level 2, Tower 1, Avenue 5, Bangsar South City, 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).

(ii) 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 respect to each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.

(iii) 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.

(iv) 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.

(v) The instrument appointing a proxy shall be 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.

(vi) 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.

(vii) **General Meeting Record of Depositors**
Only Members whose names appear in Record of Depositors as at 1 September 2017 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

(viii) Pursuant to Rule 8.29A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll. Independent Scrutineers will be appointed to validate the votes cast at the Twenty-Third Annual General Meeting of the Company or any adjournment thereof.

Explanatory Notes on Special Business

(ix) **Resolution 9 pursuant to Section 76 of the Companies Act, 2016**

The proposed Ordinary Resolution 9 is intended to renew the authority granted to the Directors of the Company at the Twenty-Second Annual General Meeting of the Company held on 1 September 2016 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting.

The general mandate granted by the shareholders at the Twenty-Second Annual General Meeting of the Company held on 1 September 2016 have been utilised via a private placement exercises which have been completed on 7 July 2017 where 224,718,405 new ordinary shares at an issue price of RM0.14 each have been issued. The proceeds of RM31,460,576.70 raised from the private placement exercise had been utilised in the following manner for the financial year ending 31 March 2018:

	RM'000
Proceeds from :	
Private Placement	31,461
General Working Capital	(15,591)
Placement Expenses	(129)
Balance c/f	**15,741**

(x) **Resolution 10 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Resolution 10, 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 31 July 2017 for further information.

STATEMENT ACCOMPANYING
NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Twenty-Third Annual General Meeting of the Company pursuant to the Articles of Association of the Company are:-

(a) Mr Chan Feoi Chun
(b) Dato' Hamdan Bin Mohd Hassan
(c) Dato' Dr. Abu Talib Bin Bachik
(d) Dato' Poh Yang Hong
(e) Dato' Rozabil @ Rozamujib Bin Abdul Rahman
(f) Encik Hussein Bin Ismail

The details of the above Directors seeking re-election are set out in the Profile of Board of Directors as disclosed on pages 21 to 25 of this Annual Report.

Dato' Poh Yang Hong and Dato' Rozabil @ Rozamujib Bin Abdul Rahman interests in the securities of the Company are set out in the Directors' Interest in Shares on page 187 of this Annual Report.

FORM OF PROXY

IRIS®
Bringing Solutions to Life

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

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/both, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Twenty-Third 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 Wednesday, 6 September 2017 at 11.00 a.m. and, at every adjournment thereof for/against* the resolution(s) to be proposed thereat.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:-
(The next paragraph should be completed only when two proxies are appointed)

*First Proxy (1) ______________%   *Second Proxy (2) ______________%

I/We direct my/our proxy to vote for or against the resolution to be proposed at the meeting as hereunder

NO.	RESOLUTIONS		FOR	AGAINST
1.	Ordinary Resolution 1	Re-election of Director – Mr Chan Feoi Chun		
2.	Ordinary Resolution 2	Re-election of Director – Dato' Hamdan Bin Mohd Hassan		
3(a).	Ordinary Resolution 3.1	To approve the payment of Directors' fee for the financial year ended 31 March 2017		
3(b).	Ordinary Resolution 3.2	To approve the payment of Directors' fee for the financial year ending 31 March 2018		
4.	Ordinary Resolution 4	Re-election of Director – Dato' Dr. Abu Talib Bin Bachik		
5.	Ordinary Resolution 5	Re-election of Director – Dato' Poh Yang Hong		
6.	Ordinary Resolution 6	Re-election of Director – Dato' Rozabil @ Rozamujib Bin Abdul Rahman		
7.	Ordinary Resolution 7	Re-election of Director – Encik Hussein Bin Ismail		
8.	Ordinary Resolution 8	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration		
9.	Ordinary Resolution 9	Authority to Issue Share Pursuant to Section 76 of the Companies Act, 2016		
10.	Ordinary Resolution 10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with an "X" in the appropriate spaces provided above as to how you wish to cast your votes. If you do not do so, the proxy will vote or abstain from voting at *his/her discretion).

(* Delete where inapplicable)

This ___day of ____________________2016   ________________________________
Signature of member(s)/Seal

CDS Account No.

Number of Shares Held

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

Proxy 1	%
Proxy 2	%
	100%

NOTES:

(i) To be valid, the form of proxy, duly completed must be deposited at the Registered Office Level 2, Tower 1, Avenue 5, Bangsar South City, 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).

(ii) 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 respect to each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.

(iii) 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.

(iv) 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.

FOLD HERE

AFFIX
POSTAGE
HERE

THE COMPANY SECRETARY

IRIS CORPORATION BERHAD
LEVEL 2, TOWER 1, AVENUE 5
BANGSAR SOUTH CITY
59200 KUALA LUMPUR

FOLD HERE

(v) The instrument appointing a proxy shall be 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.

(vi) 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.

(vii) General Meeting Record of Depositors
Only Members whose names appear in Record of Depositors as at 1 September 2017 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

(viii) Pursuant to Rule 8.29A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll. Independent Scrutineers will be appointed to validate the votes cast at the Twenty-Third Annual General Meeting of the Company or any adjournment thereof.