SHAPING a BETTER FUTURE

IRIS®
Bringing Solutions to Life

ANNUAL REPORT 2018
IRIS CORPORATION BERHAD

302232-X

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

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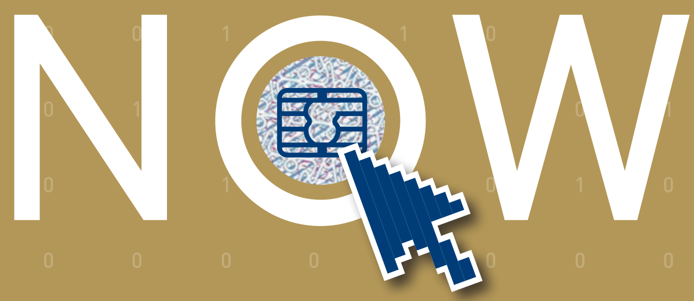
www.iris.com.my

BY FOCUSING ON
INNOVATION AND COLLABORATION



The Group is shaping our future by repositioning IRIS to capitalize on our strengths in Trusted Identification and by focusing on innovation and collaboration. We are enhancing and developing new products and solutions in Trusted Identification and Information Technology (IT) that will help strengthen growth prospects. This continuous commitment to innovation means that the products and solutions we produce including ePassports and eIDs, are among the most secure in the world.

Collaborating to shape the future is IRIS' new imperative. Our collaborative approach means that we enjoy deep and long-lasting relationships with governments and enterprises around the world, helping them to shape a better future. We are also collaborating with new technology partners to introduce innovative solutions to our customers and to develop new business opportunities. In addition to external collaboration, the Group is also shaping IRIS for impactful internal collaboration. Our resilient and capable team has remained the beating heart of IRIS and will continue to collaborate effectively to ensure the Group is on track with our business renewal.

It's the future that excites us. We will continue to reposition IRIS, to strengthen our competencies and to take advantage of the horizon of opportunities that arise. By doing so, we can ensure that IRIS remains an attractive investment over the long term and a company with a promising future.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

In Financial Year 2018 (FY2018), the Board and Management continued their focus on repositioning and turning around IRIS. We concentrated on going back to basics - revitalise the businesses that we have strengths in, improving our corporate governance and exit the non-core, losing businesses. We have disposed our loss-making Education Division and have implemented a plan to manage the completion of remaining loss-making Sustainable Development projects. Across the Group, we worked assiduously to implement our turnaround initiatives to shape IRIS for a better future.

For FY2018, the Group narrowed loss after tax to RM117.3 million, from RM307.4 million in FY2017 for continuing operations businesses. Revenue was lower and there were losses in Non-Core projects that we are compelled to complete in order for us to exit. In addition, there were some losses from foreign exchange due to the strengthening of the ringgit against US dollar and Euro.

THE WAY FORWARD

After a challenging FY2018, the Board and Management are cautiously optimistic on the outlook for IRIS.

We understood from Tractica Research that the global Biometrics market is growing fast, at a compound annual growth rate (CAGR) of 22.9 percent. That represents an opportunity of about USD70 billion for 2016-2025. The Asia Pacific region will be the largest market, due to a combination of larger population and demands for biometric solutions to manage large initiatives like national ID programmes. Beyond the Government spaces, there are potentials in the enterprise sector, as businesses are utilizing biometrics to issue credentials, keep up to date with training, and track time logs to ensure better security, safety and attendance.

eID, ePassport and border control are other growth areas that we are paying attention to. We know there are ready demands as Governments worldwide are seeking these solutions to better protect their citizens and secure their nations. According to Acuity Market Intelligence, the Automated Border Control (ABC) eGate and Kiosk market will generate more than USD1.2 billion in annual revenue by 2020. The number of ABC eGates deployed as automated replacements for border control stations is projected to exceed 6,000 by 2020. An additional 33,000 specialized immigration self-service kiosks and eGates will be deployed at check-in, baggage drop, arrival halls and boarding gates worldwide.

Finally, Malaysia's own growing Information Technology (IT) market is an arena that IRIS could play and benefit from. Gartner Research has forecasted that spending on technology products and services will grow annually by 5.8 percent, CAGR. It is RM64.4 billion in 2018 and will be RM67 billion in 2019. Projects in digital business, blockchain, Internet of Things (IoT), and progression from big data to algorithms to machine learning to artificial intelligence (AI) will continue to be main drivers of this growth.

We are aligning our existing and new products, competency and skill sets and market focus to these opportunities. We created a new IRIS Biometric Time Attendance solution to help enterprise seamlessly automate employee attendance tracking with biometric verification and geo-fencing controls. For eID and ePassport, the Group will continue to serve the on-going Trusted Identification projects in Africa, Asia Pacific and North America regions. We will seek additional revenue streams by selling new innovative solutions to existing customers and find new markets. The opportunities in IT, IRIS plans to unlock them via its Trusted Identification and IT division. We will offer digital technology and machine learning solutions to this market space.

I believe IRIS is good for growth if we work hard and remain focused moving forward.

CORPORATE DEVELOPMENTS

I would like to report on the Disposal of entire equity interests of Educational Division's subsidiaries and Regal Energy Limited.

(a) Disposal of subsidiaries - Education Division

The Company had on 3 May 2018 entered into a Shares Sale Agreement ("SSA") on the disposal of entire equity interests of four (4) subsidiaries, which are (1) Seri Stamford College Sdn Bhd, (2) Stamford College (Malacca) Sdn Bhd, (3) Platinum Encoded Sdn Bhd and (4) Formula IRIS Racing Sdn Bhd ("collectively known as "Stamford Group") to Regal Rotary Sdn Bhd ('the Buyer") for a total cash consideration RM100,003. In accordance with the SSA, the effective disposal date is on 31 March 2018.

(b) Disposal of the entire equity interest in Regal Energy Limited

On 26 July 2018, the Company had entered into a Shares Sales Agreement with Speedy K-Gital Co., Ltd. ("the Purchaser"), a company incorporated in Kingdom of Cambodia, to dispose its entire 100% equity interest in Regal Energy Limited ("REL") for a total cash consideration of RM1.00.

CHAIRMAN'S STATEMENT (CONT'D)

CORPORATE DEVELOPMENTS (CONT'D)

(b) Disposal of the entire equity interest in Regal Energy Limited (Continued)

REL is holding 65% of the equity interest in Weinan IRIS Envirowerks Zhouji Renewable Resources Co., Ltd. ("Weinan"), a company incorporated in the People's Republic of China.

The disposal is completed on 26 July 2018 as the Purchaser had fully settled the sale consideration upon execution of the SSA. Consequently, REL and Weinan had ceased to be subsidiaries of the Group.

THE BOARD AND KEY MANAGEMENT POSITIONS

I would like to formally welcome the addition to our Key Senior Management Team comprising Dato' Poh Yang Hong (President and Group Managing Director), Dato' Rozabil @ Rozamujib bin Abdul Rahman (Executive Director), Shaiful Zahrin Bin Subhan (Group CEO), Choong Choo Hock (CEO Trusted Identification and IT Division), Dr. Ahmad Husni Bin Johari (CEO Sustainable Development Division) and H'ng Boon Harng (Chief Financial Officer). My expectation is that these additions to IRIS' Key Senior Management Team will bring new competencies, experience and backgrounds required to move forward.

ACKNOWLEDGEMENTS

I am deeply appreciative for the Board and management team's able efforts and leadership during this hard time as we chart and work our future together. On behalf of the Board and Management, I would like to thank our employees who have shown great tenacity and commitment with us. I believe that IRIS will improve its performance with your unwavering support as we continue to strive for growth.

I would like to also thank all our shareholders, clients, business partners and suppliers for their continued belief and confidence in IRIS.

To the Governments of the countries in which we operate, we thank you for giving us the opportunity and honour to provide our Trusted Identification products and solutions to the citizens of your countries.

I would also like to add that at IRIS, we take a long-term view of sustainability to balance economic prosperity and social equity with looking after the one planet on which we all live. The Group is strengthening our growth prospects by focusing on People, Planet and Prosperity while taking into account the constraints of an increasingly challenging environment.

We are continuing our journey of transformation. We face a challenging but exciting future, full of opportunities and we need to stay unwavering to our commitment to profitable businesses, operational and financial disciplines, good practices and governance. We are committed to give our best efforts in serving our shareholders, clients and employees.

DATUK NIK AZMAN BIN MOHD ZAIN
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

OVERVIEW OF THE BUSINESS

IRIS is Malaysia's premier smart card manufacturer and technology innovator in providing digital security for identity credentials.

IRIS provides a full range of secure identification solutions to millions of individual citizens, small business, commercial, corporate and institutional customers in Malaysia and around the world. Our employees work around the clock every day, and are dedicated to innovating products and solutions that improve people's everyday lives, deliver consistent earnings growth for our shareholders, and give back to our communities.

Our key business and financial results center on Trusted Identification which have us operating across the globe in four primary segments; Government, enterprise, transportation and finance.

Since our inception almost two and a half decades ago, our global footprint has steadily grown with 38 nations having experienced and deployed IRIS' innovative products and solutions. We are confident of the possibilities in the Government segment where we customise robust identity solutions for national programmes to benefit citizens as well as citizen identification. In the enterprise, financial and industrial sectors, IRIS continues to gain market foothold in the enterprise software applications and smartcards.

As a Group, we are making progress towards delivering sales growth, and enhancing long-term value creation for shareholders. With the returned focus and reinforcement of our Trusted Identification business, we are targeting further increase in sales through strategic partnerships with new technology partners as well as sustaining technology excellence. With disposal of Education division and continued rationalisation of other non-core businesses, IRIS has been able to reemphasise and ensure that resources are optimally used for business renewal.

WE CONTINUE TO EXPAND OUR GLOBAL PRESENCE AS WELL AS STRENGTHEN AND BROADEN STAKEHOLDER ENGAGEMENT BOTH AT HOME AND ABROAD THROUGH:

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) (CONT'D)

The Group is being repositioned to capitalise on the strengths of our core Trusted Identification business. Armed with a refreshed portfolio and roadmap, IRIS is building an optimal mix of products and solutions which is intended to carve the IRIS mark around the world.

Latest among IRIS' robust solutions include the IRIS Biometric Time Attendance Solution – an access, attendance, time-tracking and geofencing system that is powered by IRIS' proprietary IRIS Biometric Identification software architecture; and the IRIS Secure Document Solution – a high security paper document/certificate generator that can be further secured with a digital document authentication and verification system using Public Key Infrastructure (PKI).

GROUP FINANCIAL PERFORMANCE

For FY2018, the Group achieved revenue of RM334.7 million, a 22.0% attrition from RM429.3 million recorded in FY2017. The decrease is attributed to lower revenue from Trusted Identification and Sustainable Development divisions.

The Group recorded a lower loss after tax of RM117.3 million in FY2018 as compared to RM307.4 million in FY2017 for continuing operations businesses. The significant loss in FY2017 was mainly attributable to impairment losses arising from previous investments in non-core business. For FY2018, the loss was mainly due to recognition of projects related expenditure in relation to completed projects and losses from foreign exchange due to the strengthening of the ringgit against the US dollar and the Euro.

The lower revenue of RM327.3 million from Trusted Identification division in FY2018 as compared to FY2017 was mainly due to lower deliveries of passports and identification cards and lower volume of bank cards personalised as most of the bank cards have migrated from signature based to PIN-based cards. This division reported a loss before tax of RM41.0 million in FY2018 compared to a loss before tax of

OUR COMPREHENSIVE RANGE OF TRUSTED IDENTIFICATION AND IT SOLUTIONS

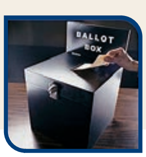
IRIS eID SOLUTION

IRIS ePASSPORT SOLUTION

IRIS BORDER CONTROL SOLUTION

IRIS eVISA SOLUTION

IRIS DRIVER'S LICENSE SOLUTION



IRIS VOTER'S CARD SOLUTION

IRIS ELECTRONIC PAYMENT SOLUTION

IRIS AUTOMATED FARE COLLECTION SOLUTION

IRIS SECURE DOCUMENT SOLUTION

IRIS BIOMETRIC TIME ATTENDANCE SOLUTION

IRIS BIOMETRIC IDENTIFICATION SOLUTION

RM8.6 million in FY2017 mainly due to recognition of project related expenditure in relation to completed projects and foreign exchange losses.

Sustainable Development division recorded a lower revenue of RM7.4 million in FY2018 compared to RM56.4 million in FY2017 due to significant completion of its Rimbunan Kaseh and Sentuhan Kasih projects, and with it, narrowing the loss for the business. This division narrowed the loss before tax in FY2018 to RM70.6 million compared to FY2017's loss before tax of RM195.2 million. The higher loss before tax in FY2017 was mainly due to impairment loss.

Overall, IRIS has made significant ongoing improvements across all areas of the Group by minimizing further losses within the Sustainable Development division, divesting the loss-making Education division and strengthening our core business of Trusted Identification.

SUMMARY OF FINANCIAL INFORMATION	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
REVENUE	334,692 *	429,310 *	519,633	561,954	574,604
Profit/(Loss) before taxation	(128,050)*	(299,795)*	17,818	(18,275)	34,342
Profit/(Loss) after taxation	(117,273)*	(307,408)*	(3,087)	(24,720)	17,892
Total Equity attributable to owners of the company	193,819	288,158	550,029	545,097	549,398
Non-current assets	281,524	295,380	404,710	608,014	582,880
Current assets	268,373	472,300	671,869	712,018	722,952
Total assets	549,897	767,680	1,076,579	1,320,032	1,305,832
Current liabilities	336,778	406,550	383,902	574,133	606,594
Non-current liabilities	59,753	104,631	154,833	181,042	92,862
Total liabilities	396,531	511,181	538,735	755,175	699,456
Net assets	153,366	256,499	537,844	564,857	606,376

KEY RATIO	BASIS	2018	2017	2016	2015	2014
Pre-tax profit/(loss) margin	(%)	(38.26)	(69.83)	3.43	(3.25)	5.98
Post-tax profit/(loss) margin	(%)	(35.04)	(71.61)	(0.59)	(4.40)	3.11
Basic earnings/(loss) per share	(sen)	(4.58)	(12.35)	0.30	(1.07)	1.30
Net assets per share	(sen)	7.84	12.82	26.48	26.72	28.71
Total borrowings to equity ratio	(%)	53.93	63.02	49.96	88.88	69.77

* The above financial information for FYE 2018 and FYE 2017 is inclusive of continuing operations performance only.

MANAGEMENT DISCUSSION AND **ANALYSIS** (MD&A) (CONT'D)

FUTURE INDUSTRY TRENDS

According to the latest research from IHS Markit analysts, shipments of electronic Government (eGovernment) credentials around the world – including ePassports, eID cards, eHealth cards and eDriving licenses and others are projected to reach a cumulative 12.8 billion units in 2020. In November 2017, prominent market research house AMR (Allied Market Research) reported that the global ePassport market will reach US$57,061 million by 2023, growing at a CAGR of 25.4% from 2017 to 2023.

ePassports, used to authenticate the identities of travellers during international travels, store data about travellers on embedded smart chips, which bear unique identification numbers, biometric (fingerprint, facial and iris) data and digital signatures. To eliminate forgery, data stored electronically on the chip is authenticated by Public Key Infrastructure (PKI).

Growth in the ePassport market is fuelled by increase in theft, illegal immigration, and transborder crime. Other contributing factors to the rise in ePassport adoption are benefits such faster security checks and verification of individuals at airports and international borders; and lowering the rate of fraud.

The rise in advanced verification processes to detect identity frauds has necessitated the emergence of ePassport to satisfy the increasing need for enhanced security at all borders and gateways.

Increasing presence of advanced airport infrastructure facilities and increase in the number of people traveling to cross-border destinations provide IRIS immense scope to target customers and enhance user experience.

The global ePassport market is driven by increased identity frauds, supportive regulatory structure, presence of advanced airport infrastructure, and growth in air traffic. However, high costs associated with initial deployment and replacement as well as availability of cost-effective ePassports are expected to impede the market growth.

Deployment and use of biometric eIDs are also on the rise in around the world particularly in developing nations. Actuity's 2017 Edition of The Global National eID Industry Report provides regional analysis and forecasts for the 136 countries that currently have or will implement National eID programs by 2021. They report that annual issuance of eIDs will peak in 2019 at 679 million chip based eIDs or card based systems that integrate biometrics annually. National eID solutions will generate more than US$54 billion in revenue between 2016 and 2021.

Today, 82% of all countries issuing National IDs have implemented eID programs that depend on eID chip cards or plastic cards and biometrics. This accounts for 89% of all National IDs issued. By 2021, this number will grow to 92% of all National IDs issued with more than 3.6 billion National eIDs in circulation.

This rapidly evolving dominance of eIDs reflects the global drive towards eGovernment and eCommerce services enabled by electronic identities. This transformation will provide substantial opportunities for IRIS as national, regional, and global transaction infrastructures secured by a trusted eID platforms emerge over the next five years.

The national eID card looks set to continue its dominance and will reach an installed base of 2.7 billion by 2020. The national eID is likely to become the target of multi-application developments and should be safe against the reduction in credential shipments that multi-application schemes could bring. Delays in big eID projects in Bangladesh, Turkey, India and other countries negatively affect global shipments and growth. In contrast, large new eID issuances now in progress will significantly increase volume shipments.

A recent trend that could affect the eGovernment card market is the decision to incorporate eCredentials into mobile phones. IRIS has been addressing this new phenomena through all its digitalisation efforts in moving eID and ePassport on to mobile platforms. Incorporating passports into mobile devices requires agreements between and amongst countries, which will slow the adoption of mobile ePassports.

Some of the key trends shaping the Trusted Identification landscape include the International Civil Aviation Organisation (ICAO) moving towards digital passports and Logical Data Structure 2.0 (LDS2). The ICAO LDS2 represents the next logical step in the digitalisation the remaining eMRTD (electronic Machine Readable Travel Document): Evidence of travel visa; travel stamps; additional biometrics and allows post issuance uploads. This will mean larger memory capacity for the IC chip, more demanding performance in terms of chip reading speeds to access increased data volumes, and also high-speed interface.

THE WAY FORWARD

AT IRIS, WE ARE FOCUSED ON STRENGTHENING OUR CORE COMPETENCIES IN TRUSTED IDENTIFICATION. WE HAVE BEEN ACCELERATING OUR TRANSFORMATION BY CONCENTRATING ON FOUR STRATEGIC COMPANY-WIDE PRIORITIES:

FOCUSING ON OUR CUSTOMERS	WE CONTINUE TO SHIFT OUR CULTURE AND DRIVE TOWARDS OUR VISION OF DELIVERING THE BEST CUSTOMER EXPERIENCE
INCREASING MARKET SHARE	WE CONTINUE TO WIDEN OUR GLOBAL FOOTHOLD IN TARGET REGIONS WHILE INVESTING IN INNOVATION AND TECHNOLOGY
INCREASING SHARE OF WALLET	WE CONTINUE TO DEVELOP AND PROVIDE HIGH QUALITY PRODUCTS AND SOLUTIONS THAT CATER TO OUR CUSTOMERS' EVOLVING NEEDS
DEVELOPING NEW BUSINESS	WE CONTINUE TO BUILD STRATEGIC PARTNERSHIPS WITH TECHNOLOGY COMPANIES AND TRADE PARTNERS

MANAGEMENT DISCUSSION AND **ANALYSIS** (MD&A) (CONT'D)

THE WAY FORWARD (CONT'D)

Internally, the Group is enhancing competencies of existing employees through active upskilling and reskilling to create a more well-rounded, cross-trained workforce to increase our effectiveness.

IRIS' actions towards delivering viable, profitable sales growth while enhancing long-term value creation for shareholders are paying off. With the returned focus and reinforcement of our core Trusted Identification business, we are increasing sales through strategic partnerships with new technology partners as well as sustaining technology excellence.

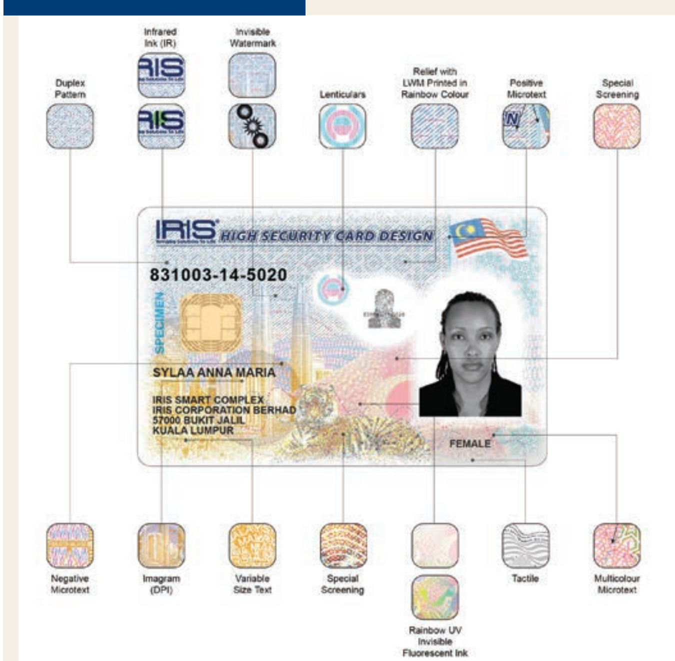
IRIS continues to supply ICAO Doc 9303 compliant, next-generation forge resistant, tamper evident ePassports to a number of countries in the continent of Africa. Most notable are the West African nations of Senegal, Guinea and Nigeria. Each country's ePassport while different in design also complies with Economic Community of West African States (ECOWAS) security requirements. Each ePassport is also protected by various levels of innovative security features making forgery, delamination or unlawful manipulation almost impossible.

Complementing ePassports issued by the Government of the Solomon Islands are IRIS Smart eGates. Part of IRIS' Automated Border Control solution, the Smart eGates are deployed at the Honiara International Airport in the Solomon Islands, successfully facilitating quick and easy exit from the island nation and fast re-entry for returning citizens.

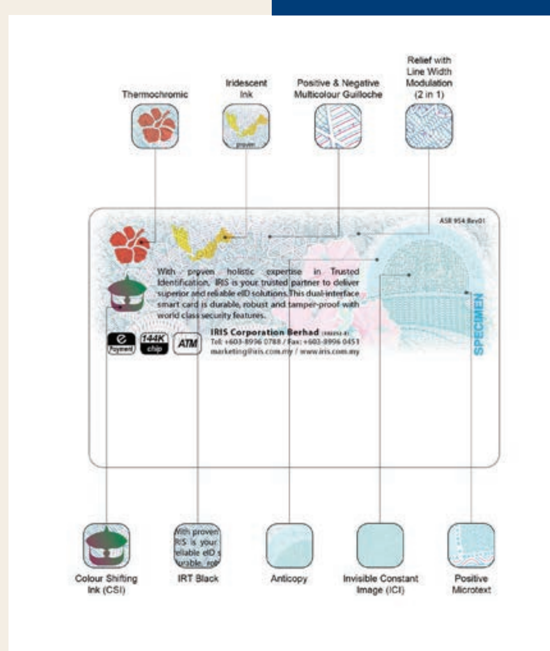
IRIS' latest eIDs pack an impressive array of two dozen world class security features for safeguarding identities. Using the most current security design software and technologies,

SECURITY FEATURES: IRIS' NEWEST eID CARD

FRONT OF CARD



BACK OF CARD



we create highly secure and distinctive designs using combinations of overt, covert and forensic security elements and printing techniques. The eID card body also features the latest in electronics, with embedded chips using cutting-edge cryptography.

In Senegal, IRIS works with the Ministry of Interior and Public Security to reliably manage enrolment, personalisation, and issuance of Senegal's new integrated biometric eID. Implementation of Senegal's new eID system, was deployed within four (4) months – a feat only possible with IRIS' extensive field experience and knowledge. The West African Republic is the first among the 15 Economic Community of West African States (ECOWAS) to issue a smartcard with microchip that integrates identification and information for ECOWAS regional travel, National Identity and Voter eligibility. To date, 6.55 million citizens have been enrolled into the new eID system and issued eIDs.

On the homefront, IRIS has been hard at work developing and deploying the new Facial Live Capture (FLC) KiPPas kiosks, currently utilised by the Malaysian Immigration Department for automated renewals of Malaysian ePassports. The renewal kiosks complement the current FLC kiosks for new and renewal passport applications made at Immigration counters across the country.

IRIS' solutions for ePassport and Automated Border Control Solutions have also been updated, upgraded and are ready to deploy once the highly anticipated new policy for LDS 2.0 is finalised and endorsed by the ICAO.

With only 93 out of 202 countries around the world having some form of National eID, IRIS has ample opportunity to continue increasing its global foothold.

Of the 1.1 billion people without Identification, 492 million of them are in Africa. IRIS' current presence as well as active deployments of eID, ePassport and Automated Border Control (ABS) projects in Africa make for easier penetration into markets in that vast region.

Together with other ongoing initiatives to contain cost, strengthen IRIS' corporate governance framework, revitalise senior management succession planning and ramp up debt-collection, IRIS continues to expand growth globally and domestically.

ePASSPORT RENEWAL KIOSK (KIPPAS) WITH FACIAL LIVE CAPTURE (FLC)

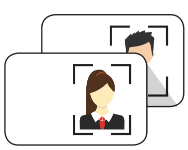
GROUP CEO SHAIFUL SUBHAN AND CEO OF TRUSTED ID & IT CHOONG CHOO HOCK WITH MINISTER OF INTERIOR AND PUBLIC SECURITY ALY NGOUILLE NDIAYE (THIRD FROM LEFT) IN DAKAR, SENEGAL

GROUP CEO SHAIFUL SUBHAN MEETS WITH THE THEN STATE MINISTER OF SECURITY AND CIVIL PROTECTION ABDOUL KABELA CAMARA (SECOND FROM LEFT) IN CONAKRY, GUINEA

OUR
GLOBAL FOOTPRINT

89.9 million

As of March 2018, we have delivered more than 89.9 million pieces of ePassport and/or Inlay to 14 countries



130.9 million

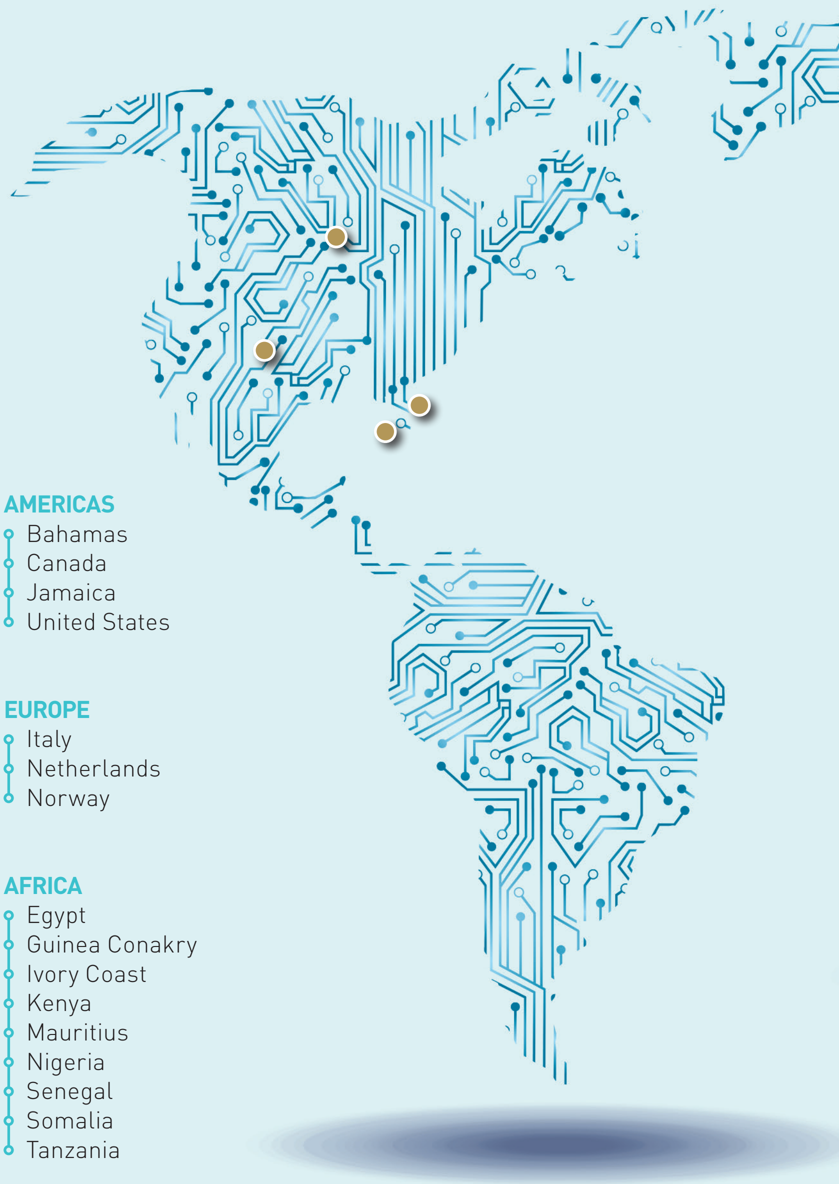
As of March 2018, we have delivered more than 130.9 million pieces of eID and/or card-based driving licenses

219 thousand

As of March 2018, we have delivered more than 219 thousand contact / contactless card readers and devices sold to 28 countries

35.2 million

As of March 2018, we have delivered more than 35.2 million pieces of Payment, Loyalty and Transportation cards

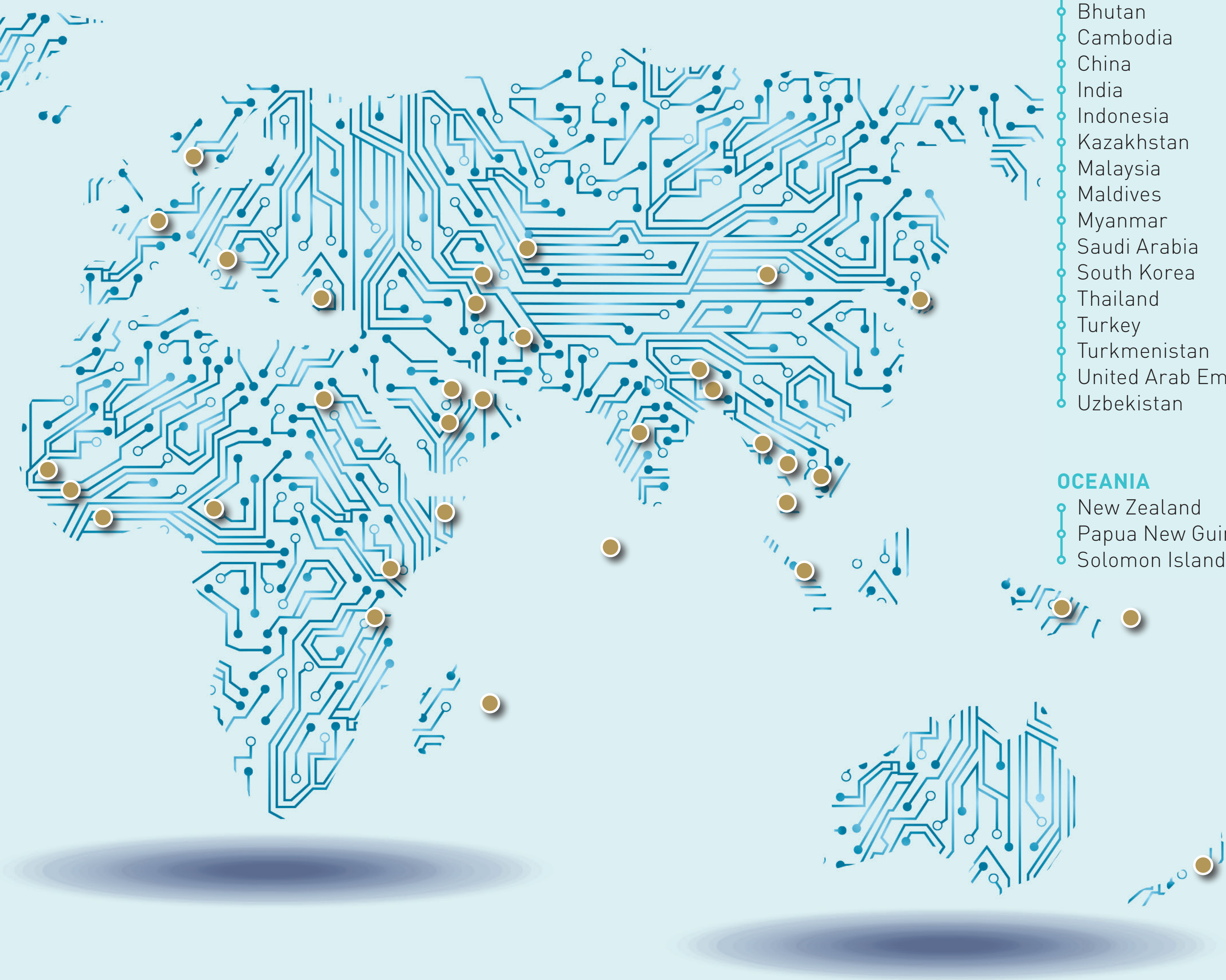


AMERICAS
- Bahamas
- Canada
- Jamaica
- United States

EUROPE
- Italy
- Netherlands
- Norway

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

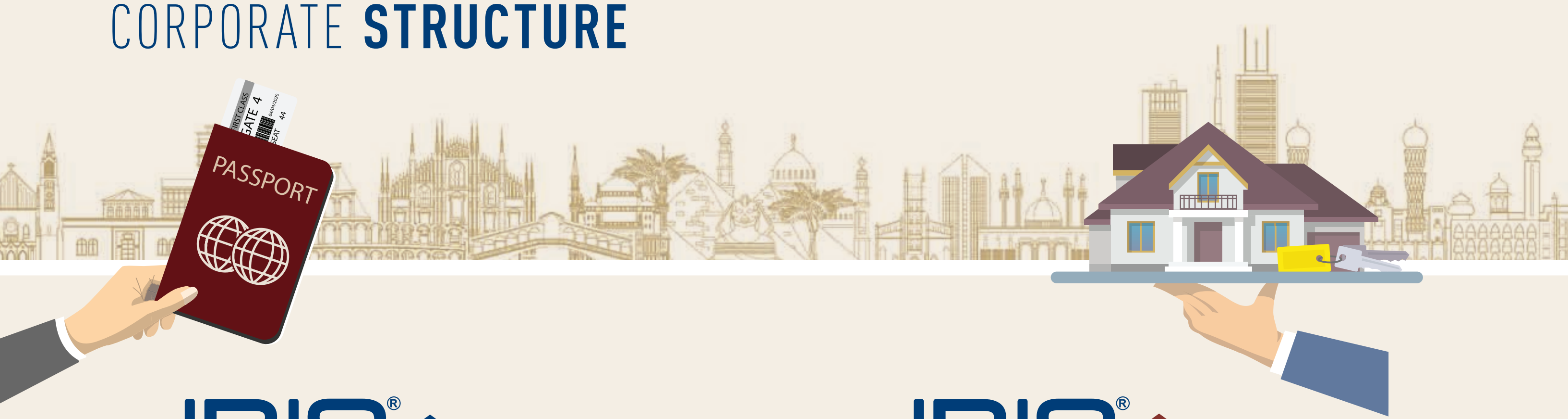
CUSTOMER TRUST & SATISFACTION
IN 38 COUNTRIES WORLDWIDE



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

OCEANIA
- New Zealand
- Papua New Guinea
- Solomon Islands

CORPORATE **STRUCTURE**



IRIS® Trusted ID & IT

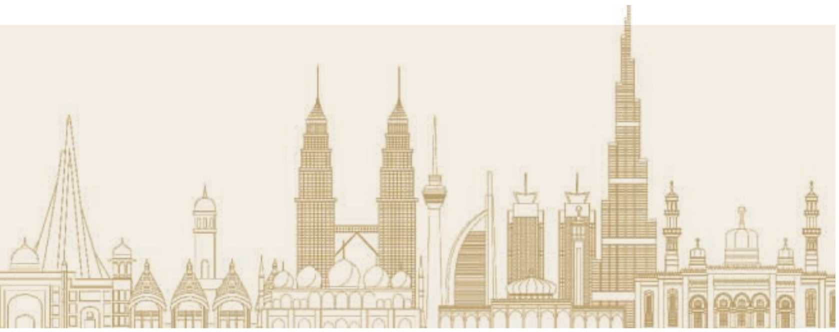
100%	IRIS TECHNOLOGIES (M) SDN BHD
100%	IRIS INFORMATION TECHNOLOGY SYSTEMS SDN BHD
100%	IRIS CORPORATION (BANGLADESH) LIMITED
100%	IRIS CORPORATION NORTH AMERICA LTD
44.4%	MULTIMEDIA DISPLAY TECHNOLOGIES SDN BHD
20%	NEURALOGY SDN BHD
23.9%	IRIS GLOBAL BLUE TRS MALAYSIA SDN BHD

IRIS® Sustainable Development

100%	IRIS LAND SDN BHD
100%	IRIS ECO POWER SDN BHD
100%	IRIS AGROTECH SDN BHD
49%	WARISAN ATLET (M) SDN BHD
66.67%	RB BIOTECH SDN BHD
100%	IRIS RIMBUNAN KASEH SDN BHD
100%	IRIS HEALTHCARE SDN BHD
100%	IRIS CAFE KASEH SDN BHD
51%	PLAMAN RESOURCES LIMITED
51%	IRIS KOTO (M) SDN BHD

Subsidiaries of IRIS Group

Associate companies of IRIS Group



100% IRIS LAND (PNG) LIMITED

60% ENDAH FARM SDN BHD

50% UBUD TOWER SDN BHD

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 **INFORMATION**

BOARD OF DIRECTORS
DATUK NIK AZMAN BIN MOHD ZAIN
Chairman,
Non-Independent Non-Executive Director

DATO' POH YANG HONG
President & Group Managing Director,
Non-Independent Executive Director

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN
Non-Independent Executive Director

DATO' DR. ABU TALIB BIN BACHIK
Senior Independent Non-Executive Director

CHAN FEOI CHUN
Independent Non-Executive Director

HUSSEIN BIN ISMAIL
Non-Independent Non-Executive Director

AUDIT COMMITTEE
CHAN FEOI CHUN
Chairman

DATO' DR. ABU TALIB BIN BACHIK
HUSSEIN BIN ISMAIL

NOMINATION COMMITTEE
DATO' DR. ABU TALIB BIN BACHIK
Chairman

DATO' POH YANG HONG
CHAN FEOI CHUN

REMUNERATION COMMITTEE
DATUK NIK AZMAN BIN MOHD ZAIN
Chairman

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN
HUSSEIN BIN ISMAIL

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
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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
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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
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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

BOARD OF **DIRECTORS**

1. DATO' POH YANG HONG
2. DATUK NIK AZMAN BIN MOHD ZAIN
3. DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN

4. DATO' DR. ABU TALIB BIN BACHIK
5. CHAN FEOI CHUN
6. HUSSEIN BIN ISMAIL

PROFILE OF **DIRECTORS**

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

A Malaysian aged 68, was appointed to the Board on 4 June 2015. He was re-designated as the Chairman of the Company on 1 August 2017, to replace the former Chairman, Tan Sri Razali Bin Ismail, who resigned on the same date on 1 August 2017.

Datuk Nik Azman 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.

He 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 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 Chairman of National Bank of Abu Dhabi Malaysia Berhad.

Datuk Nik Azman currently serves as the Chairman for Remuneration Committee of the Company.

DATO' POH YANG HONG
PRESIDENT & GROUP MANAGING DIRECTOR, NON-INDEPENDENT EXECUTIVE DIRECTOR

A Malaysian aged 45, was appointed to the Board on 7 July 2017. He was re-designated as the President and Group Managing Director on 14 June 2018. Dato' Poh graduated with a Bachelor in Economics from University of Monash, Melbourne, Australia.

He 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 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 currently serves as a member of Nomination Committee of the Company.

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

A Malaysian aged 46, was appointed to the Board on 7 July 2017. He holds a Master in Business Administration from University of Sunderland, England.

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 President and Group Chief Executive Officer of Destini Berhad (Destini). Dato' Rozabil entered Destini's Board as an Independent & Non-Executive Director in November 11, 2010 and was re-designated as the Destini's Managing Director in January 3, 2011. He was later then re-designated to Group Managing Director on January 7, 2014 prior to becoming the President and Group Chief Executive Officer on April 19, 2018.

His vision and strategies have led to Destini's successful track record of growth and financial strength. He 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.

Dato' Rozabil currently serves as a member of Remuneration Committee of the Company.

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

A Malaysian aged 69, 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 Malaysia Rubber Board (MRB). He was a respected researcher and scientist in Agronomy and Soil Chemistry who has authored about 50 technical, scientific and research papers. In RRIM, he held various administrative and management positions. In 1997, he was appointed as the Deputy Director General (Development) of the Malaysian Rubber Board 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 company.

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

CHAN FEOI CHUN
INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 65, was appointed to the Board on 23 January 2009. He holds a Master of Business Studies (Banking & Finance) from University College Dublin, Ireland and a Graduate of the Institute of Chartered Secretaries and Administrators, UK.

He is a fellow member of Chartered Institute of Management Accountants (CIMA), UK and a Chartered Global Management Accountant. He is currently a Council Member of CIMA (UK). He is also a Chartered Accountant of The Malaysian Institute of Accountants (MIA).

He has gained extensive experience of more than 38 years from the international working experience in Britain, Thailand and Malaysia; in areas of financial management and business re-engineering and managing companies.

He held senior management positions in financial services Group of MBF Holdings and various senior positions in PJD/OSK Berhad Group of Companies. Prior to his retirement in November 2017, he was the Executive Director of SGI Vacation Club Berhad, a subsidiary of the OSK Group.

Presently, he is an Independent Director and Audit Committee member of Versatile Creative Berhad and a Non-Independent Non-Executive Director and Audit Committee member of Perisai Petroleum Teknologi Berhad.

Mr. Chan currently serves as the Chairman of Audit Committee and a member of Nomination Committee of the Company.

HUSSEIN BIN ISMAIL
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 61, 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 a Member of the Chartered Tax Institute of Malaysia. He is also an approved Company Secretary under the Companies Commission of Malaysia, Affiliate Member of The Malaysian Institute of Chartered Secretaries Administrators and a Member of the Institute of Approved Companies Secretaries.

Mr. Hussein is currently the Director of Folks DFK & Co., a member of DFK International since 2007. He joined Azman, Salleh & Co back in year 1979 and the firm was then merged into Folks DFK & Co., on 1 February 2006. He has vast experience in the full range of public accountancy services including audit, accountancy, taxation, secretarial, consultancy services and insolvency assignments covering wide range of clients.

Currently, he serves as Non-Executive Chairman of Encorp Berhad and the Director and Chairman of Board Government, Risk and Audit Committee of FELDA Investment Corporation Sdn Bhd.

Mr. Hussein currently serves as a member of Audit Committee and Remuneration Committee of the Company.

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 **SENIOR MANAGEMENT** TEAM

DATO' POH YANG HONG
PRESIDENT & GROUP MANAGING DIRECTOR

Please refer to his profile on the Board of Directors' profile section on page 18.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN
EXECUTIVE DIRECTOR

Please refer to his profile on the Board of Directors' profile section on page 18.

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1. SHAIFUL SUBHAN
2. DR. AHMAD HUSNI JOHARI
3. CHOONG CHOO HOCK
4. H'NG BOON HARNG

1

SHAIFUL SUBHAN
GROUP CHIEF EXECUTIVE OFFICER

A Malaysian aged 42, Shaiful Subhan assumed his current role as Group CEO of IRIS Corporation Berhad on 16 October 2017. He is also a director of a number of subsidiaries within the group.

He started his career in 1998 as a management trainee with the Renong Group (later absorbed by United Engineers Berhad), a large conglomerate with activities spanning from construction, financial services, transportation to property development. After leaving the group, he had stints from 2001 with Privasia Berhad (a public listed company specialising in IT services) as well as from 2008 with Digi Berhad (a local telecommunications company and part of the Telenor Group).

In 2011, he then joined MEASAT Broadcast Network Systems Berhad (Astro) as Vice President before a year-long secondment stint as the Chief Operating Officer of the Organising Committee for the South East Asian Games and ASEAN Para Games in 2017.

Shaiful graduated with a Bachelor of Commerce in Accounting from the University of Birmingham, UK and a Master of Business Administration from the University of New England, Australia. He is also a Fellow of the Association of Chartered Certified Accountants, UK as well as a member of the Malaysian Institute of Accountants.

2

DR. AHMAD HUSNI JOHARI
CEO IRIS SUSTAINABLE DEVELOPMENT

A Malaysian aged 55, Dr. Ahmad Husni Johari was appointed as CEO of IRIS Sustainable Development Division on 1 November 2017.

He started his career as an Industrial Engineer at a Medical device company in Kulim Industrial Estate in 1986 before joining Sime Darby Berhad as Project Engineer in 1990. He was later appointed as Country Manager for Intria Berhad (now known as UEM Builder) based in Jakarta overlooking investment, infrastructure and manufacturing activities. With his extensive experience in engineering and manufacturing he was made the CEO of TPM Biotech Sdn Bhd (Agency under the Ministry of Science, Technology and Innovation) to turnaround the company in 2006.

He graduated in Chemical Engineering from University of Nevada, USA in 1985 and later obtained his MBA from University of Bath, UK in 1994 under MARA and Sime Darby scholarship respectively. He obtained his Doctorate in Herbal science from the Indian Institute of Alternative Medicine in 2008. He is also the Deputy President of Malaysian Association of Herbal Green and Industrial Development (MAHID), a Research Fellow at Asean Halal Institute of University Utara Malaysia and Trustee of Halal Trust UK.

3

CHOONG CHOO HOCK
CHIEF EXECUTIVE OFFICER IRIS TRUSTED ID & IT

A Malaysian aged 56, Choong Choo Hock joined our Group in 2009. He has held many leadership positions in IRIS including brief stints as Chief Operating Officer and Acting CEO for IRIS Group.

He began his career as a Process Engineer with Metek Kitamura in Singapore in 1984 and progressed to Production Manager (Factory Manager Designate) assigned to set up Metek's new Malaysian operations in Seremban in 1985. In 1995, he joined the semiconductor industry where he served in numerous senior management positions at Possehl Electronics, a German multinational.

Choong holds a Chemical Engineering degree from National University of Singapore (NUS).

4

H'NG BOON HARNG
CHIEF FINANCIAL OFFICER

A Malaysian aged 45, H'ng Boon Harng was appointed as Chief Financial Officer of IRIS Corporation Berhad on 16 August 2017.

He has over 20 years of extensive experience in auditing and finance functions and started his career in one of the Big Four international accounting firms and later year joined public listed and private property development companies where he held managerial position in finance.

He graduated in Accountancy from University Kebangsaan Malaysia in 1997 and later obtained his Association of Chartered Certified Accountants (ACCA) qualification in 2002. He is currently a member of Malaysian Institute of Accountants (MIA) and fellow member of Association of Chartered Certified Accountants (ACCA).

CALENDAR OF **EVENTS**

VISITORS 2017

27 MARCH 2017
Industrial visit: Delegation of 25 MBA students and 2 lead academics from the WITS Business School, University of Witwatersrand, Johannesburg, South Africa

12 MAY 2017
Honourable Jigme Thinlye Namgal, Minister of Information and Communications (MoIC), Director of Department of IT & Telecom (DTT), Kingdom of Bhutan

1 25 MAY 2017
Malaysia Ministry of Home Affairs Audit Team

14 JUNE 2017
HE Anne Namakau Mutelo, High Commissioner, Namibia High Commission Kuala Lumpur, Malaysia

2 26 SEPTEMBER 2017
Officials from the Senate of the Philippines & Office of the Speaker of the House of Representatives of the Philippines

2 OCTOBER 2017
HE Abdukar Abdi Osman, Ambassador, Embassy of the Federal Republic of Somalia & Officials from the office of the President of the Federal Republic of Somalia

3 16 – 20 OCTOBER 2017
Officials from Department of Immigration and Passports (DIP) Bangladesh

4 8 DECEMBER 2017
Delegation from the National Planning and Development Academy of the Ministry of Planning of Bangladesh

VISITORS 2018

6 FEBRUARY 2018

HE Peter Vincent, High Commissioner, Papua New Guinea High Commission Kuala Lumpur, Malaysia

5 **9 MARCH 2018**

H. E. Dr. Adrienne Diop, Ambassador, Senegal Embassy in Kuala Lumpur, Malaysia

15 MARCH 2018

Asaduzzaman Khan Kamal. Honorable Home Minister, People's Republic of Bangladesh, Major General Masud Rezwan. Director General, Department of Immigration & Passport (DIP) Bangladesh

6 **11 APRIL 2018**

Secretary Raul L. Lambino Administrator and Chief Executive Officer, Cagayan Economic Zone Authority (CEZA)

7 **18 APRIL 2018**

Hon Richard Maru, Minister for Planning and Monitoring, Papua New Guinea

Hon Petrus Thomas, Minister for Immigration and Border Security, Papua New Guinea

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CALENDAR OF **EVENTS** (CONT'D)

EVENTS 2017

1 | 3 NOVEMBER 2017
IRIS Blue Ocean Town Hall

2 | 4 NOVEMBER 2017
IRIS Fun Run

3 | 4 – 6 DECEMBER 2017
HSP Asia in Melbourne, Australia

10 AUGUST 2017
IRIS Trusted Partner Program (iTPP) – IRIS New Product Preview: IRIS Smart Devices

EVENTS 2018

4 23 APRIL 2018

IRIS Blood Donation Campaign 2018

5 24 – 26 APRIL 2018

ID4Africa 2018, Abuja International Convention Centre in Abuja, Nigeria

6 29 APRIL 2018

Roots Run 2018

1 2 2 3 4 5 6

OUR APPROACH

Sustainability is at the core of IRIS' culture and practices as we work towards improved and continuous financial performance and uninterrupted growth pathways. Sustainability is integrated in our company strategies and operations, firmly embedded into the organisation. All our business divisions and departments work together, leveraging on each other's strengths and resources to embed the agenda of sustainability within and throughout the organisation.

In our role as an international solutions provider and public listed entity, IRIS recognises the ever-increasing relevance of sustainability and our collective responsibility to secure our future and to create long-term shared value for all stakeholders.

By prioritising sustainability in three key areas, IRIS' management and staff are driving operational excellence as well as providing the momentum for the Group's businesses to continuously improve efficiency.

Lead by the Key Senior Management Team, IRIS' business strategy is to drive long-term corporate growth and profitability while ensuring responsible management and sustainable progress across our business on all fronts – People, Planet and Prosperity.

SOCIAL RESPONSIBILITY
- Equal opportunity employment and employee wellbeing (human capital development, occupational health and safety)
- Stakeholder engagement
- Community development

PEOPLE

ENVIRONMENTAL STEWARDSHIP
- Resource/energy consumption
- Use of renewable materials

PLANET

SUSTAINABLE BUSINESS GROWTH
- Technology innovation, automation, and IP development
- Business expansion
- Ethical business and corporate governance

PROSPERITY

SUSTAINABILITY AT IRIS

RESPONSIBILITY TO PEOPLE

We are determined to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment. IRIS' successes depend on and are sustained as a direct result of our employees' collective talents, energy and efforts in the workplace as well as the communities surrounding us.

SOCIAL RESPONSIBILITY: EMPLOYEE

As an equal opportunity employer, IRIS does not discriminate against any employee or job applicant because of race, gender, religion, national origin, physical or mental disability, or age. The key to IRIS' workforce diversity, retention and performance lies in proactive employee engagement.

We carefully manage employee potential and talent as crucial elements in delivering value to our business operations through a newly implemented Performance Management Review (PMR).

Our employees are openly encouraged to participate in community development activities and participation counts favourably towards annual individual performance reviews. All these lead to pride which builds commitment, loyalty and a strong sense of respect at work.

Employees are also encouraged to adopt healthier, more active lifestyles. With that, the Human Resource department organised the IRIS Fun Run where all levels of employees were able to participate in an enjoyable 3.5km run together on a Saturday with their families and loved ones.

IRIS' long standing talent development initiatives and human resource policies, benefits and guidelines provide our employees with conducive work environments where they can stay safe, healthy and give their best each work day.

TYPES OF TRAININGS

- Technical
- Soft Skills
- Productivity/Functional
- Quality Assurance
- Occupational Safety & Health
- Executive Development
- Management Development
- Professional Development
- Other

3143 HOURS
cumulative training & development hours in FY2018 (1 May 2017 till 30 April 2018)

Source: IRIS Human Resources Department

Our employees are our greatest assets. IRIS' dedicated team has made its mark for being both experienced as well as very agile, adapting our products and solutions to suit our customers' needs.

Our team comprises a group of professionals from diverse backgrounds and with different areas of expertise that offers a global range of products and services from design to delivery. We have a research and development team, a material science team, a product development team, software development team, support solutions architecture team and customer service team.

IRIS FUN RUN

HEALTH TALK & TRAINING

SUSTAINABILITY AT IRIS (CONT'D)

SOCIAL RESPONSIBILITY: STAKEHOLDER

IRIS' engages key stakeholders to build greater trust, integrity, two-way commitment and open communication. For IRIS, key stakeholders include customers, banks and financial institutions, business partners, major suppliers, shareholders, government (and its agencies), the community. Stakeholders are engaged via multi-channel communication and activities.

Our most recent stakeholder engagement activity was the IRIS Hari Raya Open House on 2 July 2018 held at the Banquet Hall of Menara FELDA which saw over 300 people attend representing a broad spectrum of key stakeholders – major customers, heads and members of the various diplomatic corps, industry captains, representatives from leading banks and financial institutions, government officials and strategic business partners.

Our shareholders and investors who avail themselves at the Group's Annual General Meetings get the opportunity to meet and speak to IRIS' top management and members of the Board of Directors.

Interviews, briefings are organised, as well as quarterly, interim and annual reports are released regularly to keep stakeholders abreast of the developments at IRIS.

Our corporate website offers reliable and current information on our business activities, financial results and data (also available via Bursa Malaysia's website), including annual reports. In keeping with the age of social media, IRIS' activities and announcements can also be found on Facebook, Twitter and YouTube interfaces.

HARI RAYA OPEN HOUSE AT MENARA FELDA

NIGERIAN DELEGATION LEAD BY HIGH COMMISSIONER H.E. AMB. NURUDEEN MUHAMMED AT IRIS HARI RAYA OPEN HOUSE

IRIS ANNUAL GENERAL MEETING

SOCIAL RESPONSIBILITY: SOCIETY

IRIS believes in fulling its dues to society by engaging in socially benefitting activities where we are developing, supporting and bringing real value to society at large and in communities in which we operate. We recognise our responsibility to the youth, the underprivileged and marginalised through community building, contributions and other forms of direct and indirect support.

Giving

On an annual basis, IRIS organises awareness campaigns and drives for blood donation. Blood is a priceless contribution – 1 pint can save up to 3 lives; blood is an important part of medical treatment. With the advances in medical technology and the increase in the number of hospitals nationwide, the demand for blood and blood products is also increasing. Awareness among all Malaysians is an all important factor towards making blood donation a public responsibility and part of our life and culture.

Charity

We are humbled by the opportunity to share Hari Raya joy with the children from Pertubuhan Kebajikan dan Pendidikan Al-Mahabbah (PKPAM) a welfare and education organisation established in May 2014, located in Bandar Bukit Raja, Klang. PKPAM operates and manages two homes for orphans and the less fortunate. The staff and carers at PKPAM currently support 70 children aged 2 years old to 15 years old.

Internship

IRIS has been a proponent of providing on-the-job training that enable diploma and post-graduate level students the opportunity to experience, hands-on, technical and non-technical disciplines in the real world. Since 2003, IRIS has been offering placements of between 3 to 6 months. To date more than 100 interns have come through our doors with between 7 to 10 students benefiting from our internship programme each year.

We have also welcomed industrial visits to our manufacturing and technology showcase facilities by students from tertiary institutions in Malaysia and from other countries. These visits serve as a platform for them to better understand the world of secure Identification, in particular, the manufacture of smartcards, ePassports and eIDs.

IRIS BLOOD DONATION CAMPAIGNS

ORPHANS FROM PERTUBUHAN KEBAJIKAN & PENDIDIKAN AL-MAHABBAH

MBA STUDENTS FROM WITS BUSINESS SCHOOL, UNIVERSITY OF WITWATERSRAND, JOHANNESBURG, SOUTH AFRICA

SUSTAINABILITY AT IRIS (CONT'D)

RESPONSIBILITY TO PLANET

IRIS constantly works and innovates to ensure that business and manufacturing operations are environmentally sound and responsible. We take steps to protect and effectively manage risks that may adversely impact our environment.

We are determined to protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change, so that it can support the needs of the present and future generations.

ENVIRONMENTAL RESPONSIBILITY: ENERGY EFFICIENCY

We put into daily practice, in 3 major areas, the Energy Conservation Measures (ECM) outlined by Suruhanjaya Tenaga (Energy Commission) of Malaysia. Energy use in IRIS is monitored by the IRIS Energy Management Committee. The followings are some of IRIS' energy management activities:

MAIN INCOMING ELECTRICITY

- Ensure appropriate electricity tariff
- Power demand controls in place

AIR CONDITIONING SYSTEM

- Regular maintenance and tuning of equipment
- Use of inverters
- Maintain air distribution system (Variable air volume (VAV), induction system)
- Use of heat exchangers to pre-cool outside air used by Air Handling Units (AHU) using spill air

LIGHTING SYSTEM

- Manual/automatic lighting controls (timers, dimmers, occupancy sensors)
- Equipment replacements using LED and energy saving bulbs
- Equipment maintenance (periodic cleaning, ballast replacement with more efficient alternatives)
- Delamping in over-lit areas
- Use of daylight in conjunction with lighting controls

ENVIRONMENTAL RESPONSIBILITY: RENEWABLE MATERIALS

The production of waste is inevitable during manufacturing processes. At IRIS, industrial waste and municipal solid waste is segregated prior to being sent for proper disposal.

Our manufacturing team are constantly looking out and experimenting with renewable and sustainably sourced raw materials in the production of our product and solution offerings.

Print materials and collaterals for sales and marketing at IRIS are printed on recycled paper. IRIS Annual Reports are printed on Forestry Stewardship Council (FSC) certified paper. These are conscious and deliberate efforts to be environmentally friendly.

Our stand for the environment is also evident in our support and collaboration with The Originals, a member of The Humble Guardians Non-Profit Organisation. The Originals, whose passion is to support the empowerment, awareness and appreciation towards our roots: the origins of our people, and the origins of our natural resources. IRIS is committed to supporting the economic empowerment of Orang Asli through eco-tourism initiatives, river cleaning projects and tree planting programmes organised by The Originals.

IRIS employees actively participate in events such as Tree Planting Programme and Roots Run, an annual event to raise funds for programmes as well as raise awareness on the importance of preserving and appreciating nature and to better understand our Orang Asli neighbours.

RESPONSIBILITY TO PROSPERITY

Finally, we highlight our business performance and our efforts to deliver innovative and technologically advanced solutions to all our clients around the world. We are determined to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with our planet.

SUSTAINABLE GROWTH: TOTAL QUALITY MANAGEMENT

IRIS upholds the highest standards and is committed to maintaining quality in all that we do.

As a supplier of trusted solutions that secure identity operating internationally, compliance with globally recognised regulatory requirements is of paramount importance. In order to ensure that our operations are benchmarked to global standards, our stellar track record of global excellence and compliance includes:

- ISO 9001:2015 Certification for Quality Management Systems
- ISO 27001:2013 Certification for Information Technology Security Techniques – Information Security Management Systems
- ISO 14298:2013 Management System For Security Printing Processes Certification
- Intergraf Certified Security Printer by European Federation for Print and Digital Communication
- EMV (Europay, MasterCard & Visa) Certified to personalise credit and debit cards
- AMEX (American Express) Certified to personalise credit and debit cards
- MEPS (Malaysia Electronic Payment Scheme) Certified to personalise ATM cards

SUSTAINABLE GROWTH: TOTAL QUALITY MANAGEMENT (CONT'D)

IRIS is also active in the dynamic and competitive trusted identification arena through participation, representation and memberships in the following global associations:

icma	**ICMA** International Card Manufacturers Association
ICAO	**ICAO** International Civil Aviation Organisation
ISO IEC	**ISO/IEC** International Organisation for Standardisation / International Electrotechnical Commission
APSCA	Asia Pacific Smart Card Association

National Biometrics Standards Malaysia (SC37) & Cards and Security Devices for Personal Identification (SC17)

SUSTAINABLE GROWTH: TECHNOLOGY INNOVATION, AUTOMATION AND IP DEVELOPMENT

The pioneering innovative spirit of IRIS continues to fuel our advancements in building highly adaptive solutions to ensure security in identity, payments and tracking for global markets. IRIS has a clear sense of mission and envisions a sustainable future for all and fulfils that vision by continuously discovering, developing and deploying a portfolio of products and solutions that will enrich lives and change the way the world works.

By innovating continuously, IRIS leverages existing, disparate technologies and integrating them with new ideas to create fresh solutions for everyday life.

The high level of creativity and innovation among our teams has led to IRIS being the proud owner of over 18 patents in cutting-edge products and solutions. In our continuous quest for service and product excellence, IRIS upholds the highest standards while contributing to increased security in trusted identification solutions.

SUSTAINABILITY AT IRIS (CONT'D)

SUSTAINABLE GROWTH: ETHICAL BUSINESS AND TRANSPARENCY

Ethics, integrity, accountability, transparency and professionalism are increasingly raising to the forefront as mainstream touchstones in the business environment In keeping with IRIS' Code of Ethics and Conduct as outlined in the IRIS Employee Handbook, relevant policies and mechanisms have been established to ensure employees carry out business activities fairly, honestly, openly and in compliance with all applicable laws of the countries in which IRIS works. As part of continuing efforts to create awareness and educate, talks and trainings are organised on a regular basis for all levels of employees.

As we conduct themselves ethically and sustainably, our colleagues in supply chain work collaboratively with vendors and suppliers to conduct our businesses ethically in accordance with the values of integrity, accountability and professionalism.

SUSTAINABLE GROWTH: BUSINESS EXPANSION

In keeping pace with projected demands for trusted credentials which sustain our business growth, IRIS has plans to upgrade our manufacturing lines to increase production efficiency in terms of speed, accuracy and costs.

We are also looking to springboard into other developing nations that neighbour our existing projects in the African, Asia Pacific and North American regions.

CONCLUSION

In IRIS' journey towards complete total immersion of sustainability into the very fabric of the Group at all levels, we will establish formal procedures in internalising all our sustainability considerations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

This statement sets out the manner in which the Group has applied the principles and best practices as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG"). The details of the Group's application for each practice set out in the MCCG during the financial year 2018 are disclosed in the Corporate Governance Report ("CG Report'), which is available on the Group's website at www.iris.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1 BOARD RESPONSIBILITIES

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 assumed the following principal responsibilities in discharging its functions:

- 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 key management team of the Company, comprising President and Group Managing Director, Executive Director, Group Chief Executive Officer, Chief Financial Officer and other key management of respective divisions and sections. The principal responsibilities of the management team are as per follow:

- Developing, coordinating 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1 BOARD RESPONSIBILITIES (CONTINUED)

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board's authorities and discretion to the President and Group Managing Director, Executive Directors, representing the Management, as well as to properly constituted Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee with clearly defined terms of reference. This enables the Board to achieve operational efficiency by empowering these Committees to decide on matters within their respective written terms of reference and yet allow the Board to maintain control over major policies and decisions.

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

TYPE OF COMMITTEE	PRINCIPAL FUNCTIONS
Audit Committee	To review and report on the Group's results, accounting audit procedures and internal audit function.
Nomination Committee	To assess, evaluate and recommend to the Board on all new Board and principal officers appointments.
Remuneration Committee	To assess, review and recommend to the Board the Directors' remuneration and benefits package.

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

Reviewing and adopting the Company's strategic plans

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

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.

Qualified and Competent Company Secretary

The Board is supported by qualified and competent Company Secretary who is responsible to ensure and facilitate the compliance of the procedures, policies and the law and regulations.

The Company Secretary attended all Board meetings and ensured that all Board procedures are adhered. The Company Secretary also ensured that the Company complies with all applicable statutory and regulatory rules. On an ongoing basis, the Directors have separate and independent access to the advice and services of the Company Secretary whether as a full Board or in their individual capacity, in discharging their duties. In this respect, they play an advisory role to the Directors, particularly to the compliance with regulatory requirements, codes, guidance and legislations. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company securities.

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

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

Board Charter

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

The Board Charter is to guide the Directors in discharging their duties and responsibilities as Directors and is drafted in accordance with the fundamental requirements of provisions in the Companies Act, 2016, 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 BOARD COMPOSITION

The Board has six (6) directors, comprising of two (2) Non-Independent Executive Directors, two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. The Chairman is a Non-Independent Non-Executive Director. The number of Independent Directors is in compliance with Rule 15.02 of the Listing Requirements of Bursa Securities for ACE Market which requires one third of the Board to comprise independent directors.

Develop, maintain and review the criteria for recruitment and annual assessment of Directors

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2 BOARD COMPOSITION (CONTINUED)

Meetings of the NC are held as and when required, and at least once a year. The NC carries out the evaluation exercise annually. The Company Human Resources were to assist the NC in the assessment which comprised Board Committee Effectiveness Assessment, Directors' Self and Peer Assessment.

During the financial year, the members of the NC reviewed and assessed the following:

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

Appointment Process

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

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

Re-election and Re-appointment of Director

In accordance to the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election by shareholders at the forthcoming Annual General Meeting after their appointments. The Articles further provide that in every subsequent year, one-third of the Directors shall retire and be eligible for re-election provided always that all Directors except a Managing Director (if any) appointed for a fixed period pursuant to the Articles shall retire once at least in each three (3) years but shall be eligible for re-election. A retiring director shall retain until the close of the meeting at which he retires.

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. 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.

Assessment of Independent Directors

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

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

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.

Separation of Positions of the Chairman and Executive Directors

The roles of the Chairman and the President & 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.

Time Commitments

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

During the financial year ended 31 March 2018, the Board met ten (10) 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2 BOARD COMPOSITION (CONTINUED)

Time Commitments (Continued)

Details of attendance of each Director who was in office during the financial year ended 31 March 2018 are as follows:

NAME OF DIRECTORS	TOTAL MEETINGS ATTENDED BY DIRECTORS
Datuk Nik Azman Bin Mohd Zain	10/10
Dato' Poh Yang Hong *(Appointed on 7 July 2017)*	4/5
Dato' Rozabil @ Rozamujib Bin Abdul Rahman *(Appointed on 7 July 2017)*	5/5
Dato' Dr. Abu Talib Bin Bachik	10/10
Chan Feoi Chun	8/10
Hussein Bin Ismail *(Appointed on 28 July 2017)*	4/4
Tan Sri Razali Bin Ismail *(Resigned on 1 August 2017)*	4/6
Datuk Tan Say Jim *(Resigned on 16 October 2017)*	4/7
Dato' Hamdan Bin Mohd Hassan *(Retired on 6 September 2017)*	5/7
Datuk Noor Ehsanuddin Bin Hj Mohd Harun Narrashid *(Resigned on 28 July 2017)*	4/5

Directors' Training

Although the Board does not have a policy to require each of the Directors to attend number and types of training programme each year, the Directors, however, 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.

The training and seminar courses attended by the Directors during the financial year ended 31 March 2018 were as follows:

NAME OF DIRECTOR	COURSE ATTENDED/PARTICIPATED
Dato' Poh Yang Hong	• 4th Industrial Revolution: Impact and Opportunities for Manufacturing and Financial Services
Dato' Dr. Abu Talib Bin Bachik	• Malaysian Code on Corporate Governance 2017
Chan Feoi Chun	• MIA Conference 2017
Hussein Bin Ismail	• Malaysian Code on Corporate Governance: A New Dimension • Tax Audits and Investigations • New Members' Voluntary Winding-Up and Strike-Off, Under Companies Act 2016 • GST Impact on Accounting and Tax Issues for Property Developers, JMB/MC and Property Investors • Seminar On MFRS 9, MFRS 15, MFRS 16 and Companies Act 2016 On Share Capital and Distribution • Roles and Responsibilities of Directors, Company Secretaries and Auditors, and Compliance Requirements Under The Companies Act 2016 • Delivering Value In Auditing Through Smart Partnership Towards Fulfilling The National Audit Department's Mandate

Save for the Directors above, other directors of the Company did not attend any relevant training and seminar courses during the financial year is due to their hectic travelling schedule throughout the year. The Directors will undertake to attend relevant trainings and seminars courses in financial year 2019 to continue enhancing their skills and knowledge for the purpose of discharging their duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

3 REMUNERATION

The Remuneration Committee ("RC") consists of one (1) Independent Non-Executive Director, one (1) Non-Independent Executive Director and one (1) Non-Independent Non-Executive Director. The RC is authorized and established by the Board and is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of key senior management personnel.

The policy practiced on the remuneration by the RC is to provide the remuneration packages necessary to attract, retain and motivate Directors and key senior management 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 RC also ensures that the level of remuneration for key senior management are linked to their level of responsibilities and contribution to the effective functioning of the Company. The RC will review the remuneration annually with the assistance from the Company's Human Resources department before recommend to the Board for approval.

Meetings of the RC are held as and when required, and at least once a year.

Remuneration Package

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

The aggregate remuneration of Directors' for the financial year ended 31 March 2018 are as follows:

CATEGORY	EXECUTIVE DIRECTORS RM	NON-EXECUTIVE DIRECTORS RM
Basic salaries, bonus and allowance	536,600	-
Defined contribution plan	64,392	-
Benefits-in-kind	20,898	-
Directors' Fees	51,300	422,300
Meeting allowances	15,000	83,000
Total	**688,190**	**505,300**

Analysis of Remuneration Bands

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1 AUDIT COMMITTEE

The Audit Committee ("AC") consists of two (2) Independent Non-Executive Director, one (1) Non-Independent Non-Executive Director. The Audit Committee ("AC") is established to support and advise the Board in relation to the IRIS Group of companies. The AC 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, Malaysian Financial Reporting Standards, International Financial Reporting Standards.

The AC 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 AC assists the Board to ensure accuracy and adequacy of all information for disclosure and compliance with accounting standards.

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 Malaysian Financial Reporting Standards, International 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. The Audit Committee had adopted an assessment checklist to assist them in the process for the evaluation of the external auditors' performance, quality of communications, resources, competency, suitability and independence. The external auditors had provided a confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

2 RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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.

Internal Audit Function

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

The Group has outsourced the internal audit function to an independent professional firm, who performs regular reviews with impartiality and due professional care, in accordance with the International Professional Practices Framework of the Institute of Internal Auditors to assist the Audit Committee in discharging its duties and responsibilities in respect of reviewing the adequacy and effectiveness of the Group's risk management and internal control systems. Audit findings with recommendations are presented to the Management, who will then present the internal audit reports with subsequent remedial action plans to the Audit Committee.

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

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1 COMMUNICATION WITH STAKEHOLDERS

The Company recognises the importance of transparency and accountability to its shareholders and the need to clear, effective communications with the Company's institutional investors, shareholders and other stakeholders. Communication is facilitated by a number of formal channels used to inform shareholders about the performance, business activities, financial performance, material information and corporate events of the Group. Shareholders, investors and various stakeholders can also access these information via the Company's website at www.iris.com.my.

The Company is also aware the importance to maintain good communications with shareholders and investors and various stakeholders. Communication is facilitated by a number of formal channels used to inform shareholders about the performance of the Group. In addition, the Chairman will briefs shareholders on financial and operations performance of the

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

2 CONDUCT OF GENERAL MEETINGS

The Annual General Meeting ("the AGM") is the principal forum for dialogue allowing the shareholders to review the Group's performance via the Annual Report. At the AGM, the Board briefs the shareholders on the status of the Group's business and operations. Shareholders have the opportunity to ask questions on resolutions being proposed, the audited financial statement of the year and the operation of the Company and the Group as well as to communicate their expectations and concern to the Company. Extraordinary General Meeting is held as and when shareholders' approvals are required on specific matters.

The Board encourages shareholders' participation and engagement at the general meeting as it provides an opportunity for the Board to assess the market expectations. The Board will ensure sufficient and relevant information are given for each agenda items in the notice of meeting and/or Annual Report or circular accompanying the notice of meeting. The Company complied with the recommendation of MCCG to send the Notice of AGM and related Circular at least 28 days before the AGM to allow sufficient time to the shareholders to review the Annual Reports and the papers supporting the resolutions proposed.

All resolutions set out in the Notice of AGM will be carried out by poll voting. 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.

The CG Overview Statement was approved by the Board of Directors on 26 July 2018.

AUDIT COMMITTEE REPORT

OBJECTIVES

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

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

COMPOSITION OF AUDIT COMMITTEE

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

1) The Audit Committee shall be composed of no fewer than three (3) members, whom shall be Non-Executive Directors.
2) A majority of the Audit Committee must be Independent Directors.
3) The Chairman of the Audit Committee shall be an Independent Non-Executive Director.
4) The Audit Committee shall be financially literate.
5) At least one member of the Audit Committee shall fulfill the following:
    i) must be a member of the Malaysian Institute of Accountants; or
    ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and:
        a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
        b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
    iii) must have at least three (3) years' post qualification experience in accounting or finance;
        a) has a degree/master/doctorate in accounting or finance; or
        b) is a member of one (1) of the professional accountancy organisations which has been admitted as a full member of the International Federation of Accountants; or
    iv) must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
    v) fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

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

COMPOSITION OF AUDIT COMMITTEE (CONT'D)

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.

A former key audit partner shall observe a cooling off period of at least two (2) years before being appointed as a member of the Audit Committee.

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

COMMITTEE MEETINGS

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

AUTHORITIES

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

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

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

AUDIT COMMITTEE REPORT (CONT'D)

DUTIES AND RESPONSIBILITIES

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

1) To review the following and report the same to the Board:
   a) the nomination of external auditors;
   b) the adequacy of existing external auditors audit arrangements, with particular emphasis on the scope and quality of the audit;
   c) the effectiveness and adequacy of the scope, functions, resources and competency of the internal audit functions and ensure that it has the necessary authority to carry out its work;
   d) in relation to the internal audit function:
      - the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal auditors;
      - any appraisal or assessment of the performance of members of the internal audit function;
      - approve any appointment or termination of the internal auditors; and
      - take cognizance of resignation of internal auditors and provide the resigning internal auditors an opportunity to submit reasons for resigning.
   e) the financial statements of the Group with both the external auditors and the management;
   f) the audit plan, his evaluation of the system of internal control and the auditors' report with the external auditors;
   g) any management letter sent by the external auditors and the management's response to such letter;
   h) any letter of resignation from the external auditors;
   i) the quarterly results and year end financial statements of the Group and thereafter submit to the Board, focusing particularly on:
      - changes in or implementation of accounting policies and practices;
      - significant adjustments or unusual events; and
      - compliance with accounting standards, regulatory and other legal requirements.
   j) the assistance given by the employees of the Group to the external auditors;
   k) all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
   l) all related party transactions and potential conflict of interests situations that may arise within the Group and the Company.
2) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal and on whether there is reason (supported by grounds) to believe that the Group's external auditors is not suitable for re-appointment.
3) To carry out any other function that may be mutually agreed upon by the Audit Committee and the Board, which would be beneficial to the Group and ensure the effectiveness discharge of the Committee's duties and responsibilities.
4) The Audit Committee's actions shall be reported to the Board with such recommendations as the Audit Committee deems appropriate.

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

MEMBERSHIP AND ATTENDANCE AT MEETING

The present members of the Audit Committee comprise three (3) Board members and the current composition as set out follow:

Chan Feoi Chun	Chairman, Independent Non-Executive Director
Dato' Dr. Abu Talib Bin Bachik	Member, Senior Independent Non-Executive Director
Hussein Bin Ismail	Member, Non-Independent Non-Executive Director

The details of attendance as at 31 March 2018 as set out below:

NAME OF AUDIT COMMITTEE	TOTAL MEETINGS ATTENDED BY MEMBERS
Chan Feoi Chun	6/6
Dato' Dr. Abu Talib Bin Bachik	6/6
Hussein Bin Ismail (Appointed on 24.08.2017)	3/3
Datuk Nik Azman Bin Mohd Zain (Resigned as Audit Committee on 24.08.2017)	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) Reviewed the related party transactions entered into by the Group and the Company.
7) Received and reviewed of internal audit reports.
8) Reviewed internal audit plans for the financial year of the Group and the Company, prepared by internal auditors.

INTERNAL AUDIT FUNCTION

The 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 2018.

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.

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

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

The cost incurred for Internal Audit services in respect of the financial year ended 31 March 2018 was approximately RM38,080.

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) Encik Shaiful Zahrin Bin Subhan, the Group 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 H'ng Boon Harng, the Chief Financial Officer of the Company who is responsible for carrying out finance department.

This statement was approved by the Board of Directors on 26 July 2018.

STATEMENT OF **DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position at the end of the financial year and of their financial performance, and cash flows of the Group and of the Company for the financial year ended. The financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The Directors have considered that all Malaysian Financial Reporting Standards, International Financial Reporting Standards have been followed in preparing the financial statements for the financial year ended from 1 April 2017 to 31 March 2018. The Group has fulfilled the requirements of using appropriate accounting policies and applying them consistently and made judgments and estimates that are reasonable and prudent. The financial statements is prepared on a going concern basis as the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence in the foreseeable future.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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) The Company had on 29 May 2017 announced the Private Placement exercise which entails the issuance of new ordinary shares in the Company up to ten percent (10%) of the issued and paid-up share capital of the Company ("Private Placement").

224,718,405 new ordinary shares were issued at an issue price of RM0.14 each and were subsequently listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 7 July 2017. The proceeds from the Private Placement of RM31.46 million have been utilised for working capital purpose and direct expenses.

2 NON-AUDIT FEES

The detailed of the audit and non-audit fees paid/payable for the financial year ended from 1 April 2017 to 31 March 2018 to the External Auditors or a firm or company affiliated to the External Auditors are set out below:

	GROUP RM'000	COMPANY RM'000
Audit fees	624	356
Non-audit fees	10	10

3 MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS

For the financial year ended from 1 April 2017 to 31 March 2018, no contract of a material nature was entered into or subsisted between the Company and its Directors or major shareholders.

ADDITIONAL **COMPLIANCE INFORMATION** (CONT'D)

4 LIST OF PROPERTIES

For the financial year ended from 1 April 2017 to 31 March 2018, 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)	23	17 July 1995	86,707

5 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 2017 to 31 March 2018. 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.

6 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The details of the recurrent related party transactions are disclosed on pages 161 to 163.

FINANCIAL STATEMENTS & OTHER INFORMATION

ANNUAL GENERAL MEETING

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24th ANNUAL GENERAL MEETING

1st Floor, Lot 8 & 9,
IRIS Smart Technology Complex,
Technology Park Malaysia,
Bukit Jalil,
57000 Kuala Lumpur

28 September 2018

11.00 a.m.

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 2018.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

	GROUP RM'000	COMPANY RM'000
Loss for the financial year, net of tax		
- Continuing operations	(117,273)	(115,244)
- Discontinued operations	(14,197)	–
	(131,470)	(115,244)
Attributable to:		
Owners of the Company	(123,551)	(115,244)
Non-controlling interests	(7,919)	–
	(131,470)	(115,244)

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 2018.

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; and

(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.

DIRECTORS' REPORT (CONT'D)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(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 issued 224,718,405 new ordinary shares pursuant to a private placement exercise at an issue price of RM0.14 per ordinary share.

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

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:

Datuk Nik Azman Bin Mohd Zain*	
Dato' Dr. Abu Talib Bin Bachik	
Chan Feoi Chun	
Dato' Poh Yang Hong	(Appointed on 7 July 2017)
Dato' Rozabil @ Rozamujib Bin Abdul Rahman*	(Appointed on 7 July 2017)
Hussein Bin Ismail	(Appointed on 28 July 2017)
Tan Sri Razali Bin Ismail*	(Resigned on 1 August 2017)
Dato' Hamdan Bin Mohd Hassan	(Retired on 6 September 2017)
Datuk Tan Say Jim*	(Resigned on 16 October 2017)
Datuk Noor Ehsanuddin Bin Hj Mohd Harun Narrashid	(Resigned on 28 July 2017)

* *Directors of the Company and certain subsidiaries*

DIRECTORS (CONTINUED)

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Choong Choo Hock	
George K. Manolas	
Panayiotis Plakidis	
Chang Poh Sheng	(Resigned on 8 November 2017)
Lee Swee Teen	(Resigned on 31 July 2017)
Dato' Vincent Leong Jee Wai	(Resigned on 31 July 2017)
Dato' Cheah Teng Lim	(Resigned on 31 July 2017)
Su Thai Ping	(Resigned on 31 July 2017)
Ong Min Hong	(Resigned on 31 July 2017)
Albert Lim Kheng Ee	(Resigned on 31 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 corporations during the financial year were as follows:

	NUMBER OF ORDINARY SHARES			
	AT DATE OF APPOINTMENT/ 1.4.2017	BOUGHT	SOLD	AT 31.3.2018
Direct interests:				
Dato' Poh Yang Hong	18,000,000	–	(1,000,000)	17,000,000
Indirect interests:				
Dato' Poh Yang Hong*	224,718,405	29,000,000	–	253,718,405
Dato' Rozabil @ Rozamujib Bin Abdul Rahman**	232,800,905	33,630,500	–	266,431,405

* *Deemed interested pursuant to Section 8 of the Companies Act 2016 via Caprice Development Sdn. Bhd.*

** *Deemed interest pursuant to Section 8 of the Companies Act 2016 via Caprice Development Sdn. Bhd., R Capital Sdn. Bhd. and Mazer Sdn. Bhd.*

Other than as stated 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' REPORT (CONT'D)

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 Note 23 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.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM3,000,000 and RM12,370 respectively.

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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 32 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 33 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 23 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

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:

DATO' POH YANG HONG
Director

DATUK NIK AZMAN BIN MOHD ZAIN
Director

Kuala Lumpur

Date: 26 July 2018

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 MARCH 2018

		GROUP		COMPANY	
	NOTE	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 (RESTATED)
ASSETS					
Non-current assets					
Property, plant and equipment	5	97,739	115,282	95,203	103,861
Intangible assets	6	157,168	163,720	13,469	18,162
Operating financial assets	7	14,591	9,354	14,591	9,354
Investment in subsidiaries	8	–	–	82,070	90,637
Investment in associates	9	11,810	6,597	5,000	5,000
Available-for-sale financial assets	10	216	406	216	406
Deferred tax assets	11	–	21	–	–
Total non-current assets		281,524	295,380	210,549	227,420
Current assets					
Inventories	12	25,156	72,481	24,171	69,405
Operating financial assets	7	592	2,750	592	2,750
Trade and other receivables	13	187,440	271,167	206,568	302,111
Amount owing by contract customers	14	9,375	52,368	9,361	40,785
Current tax assets		9,423	7,715	9,406	6,288
Cash and short-term deposits	15	36,387	54,879	29,769	19,123
		268,373	461,360	279,867	440,462
Assets of a disposal group classified as held for sale	16(a)	–	10,940	–	–
Total current assets		268,373	472,300	279,867	440,462
TOTAL ASSETS		549,897	767,680	490,416	667,882

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 MARCH 2018 (CONT'D)

		GROUP		COMPANY	
		2018	2017	2018	2017
	NOTE	RM'000	RM'000	RM'000	RM'000 (RESTATED)
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	480,276	448,816	480,276	448,816
Other reserves	18	41,148	44,451	11,333	12,880
Accumulated losses		(327,605)	(205,109)	(493,073)	(379,376)
		193,819	288,158	(1,464)	82,320
Non-controlling interests		(40,453)	(31,659)	–	–
TOTAL EQUITY		153,366	256,499	(1,464)	82,320
Non-current liabilities					
Loans and borrowings	19	59,753	89,691	59,535	89,095
Deferred tax liabilities	11	–	14,940	–	14,940
Total non-current liabilities		59,753	104,631	59,535	104,035
Current liabilities					
Loans and borrowings	19	44,754	91,904	44,531	73,493
Current tax liabilities		1,965	4,637	–	3,575
Trade and other payables	20	284,580	304,789	387,814	404,459
		331,299	401,330	432,345	481,527
Liabilities of a disposal group classified as held for sale	16(a)	5,479	5,220	–	–
Total current liabilities		336,778	406,550	432,345	481,527
TOTAL LIABILITIES		396,531	511,181	491,880	585,562
TOTAL EQUITY AND LIABILITIES		549,897	767,680	490,416	667,882

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

STATEMENTS OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		GROUP		COMPANY	
		2018	2017	2018	2017
	NOTE	RM'000	RM'000	RM'000	RM'000
			(RESTATED)		(RESTATED)
Continuing operations					
Revenue	21	334,692	429,310	314,956	403,007
Cost of sales		(329, 798)	(413,625)	(297,512)	(374,074)
Gross profit		4,894	15,685	17,444	28,933
Other income		39,167	29,651	23,716	64,792
Administrative expenses		(55,078)	(55,201)	(32,663)	(37,999)
Other expenses		(110,830)	(266,403)	(128,172)	(477,564)
Operating loss		(121,847)	(276,268)	(119,675)	(421,838)
Finance costs	22	(8,772)	(16,852)	(8,973)	(14,643)
Share of results of associates, net of tax		2,569	(6,675)	–	–
Loss before tax	23	(128,050)	(299,795)	(128,648)	(436,481)
Income tax credit/(expense)	24	10,777	(7,613)	13,404	(6,643)
Loss for the financial year from continuing operations		(117,273)	(307,408)	(115,244)	(443,124)
Discontinued operations					
Loss for the financial year from discontinued operations, net of tax	16(b)	(14,197)	(16,274)	–	–
Loss for the financial year		(131,470)	(323,682)	(115,244)	(443,124)
Other comprehensive (loss)/income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Share of equity reserve of associates		–	(553)	–	–
Foreign currency translation		(2,834)	5,550	–	–
Reclassification of equity accounted reserve to profit or loss on disposal of associate company		–	10,482	–	–
Other comprehensive (loss)/income for the financial year		(2,834)	15,479	–	–
Total comprehensive loss for the financial year		(134,304)	(308,203)	(115,244)	(443,124)

STATEMENTS OF **COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

	NOTE	GROUP 2018 RM'000	GROUP 2017 RM'000 (RESTATED)	COMPANY 2018 RM'000	COMPANY 2017 RM'000 (RESTATED)
Loss attributable to:					
Owners of the Company					
- From continuing operations		(110,427)	(275,730)	(115,244)	(443,124)
- From discontinued operations		(13,124)	(16,410)	–	–
		(123,551)	(292,140)	(115,244)	(443,124)
Non-controlling interests					
- From continuing operations		(6,846)	(31,678)	–	–
- From discontinued operations		(1,073)	136	–	–
		(7,919)	(31,542)	–	–
		(131,470)	(323,682)	(115,244)	(443,124)
Total comprehensive loss attributable to:					
Owners of the Company					
- From continuing operations		(112,675)	(261,949)	(115,244)	(443,124)
- From discontinued operations		(13,124)	(16,410)	–	–
		(125,799)	(278,359)	(115,244)	(443,124)
Non-controlling interests					
- From continuing operations		(7,432)	(29,980)	–	–
- From discontinued operations		(1,073)	136	–	–
		(8,505)	(29,844)	–	–
		(134,304)	(308,203)	(115,244)	(443,124)
Loss per share attributable to owners of the Company (sen per share)					
Basic	25(a)				
- From continuing operations		(4.58)	(12.35)		
- From discontinued operations		(0.54)	(0.73)		
		(5.12)	(13.08)		
Diluted	25(b)				
- From continuing operations		(4.58)	(12.35)		
- From discontinued operations		(0.54)	(0.73)		
		(5.12)	(13.08)		

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

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						
GROUP	**SHARE CAPITAL RM'000**	**FOREIGN CURRENCY TRANSLATION RESERVE RM'000**	**REVALUATION RESERVE RM'000**	**ACCUMULATED LOSSES RM'000**	**SUB-TOTAL RM'000**	**NON-CONTROLLING INTERESTS RM'000**	**TOTAL EQUITY RM'000**
At 1 April 2017	448,816	7,322	37,129	(205,109)	288,158	(31,659)	256,499
Total comprehensive loss for the financial year							
Loss for the financial year	–	–	–	(123,551)	(123,551)	(7,919)	(131,470)
Other comprehensive loss for the financial year	–	(2,248)	–	–	(2,248)	(586)	(2,834)
Total comprehensive loss	–	(2,248)	–	(123,551)	(125,799)	(8,505)	(134,304)
Transactions with owners							
Issue of ordinary shares	31,460	–	–	–	31,460	–	31,460
Disposal of subsidiaries	–	–	–	–	–	(289)	(289)
Total transactions with owners	31,460	–	–	–	31,460	(289)	31,171
Realisation of revaluation reserve	–	–	(1,055)	1,055	–	–	–
At 31 March 2018	480,276	5,074	36,074	(327,605)	193,819	(40,453)	153,366

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

GROUP	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	WARRANTS RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	FAIR VALUE RESERVE RM'000	REVALUATION RESERVE RM'000	RETAINED EARNINGS/ (ACCUMULATED LOSSES) RM'000	SUB-TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	ATTRIBUTABLE TO THE OWNERS OF THE COMPANY									
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 income for the financial year	–	–	–	3,852	9,929	–	–	13,781	1,698	15,479
Total comprehensive (loss)/income	–	–	–	3,852	9,929	–	(292,140)	(278,359)	(29,844)	(308,203)
Transactions with owners										
Issue of ordinary 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 changes in equity interest in subsidiaries	–	–	–	–	–	–	(10,461)	(10,461)	10,370	(91)
Transition to no-par value regime	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

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

	ATTRIBUTABLE TO THE OWNERS OF THE COMPANY					
COMPANY	**SHARE CAPITAL RM'000**	**SHARE PREMIUM RM'000**	**WARRANTS RESERVE RM'000**	**REVALUATION RESERVE RM'000**	**RETAINED EARNINGS/ (ACCUMU LATED LOSSES) RM'000**	**TOTAL EQUITY 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						
- as previously stated	–	–	–	–	(514,989)	(514,989)
- retrospective restatement (Note 31)	–	–	–	–	71,865	71,865
Total comprehensive loss						
- as restated	–	–	–	–	(443,124)	(443,124)
Transactions with owners						
Issue of ordinary 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	–
Transition to no-par value regime	111,738	(111,738)	–	–	–	–
Total transactions with owners	137,255	(105,068)	(8,773)	–	3,535	26,949
At 31 March 2017						
- as restated	448,816	–	–	12,880	(379,376)	82,320
Total comprehensive loss for the financial year						
Loss for the financial year	–	–	–	–	(115,244)	(115,244)
Total comprehensive loss	–	–	–	–	(115,244)	(115,244)
Transactions with owners						
Issue of ordinary shares	31,460	–	–	–	–	31,460
Total transactions with owners	31,460	–	–	–	–	31,460
Realisation of revaluation reserve	–	–	–	(1,547)	1,547	–
At 31 March 2018	480,276	–	–	11,333	(493,073)	(1,464)

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

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	NOTE	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000 (RESTATED)
Cash flows from operating activities					
Loss before tax					
- continuing operations		(128,050)	(299,795)	(128,648)	(436,481)
- discontinued operations	16(b)	(14,166)	(16,237)	–	–
		(142,216)	(316,032)	(128,648)	(436,481)
Adjustments for:					
Amortisation of concession asset		8,616	4,325	8,616	4,325
Amortisation of development costs		4	4	4	4
Amortisation of intellectual properties		2,618	2,865	2,604	2,604
Amortisation of mining permits		1,050	813	–	–
Amount owing by contract customers written off		23,723	625	23,723	625
Bad debts written off		2,120	–	2,120	–
Depreciation of property, plant and equipment		8,204	13,560	5,078	6,284
Dividend income		–	–	–	(43,150)
Effect of accretion of interest on operating financial assets		(3,844)	(2,776)	(3,844)	(2,776)
Finance costs		8,780	16,887	8,973	14,643
Gain on disposal/dilution of investment in associates		(3,357)	(11,503)	–	(4,186)
Gain on disposal of property, plant and equipment		(568)	(274)	(252)	(217)
Gain on disposal of subsidiaries		(5,379)	–	(100)	–
Impairment loss on amount owing from related parties		–	901	–	901
Impairment loss on amount owing from subsidiaries		–	–	9,075	226,838
Impairment loss on available-for-sale investment		190	14,555	190	–
Impairment loss on goodwill		–	17,153	–	–
Impairment loss on intellectual properties		–	10,683	–	–
Impairment loss on investment in subsidiaries		–	–	8,567	141,877
Operating loss before changes in working capital, carried forward		(100,059)	(248,214)	(63,894)	(88,709)

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

		GROUP		COMPANY	
		2018	2017	2018	2017
	NOTE	RM'000	RM'000	RM'000	RM'000 (RESTATED)
Operating loss before changes in working capital, brought forward		(100,059)	(248,214)	(63,894)	(88,709)
Adjustments for:					
Impairment loss on property, plant and equipment		7,625	55,175	3,733	–
Impairment loss on trade and other receivables		17,836	156,718	9,418	103,180
Interest income		(372)	(623)	(323)	(484)
Inventories written down		13,481	1,091	7,968	–
Investment in associate written off		–	989	–	989
Investment deposit written off		–	100	–	100
Property, plant and equipment written off		787	1,067	–	–
Reversal of impairment loss on amount owing from subsidiaries		–	–	(1,519)	–
Allowance/(Reversal) of impairment loss on investment in associates		713	(500)	–	(500)
Reversal of impairment loss on trade and other receivables		(16,102)	(9,361)	(15,789)	(464)
Reversal of inventories written down		(473)	–	–	(1,411)
Share of results of associates		(2,569)	6,675	–	–
Unrealised loss/(gain) on foreign exchange		21,174	(21,652)	22,418	(20,631)
		(57,959)	(58,535)	(37,988)	(7,930)
Changes in working capital:					
Amount due by contract customers		19,270	89,366	7,701	97,922
Inventories		39,485	(4,978)	37,266	(13,316)
Operating financial assets		765	2,750	765	2,750
Property development expenditure		–	(500)	–	–
Trade and other payables		21,511	45,656	(11,257)	30,240
Trade and other receivables		23,655	8,205	60,234	(62,344)
Net cash from operations		46,727	81,964	56,721	47,322
Interest paid		(8,780)	(16,887)	(8,973)	(14,643)
Interest received		372	623	323	484
Income tax paid		(3,919)	(11,398)	(3,118)	(8,900)
Net cash from operating activities		34,400	54,302	44,953	24,263

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

		GROUP		COMPANY	
	NOTE	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 (RESTATED)
Cash flows from investing activities					
Acquisition investments in subsidiaries		–	(91)	–	(18,650)
Acquisition investments in an associate		–	(8,823)	–	–
Acquisition of development expenditure		(3)	–	(3)	–
Acquisition of concession assets		(6,528)	(12,816)	(6,528)	(12,816)
Dividend received		–	150	–	43,150
Net distribution from an associate in liquidation		–	11	–	11
Net cash outflows from disposal of subsidiaries		(151)	–	–	–
Proceeds from disposal of an associate		–	30,869	–	5,000
Proceeds from disposal of plant and equipment		1,013	1,553	257	341
Purchase of property, plant and equipment		(398)	(2,377)	(158)	(465)
Net cash (used in)/from investing activities		(6,067)	8,476	(6,432)	16,571
Cash flows from financing activities					
Net repayment of bankers' acceptances		(12,662)	(17,032)	(12,661)	(17,032)
Net repayment of trade loans		(19,256)	(33,514)	(19,256)	(32,050)
Payment of hire purchase and lease obligations		(1,782)	(2,590)	(730)	(1,316)
Proceeds from issuance of new shares		31,460	26,949	31,460	26,949
Repayment of revolving loans		(5,000)	–	(5,000)	–
Repayment of term loans		(38,772)	(42,836)	(20,875)	(34,600)
Withdrawal of pledged short term deposits		57	14,416	57	14,416
Net cash used in financing activities		(45,955)	(54,607)	(27,005)	(43,633)
Net (decrease)/increase in cash and cash equivalents		(17,622)	8,171	11,516	(2,799)
Cash and cash equivalents at beginning of the financial year		44,584	37,318	8,828	11,705
Effect of exchange rate changes on cash and cash equivalents		(813)	(905)	(813)	(78)
Cash and cash equivalents at end of the financial year	15	26,149	44,584	19,531	8,828

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

Reconciliation of liabilities arising from financing activities:

			NON-CASH		
GROUP	**1 APRIL 2017 RM'000**	**CASH FLOWS RM'000**	**DISPOSAL OF SUBSI-DIARIES RM'000**	**FOREIGN EXCHANGE MOVE-MENT RM'000**	**31 MARCH 2018 RM'000**
Term loans	126,923	(38,772)	–	634	88,785
Hire purchase payables and finance lease liabilities	2 ,754	(1,782)	(250)	–	722
Bankers' acceptances	12,662	(12,662)	–	–	–
Trade loans	19,256	(19,256)	–	–	–
Revolving loans	20,000	(5,000)	–	–	15,000
	181,595	(77,472)	(250)	634	104,507

COMPANY	**1 APRIL 2017 RM'000**	**CASH FLOWS RM'000**	**31 MARCH 2018 RM'000**
Term loans	109,660	(20,875)	88,785
Hire purchase payables and finance lease liabilities	1,011	(730)	281
Bankers' acceptances	12,661	(12,661)	–
Trade loans	19,256	(19,256)	–
Revolving loans	20,000	(5,000)	15,000
	162,588	(58,522)	104,066

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, transportation and sustainable development.

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

There have been no significant changes in the nature of these principal 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 26 July 2018.

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 12	Disclosure of Interests in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments/improvements to MFRSs (Continued)

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.

The Group has applied the amendment prospectively and accordingly, has disclosed the information relating to the disposal group classified as held for sale in Note 16 to the financial statements.

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 statements of financial position for liabilities arising from financing activities.

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in statements of cash flows.

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 than 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.

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

		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021

2. BASIS OF PREPARATION (CONTINUED)

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

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

		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018/1 January 2020*
MFRS 3	Business Combinations	1 January 2019/1 January 2020*
MFRS 4	Insurances Contracts	1 January 2018
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidation Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/1 January 2019/ Deferred
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
NFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2018
<u>New IC Int</u>		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
<u>Amendments to IC Int</u>		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards.*

2. BASIS OF PREPARATION (CONTINUED)

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

The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

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.

- 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 timelier 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.

2. BASIS OF PREPARATION (CONTINUED)

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

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:

(a) identify the contracts with a customer;
(b) identify the performance obligation in the contract;
(c) determine the transaction price;
(d) allocate the transaction price to the performance obligations in the contract; and
(e) 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 statements 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 statements of financial position except for short-term and low value asset leases.

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 *Financial Instruments: Disclosure*, MFRS 119 *Employee Benefits* and MFRS 10 *Consolidated Financial Statements* because they are no longer applicable.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to 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 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

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.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

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.

The amendments also clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

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.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(a) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(b) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a *revised Conceptual Framework for Financial Reporting* and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

Estimated impact of the adoption of MFRS 9 and MFRS 15

The Group and the Company are currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

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 operate ("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 disclosure 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 Group's and the Company's 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.

3.1 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 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(a) to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

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

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

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

Changes in the Group's ownership 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(c) Associates (Continued)

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

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

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

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

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group 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 cost of investment includes transaction costs. 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(b) to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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's entities at the exchange rates prevailing at the dates of the transactions.

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

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

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

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

(b) Translation of foreign operations

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments

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

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

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

(a) Subsequent measurement

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

(i) Financial assets

<u>Financial assets at fair value through profit or loss</u>

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.

<u>Loans and receivables</u>

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(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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)

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity investments when the Group and the Company have 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(a) to the financial statements. 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.

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(a) to the financial statements.

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):

(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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(c) Regular way purchase or sale of financial assets (Continued)

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and 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 a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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 other comprehensive income 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 expired. 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 (other than leasehold land and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) 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 on buildings 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 buildings 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 self-constructed 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 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 their cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (Continued)

(c) Depreciation

Freehold land has an unlimited useful 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.

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
Leasehold buildings	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 asset.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(a) Lessee accounting (Continued)

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

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

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

(b) Lessor accounting

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

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements 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 other 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 accordance with Note 3.12(b) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Goodwill and other intangible assets (Continued)

(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 development costs are amortised on a straight-line basis over the period of 5 years during which their economic benefits are expected to be consumed. The policy for the recognition and measurement of impairment of any losses is in accordance with Note 3.12(b) to the financial statements.

(c) Intellectual properties

Intellectual properties consist of the acquisition costs of the exclusive rights of a suite of software modules, including the trademarks, licenses, copyright, source codes and associated documentation. The acquisition costs are capitalised as intangible assets as they are able to generate future economic benefits to the Group and the Company.

The intellectual properties are amortised on a straight-line basis over the period range from 10 years to 20 years during which their economic benefits are expected to be consumed. The policy for the recognition and measurement of impairment of any losses is in accordance with Note 3.12(b) to the financial statements.

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 is acquired in business combination is recognised at its fair value at the acquisition date. The education license has been acquired with the option to renew at little or no cost to the Group. As a result, this license is assessed as having an indefinite useful lives. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Goodwill and other intangible assets (Continued)

(e) Mining permits

The mining permits consist of the acquisition costs of a mineral exploration permit and a mineral mining permit. The acquisition costs are capitalised as intangible assets as they are able to generate future economic benefits to the Group.

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

Expenditures incurred in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are recognised in profit or loss.

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.

3.9 Service concession arrangements

The Group and the Company entered into various public-to-private service concession arrangements to construct, operate and maintain infrastructures used to provide a public service for a specified period of time. Under these concession arrangements, the grantor controls significant residual interest in the infrastructure at the end of the concession period.

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 receive a right (a license) to charge users of the public service;
- the financial asset model is used when 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; 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Service concession arrangements (Continued)

(a) Financial assets model

The Group and the Company account for their service concession arrangements under the financial assets model as the Group and the Company have unconditional rights 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 estimate 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 at the amount of consideration to which the Group and the Company expect to be entitled. 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 asset model

The intangible asset model is used to the extent that the Group and the Company receive 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.

The Group and the Company measure the consideration indirectly by reference to the stand-alone selling price of the construction services by reference to the costs of providing such services plus a reasonable profit margin.

The Group and the Company amortise its concession intangible asset in a way that reflects the pattern in which the asset's economic benefits are consumed by the Group and the Company, starting from the date when the right to operate begins. Based on these principles, the intangible asset is amortised in line with the actual usage of the specific public facility, up to the maximum of the duration of the concession.

Any asset carried under concession arrangements is derecognised when the contractual rights to the financial asset expire or when no future economic benefits are expected from its use or disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- 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 and deferred tax assets 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. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

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

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. 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.

<u>Available-for-sale financial assets</u>

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 there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

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

Available-for-sale financial assets (Continued)

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

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

Unquoted equity instruments carried at cost

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract works, deferred tax assets and non-current assets or disposal group classified as held for sale) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

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

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. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. 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

Ordinary shares

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 using the effective interest method.

(d) Dividend income

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

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Borrowing costs (Continued)

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 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Taxes (Continued)

(b) Deferred tax (Continued)

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.

(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 operation

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:

- represents 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Discontinued operation (Continued)

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 re-presented 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 President & 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.

3.20 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.

There were no transfers between levels of the fair value hierarchy.

3.21 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 of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 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.

3.23 Contingencies

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

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

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

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

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) 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.

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

(a) Impairment of goodwill (Continued)

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) to the financial statements.

(b) 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 26(a) to the financial statements.

(c) 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. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

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

5. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000 (AT VALUATION)	BUILDING RM'000	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	CONSTRUCTION IN PROGRESS RM'000	TOTAL RM'000
Cost/Valuation									
At 1 April 2017	1,955	36,000	29,123	60,000	47,018	9,004	140,075	13,723	336,898
Additions	–	–	–	–	389	2	7	–	398
Disposals	–	–	–	–	(471)	(2,143)	–	(69)	(2,683)
Written off	–	–	(827)	–	(2,411)	(24)	(6,711)	–	(9,973)
Reclassification	–	–	–	–	–	–	(1,774)	(7,606)	(9,380)
Exchange differences	(131)	–	(817)	–	(17)	–	(833)	(357)	(2,155)
Disposal of subsidiaries	–	–	–	–	(15,668)	(1,214)	–	–	(16,882)
At 31 March 2018	1,824	36,000	27,479	60,000	28,840	5,625	130,764	5,691	296,223
Accumulated depreciation and impairment loss									
At 1 April 2017	–	2,614	24,316	4,356	41,052	7,268	128,469	13,541	221,616
Depreciation charge for the financial year	–	871	769	1,452	1,846	671	2,595	–	8,204
Impairment loss for the financial year	–	–	3,978	–	18	27	854	1,887	6,764
Disposals	–	–	–	–	(311)	(1,927)	–	–	(2,238)
Written off	–	–	(786)	–	(2,060)	(104)	(6,236)	–	(9,186)
Reclassification	–	–	–	–	–	–	–	(9,380)	(9,380)
Exchange differences	–	–	(817)	–	(11)	–	(2,073)	(357)	(3,258)
Disposal of subsidiaries	–	–	–	–	(13,452)	(586)	–	–	(14,038)
At 31 March 2018	–	3,485	27,460	5,808	27,082	5,349	123,609	5,691	198,484
Carrying amounts									
At 31 March 2018	1,824	32,515	19	54,192	1,758	276	7,155	–	97,739

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000 (AT VALUATION)	BUILDING RM'000	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	CONSTRUCTION IN PROGRESS RM'000	TOTAL RM'000
Cost/Valuation									
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 disposal group classified as held for sale	–	–	(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
Accumulated depreciation and impairment loss									
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 disposal group classified as held for sale	–	–	(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)

COMPANY	LEASEHOLD LAND RM'000 (AT VALUATION)	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	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 2017	36,000	60,000	6,600	25,573	3,468	97,711	229,352
Additions	–	–	–	151	–	7	158
Disposals	–	–	–	(11)	(764)	–	(775)
At 31 March 2018	36,000	60,000	6,600	25,713	2,704	97,718	228,735
Accumulated depreciation and impairment loss							
At 1 April 2017	2,614	4,356	2,370	23,571	3,408	89,172	125,491
Depreciation charge for the financial year	871	1,452	497	759	36	1,463	5,078
Impairment loss for the financial year	–	–	3,733	–	–	–	3,733
Disposals	–	–	–	(6)	(764)	–	(770)
At 31 March 2018	3,485	5,808	6,600	24,324	2,680	90,635	133,532
Carrying amounts							
At 31 March 2018	32,515	54,192	–	1,389	24	7,083	95,203
Cost/Valuation							
At 1 April 2016	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	872	1,452	660	1,195	167	1,938	6,284
Disposals	–	–	–	(144)	(1,020)	–	(1,164)
Written off	–	–	–	(20)	–	–	(20)
At 31 March 2017	2,614	4,356	2,370	23,571	3,408	89,172	125,491
Carrying amounts							
At 31 March 2017	33,386	55,644	4,230	2,002	60	8,539	103,861

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Construction in progress

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

(b) Assets under finance leases

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

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Office equipment	–	58	–	–
Motor vehicles	247	1,119	–	48
Plant and machinery	1,914	2,495	1,914	2,383
	2,161	3,672	1,914	2,431

(c) Assets pledged as security

Property plant and equipment with net carrying amount of RM86,707,000 and RM86,707,000 (2017: RM89,030,000 and RM89,030,000) of the Group and of the Company have been pledged to financial institutions as security for banking facilities as disclosed in Note 19 to the financial statements.

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 19 to the financial statements.

(d) Revaluation on leasehold land and buildings

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 carrying amount of the property would have been RM37,021,710 (2017: RM38,378,280) as at the end of the reporting year.

(e) Assets held for sale

Property, plant and equipment transferred to the disposal group classified as held for sale relates to assets that are used by IRIS Land (PNG) Ltd. See Note 16 to the financial statements for details on the disposal group classified as held for sale.

6. INTANGIBLE ASSETS

GROUP	GOODWILL ON CONSOLI-DATION RM'000	DEVELOP-MENT COSTS RM'000	MINING PERMITS RM'000	INTE-LLECTUAL PROPERTIES RM'000	CON-CESSION ASSET RM'000	TOTAL RM'000
Cost						
At 1 April 2017	145,421	16,243	18,768	53,362	12,816	246,610
Additions	–	3	–	–	6,528	6,531
Written off	–	–	–	(2,400)	–	(2,400)
Disposal of subsidiaries	(15,732)	–	–	(10,571)	–	(26,303)
Exchange differences	–	–	(201)	–	–	(201)
At 31 March 2018	129,689	16,246	18,567	40,391	19,344	224,237
Accumulated amortisation and impairment loss						
At 1 April 2017	17,153	16,227	1,725	43,460	4,325	82,890
Amortisation charge for the financial year	–	4	1,050	2,618	8,616	12,288
Written off	–	–	–	(2,400)	–	(2,400)
Disposal of subsidiaries	(15,732)	–	–	(10,338)	–	(26,070)
Exchange differences	–	–	361	–	–	361
At 31 March 2018	1,421	16,231	3,136	33,340	12,941	67,069
Carrying amounts						
At 31 March 2018	128,268	15	15,431	7,051	6,403	157,168

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INTANGIBLE ASSETS (CONTINUED)

GROUP	GOODWILL ON CONSOLI-DATION RM'000	DEVELOP-MENT COSTS RM'000	MINING PERMITS RM'000	INTE-LLECTUAL PROPERTIES RM'000	CON-CESSION ASSET RM'000	TOTAL RM'000
Cost						
At 1 April 2016	145,421	16,243	15,640	53,807	–	231,111
Additions	–	–	–	–	12,816	12,816
Written off	–	–	–	(445)	–	(445)
Reclassification	–	–	786	–	–	786
Exchange differences	–	–	2,342	–	–	2,342
At 31 March 2017	145,421	16,243	18,768	53,362	12,816	246,610
Accumulated amortisation and impairment loss						
At 1 April 2016	–	16,223	–	30,357	–	46,580
Amortisation charge for the financial year	–	4	813	2,865	4,325	8,007
Impairment loss for the financial year	17,153	–	–	10,683	–	27,836
Reclassification	–	–	786	–	–	786
Written off	–	–	–	(445)	–	(445)
Exchange differences	–	–	126	–	–	126
At 31 March 2017	17,153	16,227	1,725	43,460	4,325	82,890
Carrying amounts						
At 31 March 2017	128,268	16	17,043	9,902	8,491	163,720

6. INTANGIBLE ASSETS (CONTINUED)

COMPANY	DEVELOPMENT COSTS RM'000	INTELLECTUAL PROPERTIES RM'000	CONCESSION ASSET RM'000	TOTAL RM'000
Cost				
At 1 April 2017	16,243	40,391	12,816	69,450
Additions	3	–	6,528	6,531
At 31 March 2018	16,246	40,391	19,344	75,981
Accumulated amortisation				
At 1 April 2017	16,227	30,736	4,325	51,288
Amortisation charge for the financial year	4	2,604	8,616	11,224
At 31 March 2018	16,231	33,340	12,941	62,512
Carrying amounts				
At 31 March 2018	15	7,051	6,403	13,469
Cost				
At 1 April 2016	16,243	40,391	–	56,634
Additions	–	–	12,816	12,816
At 31 March 2017	16,243	40,391	12,816	69,450
Accumulated amortisation				
At 1 April 2016	16,223	28,132	–	44,355
Amortisation charge for the financial year	4	2,604	4,325	6,933
At 31 March 2017	16,227	30,736	4,325	51,288
Carrying amounts				
At 31 March 2017	16	9,655	8,491	18,162

(a) Goodwill on consolidation

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 unit ("CGU") which is also reportable operating segment, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill on consolidation (Continued)

Impairment of goodwill (Continued)

The carrying amounts of goodwill allocated to CGU of the Group, according to operating segment is as follows:

	GROUP	
	2018	**2017**
	RM'000	**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
Less: Impairment losses	–	(17,153)
	128,268	128,268

Goodwill is 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 ten-years 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.

CGU 2 and CGU 3

In the previous financial year, impairment losses of RM17,153,000 were recognised against the carrying amounts of CGU 2 and CGU 3. Due to the corporate restructuring plan undertaken by the Group for the Koto Industrial Building Systems and Education CGUs, the directors were of the view that the goodwill arising from the CGUs were irrecoverable and therefore, fully impaired in the previous year.

6. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill on consolidation (Continued)

Impairment of goodwill (Continued)

The value-in-use calculation is most sensitive to the following key assumptions:

31.3.2018	**CGU 1**
Average gross margin	23%
Average annual decline in revenue rate	3%
Discount rate	20%

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

These key assumptions have been used for the analysis of the 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 CGU is most sensitive to the following assumptions:

- Sales volume is the forecasted annual growth rate over the ten-year projection period. It is based on the average growth levels experienced over the past ten years.
- Sales price is the forecasted annual growth rate over the ten-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 ten-year projection period. These are increased over the projection period for anticipated efficiency improvements.
- Cash flows beyond the ten-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.

(b) Development costs

The development costs are the cost incurred for developing the devices and software at the end of the reporting date.

(c) Intellectual properties

The intellectual properties mainly consist for trademarks, patents, licenses and copyright.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INTANGIBLE ASSETS (CONTINUED)

(d) Concession asset

Intangible assets model

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. The intangible asset model is used to the extent that the Group and the Company receive 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.

(e) Amortisation

The amortisation of development costs, intellectual properties and concession asset of the Group and the Company amounting to RM11,238,000 (2017: RM7,194,000) and RM11,224,000 (2017: RM6,933,000) respectively are included in cost of sales. The amortisation of the mining permits of the Group of RM1,050,000 (2017: RM813,000) is included in other operating expenses.

7. OPERATING FINANCIAL ASSETS

	GROUP AND COMPANY	
	2018 RM'000	2017 RM'000
At the beginning of the financial year	12,104	12,078
Add: Increase during the year	3,246	–
Add: Effect on accretion of interest from discounting	3,844	2,776
Less: Payment received	(4,011)	(2,750)
At the end of the financial year	15,183	12,104
Non-current	14,591	9,354
Current	592	2,750
	15,183	12,104

7. OPERATING FINANCIAL ASSETS (CONTINUED)

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

Financial assets model

(a) The Group and the Company had entered into a concession agreement with the Government of Republic of Senegal on 3 September 2007 for the Built-Own-Transfer ("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 are 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.

(b) 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 are 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.

(c) 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 are 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% (2017: 20%) per annum repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2018 RM'000	**2017 RM'000 (RESTATED)**
Unquoted shares		
At cost		
At the beginning of the financial year	275,287	256,637
Add: Additions during the financial year	–	18,650
Less: Disposal during the financial year	(8,208)	–
At the end of the financial year	267,079	275,287
Less: Accumulated impairment losses		
At the beginning of the financial year		
- as previously stated	256,515	42,773
- retrospective restatement (Note 31)	(71,865)	–
- as restated	184,650	42,773
Add: Impairment loss during the financial year	8,567	141,877
Less: Disposal during the financial year	(8,208)	–
At the end of the financial year	185,009	184,650
Carrying amounts		
At 31 March	82,070	90,637

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTERESTS 2018 %	OWNERSHIP INTERESTS 2017 %	PRINCIPAL ACTIVITIES
IRIS Technologies (M) Sdn. Bhd.	Malaysia	100	100	Dormant
IRIS Corporation North America Limited #	United States of America	100	100	Dormant
IRIS Eco Power Sdn. Bhd.	Malaysia	100	100	Provision of waste management and power and energy related systems
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 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	100	Dormant
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
IRIS Corporation (Bangladesh) Limited + *	Bangladesh	100	100	Provision of trusted identification related products, services and maintenance and business solution

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 2018 %	2017 %	PRINCIPAL ACTIVITIES
RB Biotech Sdn. Bhd.	Malaysia	66.67	66.67	Research, develop and produce hybrid rice seeds
Regal Energy Limited #	Hong Kong	100	100	Investment holding company
IRIS Cafe Kaseh Sdn. Bhd.	Malaysia	100	100	Dormant
Platinum Encoded Sdn. Bhd. #	Malaysia	–	100	Investment holding company
Formula IRIS Racing Sdn. Bhd. #	Malaysia	–	51	Dormant
Seri Stamford College Sdn. Bhd. #	Malaysia	–	73.3	Provision of academic, tertiary and professional courses
Stamford College (Malacca) Sdn. Bhd. #	Malaysia	–	75.5	Provision of academic, tertiary and professional courses
Plaman Resources Limited +	New Zealand	51	51	Involved in mining activities
Subsidiary of IRIS Agrotech Sdn. Bhd.				
Endah Farm Sdn. Bhd.	Malaysia	60	60	Dormant
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	100	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 have been used for the purpose of consolidation.*

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of additional interest in IRIS Land Sdn. Bhd.

In the previous financial year, the Group purchased an additional 40% equity interest (representing 40,000 ordinary shares) in IRIS Land Sdn. Bhd. at a price of RM2.25 per share. The Company's effective ownership in IRIS Land Sdn. Bhd. increased from 60% to 100% as a result of the additional share purchased.

(c) Disposal of subsidiaries

On 31 March 2018, the Group disposed its equity interest in four subsidiaries for a total cash consideration of RM100,003 as follows:

(i) 73.3% of the entire issued and paid up capital of Seri Stamford College Sdn. Bhd.;
(ii) 75.5% of the entire issued and paid up capital of Stamford College (Malacca) Sdn. Bhd.;
(iii) 100% of the entire issued and paid up capital of Platinum Encoded Sdn. Bhd.; and
(iv) 51% of the entire issued and paid up capital of Formula IRIS Racing Sdn. Bhd.

The effect of the disposal of the investment in subsidiaries on the financial position of the Group are as follows:

	SERI STAMFORD COLLEGE SDN. BHD. RM'000	STAMFORD COLLEGE (MALACCA) SDN. BHD. RM'000	PLATINUM ENCODED SDN. BHD. RM'000	FORMULA IRIS RACING SDN. BHD. RM'000	TOTAL RM'000
Assets					
Property, plant and equipment	2,255	83	–	506	2,844
Intangible assets	233	–	–	–	233
Deferred tax assets	20	–	–	–	20
Inventories	–	14	–	–	14
Trade and other receivables	3,485	542	1,809	54	5,890
Current tax assets	338	81	39	–	458
Cash and bank balances	28	100	21	2	151
	6,359	820	1,869	562	9,610

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Disposal of subsidiaries (Continued)

The effect of the disposal of the investment in subsidiaries on the financial position of the Group are as follows: (Continued)

	SERI STAMFORD COLLEGE SDN. BHD. RM'000	STAMFORD COLLEGE (MALACCA) SDN. BHD. RM'000	PLATINUM ENCODED SDN. BHD. RM'000	FORMULA IRIS RACING SDN. BHD. RM'000	TOTAL RM'000
Liabilities					
Trade and other payables	28,128	1,547	11,706	1,028	42,409
Hire purchase payables	173	30	–	47	250
	28,301	1,577	11,706	1,075	42,659
	(21,942)	(757)	(9,837)	(513)	(33,049)
Non-controlling interests	5,859	185	–	251	6,295
Realisation of goodwill shared by non-controlling interests	(6,371)	(213)	–	–	(6,584)
Waiver of shareholders' net advance	20,907	134	6,837	181	28,059
Fair value of net liabilities identified	(1,547)	(651)	(3,000)	(81)	(5,279)
Cash consideration receivable	(100)	–*	–*	–*	(100)
Gain on disposal of subsidiaries	(1,647)	(651)	(3,000)	(81)	(5,379)
Cash consideration received	–	–	–	–	–
Less: Cash and cash equivalents of subsidiaries disposed	(28)	(100)	(21)	(2)	(151)
Net cash outflows on disposal	(28)	(100)	(21)	(2)	(151)

* *Represent amount less than RM1,000*

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) 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 2018 %	2017 %
IRIS Koto (M) Sdn. Bhd. ("IRIS Koto")	Malaysia	49	49
Warisan Atlet (M) Sdn. Bhd.	Malaysia	51	51
RB Biotech Sdn. Bhd.	Malaysia	33.33	33.33
Formula IRIS Racing Sdn. Bhd.	Malaysia	–	49
Seri Stamford College Sdn. Bhd.	Malaysia	–	26.7
Stamford College (Malacca) Sdn. Bhd.	Malaysia	–	24.5
Plaman Resources Limited ("Plaman")	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:

NAME OF COMPANY	2018 RM'000	2017 RM'000
IRIS Koto	(19,631)	(16,775)
Weinan	(14,329)	(16,164)
Plaman	(4,279)	2,039
Other subsidiaries	(2,214)	(759)
	(40,453)	(31,659)

Profit or loss allocated to material non-controlling interests:

NAME OF COMPANY	2018 RM'000	2017 RM'000
IRIS Koto	(2,856)	(6,407)
Weinan	1,212	(21,531)
Plaman	(5,110)	(3,728)
Other subsidiaries	(1,165)	124
	(7,919)	(31,542)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) 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	PLAMAN RM'000
Summarised statements of financial position As at 31 March 2018			
Current assets	7,590	63	2,290
Non-current assets	–	–	20,390
Current liabilities	(27,653)	(41,004)	(2,687)
Net (liabilities)/assets	(20,063)	(40,941)	19,993
Summarised statements of comprehensive income Financial year ended 31 March 2018			
Revenue	267	–	–
(Loss)/Profit for the financial year	(5,828)	3,463	(10,429)
Total comprehensive (loss)/income	(5,828)	3,463	(10,429)
Summarised statements of cash flows information Financial year ended 31 March 2018			
Cash flows used in operating activities	(1,312)	(122)	(10,454)
Cash flows from investing activities	300	–	58
Cash flows from financing activities	956	–	–
Net decrease in cash and cash equivalents	(56)	(122)	(10,396)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Summarised financial information of material non-controlling interests (Continued)

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

	IRIS KOTO RM'000	WEINAN RM'000	PLAMAN RM'000
Summarised statements of financial position As at 31 March 2017			
Current assets	23,842	19,277	14,428
Non-current assets	3,377	–	18,997
Current liabilities	(41,382)	(79,854)	(538)
Non-current liabilities	(72)	–	–
Net (liabilities)/assets	(14,235)	(60,577)	32,887
Summarised statements of comprehensive income Financial year ended 31 March 2017			
Revenue	1,463	–	–
Loss for the financial year	(13,077)	(59,674)	(7,609)
Total comprehensive loss	(13,077)	(59,674)	(7,609)
Summarised statements of cash flows information Financial year ended 31 March 2017			
Cash flows from/(used in) operating activities	482	566	(5,120)
Cash flows from/(used in) investing activities	603	–	(2,287)
Cash flows (used in)/from financing activities	(990)	–	11,237
Net increase in cash and cash equivalents	95	566	3,830

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN ASSOCIATES

	GROUP		COMPANY	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At cost				
Unquoted shares	14,323	14,323	5,500	5,500
Less: Impairment losses	(1,213)	(500)	(500)	(500)
	13,110	13,823	5,000	5,000
Share of post-acquisition reserves, net of dividend received	(4,657)	(7,226)	–	–
Add: Effect to profit or loss on dilution of investment	3,357	–	–	–
	11,810	6,597	5,000	5,000

Details of associates are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2018 %	OWNERSHIP INTEREST 2017 %	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)
Neuralogy Sdn. Bhd. #	Malaysia	20	20	Research and development in electronics and IT
Associate of IRIS Agrotech Sdn. Bhd.				
Ubud Tower Sdn. Bhd.	Malaysia	50	50	Dormant
Associate of IRIS Information Technology Systems Sdn. Bhd.				
IRIS Global Blue TRS Malaysia Sdn. Bhd. (''IGB'') ^ +	Malaysia	23.9	51	To market & operate as an agent for goods & services tax refund

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

^ *The Group has no control but has significant influence over the associate.*

* *The financial year end of this associate is not coterminous with the Group. As such, for the purpose of applying equity method of accounting, the management financial statements of the associate for the financial period ended 31 March 2018 have been used.*

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

9. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information of material associates

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 RM'000	IGB RM'000
Group		
At 31 March 2018		
Assets and liabilities:		
Current assets	1,151	40,228
Non-current assets	1,330	420
Current liabilities	(605)	(6,717)
Net assets	1,876	33,931
Results:		
Profit from continuing operations	142	9,809
Other comprehensive income	–	–
Total comprehensive income	142	9,809
Included in the total comprehensive income is:		
Revenue	917	18,604
Group		
At 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 income	–	–
Total comprehensive (loss)/income	(2,052)	943
Included in the total comprehensive income is:		
Revenue	874	13,395

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information of material associates (Continued)

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 (Continued):

	MDT RM'000	IGB RM'000	TOTAL RM'000
Group			
At 31 March 2018			
Reconciliation of net assets to carrying amount:			
Share of net assets at fair value	4,000	8,823	12,823
Goodwill on acquisition	1,000	–	1,000
Cost of investment	5,000	8,823	13,823
Add: Impairment loss during the year	–	(713)	(713)
	5,000	8,110	13,110
Less: Share of post-acquisition loss	(587)	(4,070)	(4,657)
Less: Effect to profit or loss on dilution of investment	–	3,357	3,357
Carrying amount in the statements of financial positions	4,413	7,397	11,810
Group's share of results			
Group's share of profit or loss during the financial year from:			
- Continuing operations	63	2,506	2,569
Group's share of other comprehensive income	–	–	–
Group's share of total comprehensive income	63	2,506	2,569

9. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information of material associates (Continued)

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 (Continued):

	PAYSYS (M) SDN. BHD. RM'000	MDT RM'000	IGB RM'000	OTHER INDIVI-DUALLY IMMATERIAL ASSOCIATES RM'000	TOTAL RM'000
Group					
At 31 March 2017					
Reconciliation of net assets to carrying amount:					
Share of net assets at 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 loss	–	(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 during the financial year from:					
- Continuing operations	1,311	(911)	(6,576)	(499)	(6,675)
Group's share of other comprehensive loss	–	–	–	(553)	(553)
Group's share of total comprehensive income/(loss)	1,311	(911)	(6,576)	(1,052)	(7,228)

(a) Unrecognised share of losses of Ubud Tower Sdn. Bhd. and Neuralogy Sdn. Bhd.

The Group has not recognised its share of losses of Ubud Tower Sdn. Bhd. and Neuralogy Sdn. Bhd. amounting to RM19,183 (2017: RM46,875) because the Group's cumulative share of losses has exceeded its interest in the associates and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM410,750 (2017: RM391,567).

(b) Dilution of 27.1% equity interest in IRIS Global Blue TRS Malaysia Sdn. Bhd. ("IGB")

On 11 May 2017, an associate company, IGB had increased its issued and fully paid up share capital from 17,300,000 ordinary shares to 36,910,000 ordinary shares. The Company's effective ownership in IGB decreased from 51% to 23.9% as result of the dilution in the investment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information of material associates (Continued)

(b) Dilution of 27.1% equity interest in IRIS Global Blue TRS Malaysia Sdn. Bhd. ("IGB") (Continued)

Summary of the effects of dilution in the Group's ownership interest of IGB is as follows:

	RM'000
Share of net assets before dilution of investment of 51%	2,504
Share of net assets after dilution of investment of 23.9%	5,861
Gain on dilution of investment in an associate recognised in profit or loss	3,357

(c) 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 since the previous financial year.

(d) 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 since the previous financial year.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 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	(18,104)	(17,914)	(2,568)	(2,378)
	216	406	216	406

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

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

11. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax relates to the following:

GROUP	AT 1 APRIL 2017 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	DISPOSAL OF SUBSIDIARIES RM'000	AT 31 MARCH 2018 RM'000
Deferred tax liabilities:				
Property, plant and equipment	(17,895)	4,452	-	(13,443)
Deferred tax assets:				
Unused tax losses	2,196	10,434	130	12,760
Other items	780	53	(150)	683
	2,976	10,487	(20)	13,443
	(14,919)	14,939	(20)	–

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Deferred tax relates to the following (Continued):

COMPANY	AT 1 APRIL 2017 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT 31 MARCH 2018 RM'000
Deferred tax liabilities:			
Property, plant and equipment	(17,895)	4,452	(13,443)
Deferred tax assets:			
Unused tax losses	2,326	10,434	12,760
Other items	629	54	683
	2,955	10,488	13,443
	(14,940)	14,940	–

COMPANY	AT 1 APRIL 2016 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT 31 MARCH 2017 RM'000
Deferred tax liabilities:			
Property, plant and equipment	(17,895)	–	(17,895)
Deferred tax assets:			
Unused tax losses	2,326	–	2,326
Other items	629	–	629
	2,955	–	2,955
	(14,940)	–	(14,940)

Presented after appropriate offsetting as follows:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deferred tax assets	–	21	–	–
Deferred tax liabilities	–	(14,940)	–	(14,940)
	–	(14,919)	–	(14,940)

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

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Temporary differences on property plant and equipment	3,270	5,155	–	–
Unabsorbed capital allowances	9,800	8,452	–	–
Unused tax losses	122,939	92,508	–	–
Impairment for trade receivables	78,415	86,458	78,415	86,458
Provisions	30,388	22,420	30,388	22,420
	244,812	214,993	108,803	108,878
Potential deferred tax assets not recognised at 24% (2017: 24%)	58,755	51,598	26,113	26,131

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

12. INVENTORIES

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At lower of cost and net realisable value:				
Current				
Raw materials	5,788	13,859	5,021	11,957
Work-in-progress	9,790	19,754	9,782	19,746
Finished goods	9,578	38,868	9,368	37,702
	25,156	72,481	24,171	69,405

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 RM52,968,800 (2017: RM97,260,000) and RM50,655,000 (2017: RM81,867,000) respectively.

The cost of inventories of the Group and of the Company recognised as expense/(income) in cost of sales in respect of written down/(reversal of written down) of inventories to net realisable value are RM7,826,000 (2017: RM1,091,000) and RM7,968,032 (2017: RM(1,411,000)) respectively as results of technology obsolescence on certain products in trusted identification segment and decreased in sales price in certain markets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Current:				
Trade				
Third parties	224,170	308,356	189,611	252,719
Amount owing by subsidiaries	–	–	638	13,800
Amount owing by associates	272	–	272	–
Amount owing by related parties	4,044	11,931	4,044	4,711
	228,486	320,287	194,565	271,230
Less: Accumulated impairment losses				
- third parties	(91,308)	(103,778)	(77,514)	(85,557)
- amount owing by related parties	(901)	(901)	(901)	(901)
	(92,209)	(104,679)	(78,415)	(86,458)
	136,277	215,608	116,150	184,772
Current:				
Non-trade				
Other receivables	35,508	61,614	20,089	26,953
Deposits	47,846	50,298	16,804	15,688
Prepayments	1,393	1,468	1,372	1,353
Advances to suppliers	33,848	26,597	33,848	26,597
Amount owing by subsidiaries	–	–	272,112	319,103
Amount owing by associates	13	290	13	290
Amount owing by related parties	–	6	–	6
	118,608	140,273	344,238	389,990
Less: Accumulated impairment losses				
- other receivables	(27,438)	(39,894)	(14,161)	(10,262)
- deposits	(40,007)	(44,820)	(11,934)	(14,161)
- amount owing by subsidiaries	–	–	(227,725)	(248,228)
	(67,445)	(84,714)	(253,820)	(272,651)
	51,163	55,559	90,418	117,339
Total trade and other receivables	187,440	271,167	206,568	302,111

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(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 (2017: 30 to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

The Group and the Company maintain 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		COMPANY	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Neither past due nor impaired	28,899	60,286	27,878	48,209
Past due but not impaired				
- less than 3 months	20,666	52,080	16,080	51,418
- 3 to 6 months	21,775	6,818	21,618	3,432
- over 6 months	64,937	96,424	50,574	81,713
	107,378	155,322	88,272	136,563
Impaired (individually)	92,209	104,679	78,415	86,458
	228,486	320,287	194,565	271,230

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.

Include in trade receivables of the Group and the Company are amounts totalling of RM88,750,612 (2017: RM123,807,610) due from 2 (2017: 2) of its significant receivables.

Receivables that are past due but not impaired

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 are closely monitoring these receivables and are confident of their eventual recovery.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Receivables that are impaired

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

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 April	104,679	19,613	86,458	2,619
Charge for the financial year				
- Individual impairment loss	9,766	94,427	5,140	84,303
Reversal of impairment loss				
- Individual impairment loss	(13,396)	(4,695)	(13,183)	(261)
- Collective impairment loss	–	(4,666)	–	(203)
Disposal of subsidiaries	(8,840)	–	–	–
At 31 March	92,209	104,679	78,415	86,458

Trade receivables that are individually determined to be impaired at the reporting date relate to trade receivables that are in significant financial difficulties and have defaulted on payments.

(b) Amount owing by subsidiaries and associates

The trade amount owing by subsidiaries is non-interest bearing and normal credit term offered by the Company is 30 days (2017: 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 reconciliation of movement in the impairment of non-trade amount owing by subsidiaries is as follows:

	COMPANY	
	2018 RM'000	2017 RM'000
At 1 April	248,228	21,390
Charge for the financial year	9,075	226,838
Reversal for the financial year	(1,519)	–
Written off for the financial year	(28,059)	–
At 31 March	227,725	248,228

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Amounts owing by related parties

Amount owing by related parties are non-interest bearing and normal credit term offered by the Group and the Company ranging from 30 to 60 days (2017: 30 to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

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

(d) Other receivables and deposits

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

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 April	84,714	21,522	24,423	4,645
Charge for the financial year	4,542	63,192	4,278	19,778
Reversal for the financial year	(2,706)	–	(2,606)	–
Disposal of subsidiaries	(19,105)	–	–	–
At 31 March	67,445	84,714	26,095	24,423

14. AMOUNT OWING BY CONTRACT CUSTOMERS

The amount owing by contract customers is analysed as follows:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Aggregate costs incurred to date	1,743,823	1,622,627	1,678,481	1,463,048
Attributable profits	500,220	514,093	451,143	452,485
	2,244,043	2,136,720	2,129,624	1,915,533
Less: Progress billings	(2,234,668)	(2,084,352)	(2,120,263)	(1,874,748)
	9,375	52,368	9,361	40,785
Presented as follows:				
Amount owing by contract customers	9,375	52,368	9,361	40,785

The Group and the Company have written off amount owing by contract customers of RM23,723,000 (2017: RM625,000) in profit or loss during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. AMOUNT OWING BY CONTRACT CUSTOMERS (CONTINUED)

Revenue recognised in the financial year from contract customers is as follows:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue recognised in the financial year from:				
Amounts included in contract revenue during the financial year	258,514	295,741	253,457	277,325

15. CASH AND SHORT-TERM DEPOSITS

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	25,342	43,341	19,321	8,294
Short-term deposits placed with licensed banks	11,045	11,538	10,448	10,829
	36,387	54,879	29,769	19,123

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

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short-term deposits placed with licensed banks	11,045	11,538	10,448	10,829
Less: Pledged deposits	(10,238)	(10,295)	(10,238)	(10,295)
	807	1,243	210	534
Cash and bank balances	25,342	43,341	19,321	8,294
	26,149	44,584	19,531	8,828

Included in short-term deposits placed with licensed banks of the Group and of the Company is an amount of RM10,237,613 (2017: RM10,295,287) pledged to licensed banks for credit facilities granted to the Group and the Company as disclosed in Note 19 to the financial statements.

The weighted average effective interest rates of the short-term deposits at the end of the reporting date ranged from 2.75% to 13.50% (2017: 2.90% to 3.00%) per annum. The fixed deposits have maturity periods ranging from 30 days (2017: 30 days).

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

(a) Assets/(liabilities) of a disposal group classified as held for sale

In the previous financial year, 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 since the previous financial year. The transaction is expected to be completed within the next twelve months.

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.

Assets of a disposal group classified as held for sale

	GROUP	
	2018	**2017**
	RM'000	**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

	GROUP	
	2018	**2017**
	RM'000	**RM'000**
Trade and other payables	5,479	5,220

(b) Discontinued operations

(i) Discontinued property development business in Papua New Guinea

As disclosed in Note (a) above, in the previous financial year, the Group had discontinued its property development business in Papua New Guinea on 30 December 2016 and had classified the property development segment as held for sale as at 31 March 2017 and discontinued operations. The consolidated statement of comprehensive income for the financial year ended 31 March 2018 and 31 March 2017 have presented the discontinued operations separately from continuing operations.

(ii) Disposal of subsidiaries – education division

As disclosed in Note 8(c) to the financial statements, the Group had disposed four of its subsidiaries on 31 March 2018 and hence discontinued its education business. The segment was not a discontinued operation as at 31 March 2017 and the comparative statements of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

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

(b) Discontinued operations (Continued)

(iii) Analysis of the results of discontinued operations and the results recognised on the disposal group is as follows:

	PROPERTY DEVELOPMENT AND CONSTRUCTION SUB-DIVISION 2018 RM'000	EDUCATION DIVISION 2018 RM'000	TOTAL RM'000
Revenue	–	5,418	5,418
Expenses	(11,373)	(13,590)	(24,963)
Loss from operations of discontinued operations	(11,373)	(8,172)	(19,545)
Gain on disposal of subsidiaries (Note 8(c))	–	5,379	5,379
Loss before tax from discontinued operations	(11,373)	(2,793)	(14,166)
Income tax expense	–	(31)	(31)
Loss after tax for the financial year from discontinued operations, net of tax	(11,373)	(2,824)	(14,197)

	2017 RM'000	2017 RM'000	TOTAL RM'000
Revenue	–	8,365	8,365
Expenses	(9,207)	(15,395)	(24,602)
Loss before tax from discontinued operations	(9,207)	(7,030)	(16,237)
Income tax expense	–	(37)	(37)
Loss after tax for the financial year from discontinued operations, net of tax	(9,207)	(7,067)	(16,274)

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

(b) Discontinued operations (Continued)

(iv) The following items have been charged in arriving at loss before tax:

	2018 RM'000	2017 RM'000
Amortisation of intellectual properties	14	20
Auditors' remuneration	71	83
Depreciation of property, plant and equipment	380	520
Gain on disposal of subsidiaries	(5,379)	–
Impairment loss on trade and other receivables	3,528	5
Impairment loss on property, plant and equipment	861	–
Inventories written down	5,182	–
Interest expenses on hire purchase and finance lease	8	35
Staff costs:		
- salaries and other remuneration	3,624	6,518
- defined contribution plans	395	512
Unrealised loss on foreign exchange	–	2,413

(v) Cash flows from/(used in) discontinued operations:

	2018 RM'000	2017 RM'000
Net cash flows used in operating activities	(11,465)	(10,633)
Net cash flows from/(used in) investing activities	289	(736)
Net cash flows used in financing activities	(25)	(70)
	(11,201)	(11,439)

17. SHARE CAPITAL

	GROUP AND COMPANY			
	NUMBER OF ORDINARY SHARES		AMOUNT	
	2018 UNIT'000	2017 UNIT'000	2018 RM'000	2017 RM'000
Ordinary shares:				
Issued and fully paid up:				
At 1 April	2,247,184	2,077,074	448,816	311,561
Issued during the financial year	224,718	50,000	31,460	7,500
Warrants exercised	–	120,110	–	18,017
Transition to no-par value regime:				
- share premium	–	–	–	111,738
At 31 March	2,471,902	2,247,184	480,276	448,816

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. SHARE CAPITAL (CONTINUED)

The holders of ordinary 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.

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.

During the financial year, the Company issued 224,718,405 new ordinary shares pursuant to a private placement exercise at an issue price of RM0.14 per ordinary share.

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

18. OTHER RESERVES

		GROUP		COMPANY	
	NOTE	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Foreign exchange translation reserve	(a)	5,074	7,322	–	–
Revaluation reserve	(b)	36,074	37,129	11,333	12,880
		41,148	44,451	11,333	12,880

(a) 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.

(b) Revaluation reserve

The revaluation reserve represented surpluses which arose from the valuation of the property.

19. LOANS AND BORROWINGS

		GROUP		COMPANY	
		2018	2017	2018	2017
	NOTE	RM'000	RM'000	RM'000	RM'000
Non-current:					
Secured					
Term loans	(a)	59,535	88,785	59,535	88,785
Hire purchase payables	(b)	218	539	–	3
Finance lease liabilities	(c)	–	367	–	307
		59,753	89,691	59,535	89,095
Current:					
Secured					
Bankers' acceptances	(d)	–	3 ,960	–	3,960
Trade loans	(e)	–	19,256	–	19,256
Term loans	(a)	29,250	38,138	29,250	20,875
Hire purchase payables	(b)	223	933	–	66
Finance lease liabilities	(c)	281	915	281	635
Unsecured					
Bankers' acceptances	(d)	–	8,702	–	8,701
Revolving loans	(f)	15,000	20,000	15,000	20,000
		44,754	91,904	44,531	73,493
		104,507	181,595	104,066	162,588
Total loans and borrowings:					
Term loans		88,785	126,923	88,785	109,660
Hire purchase payables		441	1,472	–	69
Finance lease liabilities		281	1,282	281	942
Bankers' acceptances		–	12,662	–	12,661
Trade loans		–	19,256	–	19,256
Revolving loans		15,000	20,000	15,000	20,000
		104,507	181,595	104,066	162,588

(a) Term loans

Group and Company

Term loan 1 of RM56,250,000 (2017: RM68,750,000) bears interest at 7.00% (2017: 7.00%) per annum and is repayable by quarterly instalments of RM3,125,000 over eight years commencing from 1 December 2014 and is secured by fixed charges over the leasehold land and buildings of the Company as disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans (Continued)

Group and Company (Continued)

Term loan 2 of RM32,534,803 (2017: RM40,909,803) bears interest at 8.10% (2017: 7.81%) 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 charge and assignment of designated accounts of the Company.

In the previous financial year, term loan 3 of RM17,263,350, a term loan of a subsidiary, bore interest at 5.00% per annum and was secured by the fixed and floating charges over all the present and future assets of a subsidiary. On 17 July 2017, the Group had made an early full settlement of term loan 3. All secured assets have been discharged.

(b) Hire purchase payables

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Minimum hire purchase payments:				
- Not later than one year	239	1,047	–	64
- Later than one year and not later than 5 years	228	578	–	6
	467	1,625	–	70
Less: Future finance charges	(26)	(153)	–	(1)
Present value of hire purchase payables	441	1,472	–	69
Represented by:				
Current				
- Not later than one year	223	933	–	66
Non-current				
- Later than one year and not later than 5 years	218	539	–	3
	441	1,472	–	69

Hire purchase payables of the Group and of the Company bore effective interest rates ranging from 2.47% to 6.98% (2017: 2.47% to 6.70%) per annum at the end of the reporting period.

19. LOANS AND BORROWINGS (CONTINUED)

(c) Finance lease liabilities

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Minimum lease payments:				
- Not later than one year	291	1,031	291	756
- Later than one year and not later than 5 years	–	367	–	293
	291	1,398	291	1,049
Less: Future finance charges	(10)	(116)	(10)	(107)
Present value of minimum lease payments	281	1,282	281	942
Represented by:				
Current				
- Not later than one year	281	915	281	635
Non-current				
- Later than one year and not later than 5 years	–	367	–	307
	281	1,282	281	942

The finance lease liabilities of the Group and of the Company bore effective interest rate ranging from 4.46% to 9.41% (2017: 5.31% to 7.21%) per annum at the end of the reporting period.

(d) Bankers' acceptances

In the previous financial year, the bankers' acceptances bore effective interest rates ranging from 4.16% to 5.16% per annum.

At the end of the reporting date, the bankers' acceptances were 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

In the previous financial year, the trade loans bore effective interest rates ranging from 3.40% to 6.47% per annum at the end of the financial year.

At the end of the reporting date, the trade loans were 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.

19. LOANS AND BORROWINGS (CONTINUED)

(f) Revolving loans

The revolving loans bore effective interest rate at 5.80% (2017: 5.06%) 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.

20. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
		2018	2017	2018	2017
	NOTE	RM'000	RM'000	RM'000	RM'000
Current:					
Trade					
Third parties	(a)	128,200	113,698	106,327	94,487
Amount owing to subsidiaries	(b)	–	–	84,827	103,640
		128,200	113,698	191,154	198,127
Non-trade					
Other payables		35,244	68,247	10,895	15,198
Deposits		49,205	57,202	47,503	57,202
Accruals		71,931	65,642	67,205	52,114
Amount owing to subsidiaries	(b)	–	–	71,057	81,818
		156,380	191,091	196,660	206,332
Total trade and other payables		284,580	304,789	387,814	404,459

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company ranging from 30 to 120 days (2017: 30 to 120 days).

(b) Amount owing to subsidiaries

The trade amount owing is subject to the normal trade credit terms ranging from 30 to 90 days (2017: 30 to 90 days). The amount owing is expected to be settled in cash.

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

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 26(b)(ii) to the financial statements.

21. REVENUE

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000 (RESTATED)	2018 RM'000	2017 RM'000
Continuing operations				
Contract revenue	258,514	295,741	253,457	277,325
Sale of goods and services	76,178	133,569	61,499	125,682
	334,692	429,310	314,956	403,007

22. FINANCE COSTS

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000 (RESTATED)	2018 RM'000	2017 RM'000
Continuing operations				
Interest expense on:				
- bankers' acceptances	–	1,032	–	1,032
- hire purchase and finance lease	249	369	218	225
- term loans	7,037	11,561	7,324	9,526
- revolving loans	894	1,250	894	1,250
- trade loans	347	2,185	347	2,155
- others	245	455	190	455
	8,772	16,852	8,973	14,643

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. LOSS BEFORE TAX

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

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000 (RESTATED)	2018 RM'000	2017 RM'000 (RESTATED)
Continuing operations				
Auditors' remuneration:				
- audit services				
- current year	624	379	356	208
- prior year	135	47	100	28
- other services	10	10	10	10
Amortisation of concession asset	8,616	4,325	8,616	4,325
Amortisation of development costs	4	4	4	4
Amortisation of intellectual properties	2,604	2,845	2,604	2,604
Amortisation of mining permits	1,050	813	–	–
Amount owing by contract customers written off	23,723	625	23,723	625
Bad debts written off	2,120	–	2,120	–
Depreciation of property, plant and equipment	7,824	13,040	5,078	6,284
Directors' fee	474	693	474	693
Directors' remuneration:				
- salaries and other remuneration	655	1,248	655	1,248
- defined contribution plans	64	133	64	133
Dividend income	–	–	–	(43,150)
Effect of accretion of interest on operating financial assets	(3,844)	(2,776)	(3,844)	(2,776)
Gain on disposal/dilution of investment in associate	(3,357)	(11,503)	–	(4,186)
Gain on disposal of subsidiaries	–	–	(100)	–
Gain on disposal of property, plant and equipment	(568)	(274)	(252)	(217)
Impairment loss on amount owing from related parties	–	901	–	901
Impairment loss on amount owing from subsidiaries	–	–	9,075	226,838
Impairment loss on available-for-sale investment	190	14,555	190	–
Impairment loss on goodwill on consolidation	–	17,153	–	–
Impairment loss on intellectual properties	–	10,683	–	–
Impairment loss on investment in associates	713	–	–	–
Impairment loss on investment in subsidiaries	–	–	8,567	141,877
Impairment loss on property, plant and equipment	6,764	55,175	3,733	–
Impairment loss on trade and other receivables	14,308	156,713	9,418	103,180
Inventories written down	8,299	1,091	7,968	–
Interest income	(372)	(623)	(323)	(484)
Investment in associates written off	–	989	–	989
Investment deposit written off	–	100	–	100

23. LOSS BEFORE TAX (CONTINUED)

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

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(RESTATED)		**(RESTATED)**
Continuing operations (Continued)				
Loss/(Gain) on foreign exchange:				
- realised	(4,168)	4,615	(4,411)	(4,652)
- unrealised	21,174	(24,065)	22,418	(20,631)
Property, plant and equipment written off	787	1,067	–	–
Reversal of impairment loss on investment in associates	–	(500)	–	(500)
Reversal of impairment loss on amount owing from subsidiaries	–	–	(1,519)	–
Reversal of impairment loss on trade and other receivables	(16,102)	(9,361)	(15,789)	(464)
Reversal of inventories written down	(473)	–	–	(1,411)
Staff costs:				
- salaries and other remuneration	42,162	52,121	27,775	38,166
- defined contribution plans	4,139	4,794	2,589	3,120

24. INCOME TAX (CREDIT)/EXPENSE

The major components of income tax (credit)/expense for the financial years ended 31 March 2018 and 31 March 2017 are as follows:

	GROUP		COMPANY	
	2018 RM'000	**2017 RM'000 (RESTATED)**	**2018 RM'000**	**2017 RM'000**
Statements of comprehensive income				
Continuing operations				
Current income tax:				
Taxation in Malaysia:				
- current year	2,670	4,431	–	3,575
- prior years	(3,619)	2,568	(3,575)	2,584
	(949)	6,999	(3,575)	6,159
Taxation outside Malaysia:				
- prior years	5,111	484	5,111	484
	5,111	484	5,111	484
Deferred tax:				
(Reversal)/Origination of temporary differences	(14,939)	130	(14,940)	–
	(14,939)	130	(14,940)	–
Income tax (credit)/expense attributable to continuing operations	(10,777)	7,613	(13,404)	6,643
Income tax expense attributable to discontinued operations (Note 16(b))	31	37	–	–
Income tax (credit)/expense recognised in profit or loss	(10,746)	7,650	(13,404)	6,643

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

24. INCOME TAX (CREDIT)/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	
	2018 RM'000	2017 RM'000 (RESTATED)	2018 RM'000	2017 RM'000 (RESTATED)
Loss before tax				
- Continuing operations	(128,050)	(299,795)	(128,648)	(436,481)
- Discontinued operations	(14,166)	(16,237)	–	–
	(142,216)	(316,032)	(128,648)	(436,481)
Tax at Malaysian statutory income tax rate of 24% (2017: 24%)	(34,132)	(75,848)	(30,876)	(104,755)
Adjustments:				
Income not subject to tax	(9,372)	(1,010)	(4,105)	(1,010)
Non-deductible expenses	27,955	83,777	24,640	111,897
Deferred tax not recognised on tax losses and temporary differences	7,157	(466)	(18)	(2,557)
Tax effect on share of results of associates	617	(1,602)	–	–
Adjustment in respect of income tax of prior years	(3,619)	2,568	(3,575)	2,584
Adjustment in respect of deferred tax of prior years	(4,210)	–	(4,210)	–
Crystalisation of revaluation reserves	(253)	(253)	(371)	–
Taxation outside Malaysia	5,111	484	5,111	484
Income tax (credit)/expense	(10,746)	7,650	(13,404)	6,643

25. LOSS PER SHARE

(a) Basic loss per ordinary share

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

	GROUP	
	2018 RM'000	2017 RM'000 (RESTATED)
Loss attributable to owners of the Company:		
- Continuing operations	(110,427)	(275,730)
- Discontinued operations	(13,124)	(16,410)
	(123,551)	(292,140)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. LOSS PER SHARE (CONTINUED)

(a) Basic loss per ordinary share (Continued)

	GROUP	
	2018 UNIT'000	**2017 UNIT'000**
Weighted average number of ordinary shares for basic loss per share	2,412,183	2,232,699
Basic loss per ordinary share (sen):		
- Continuing operations	(4.58)	(12.35)
- Discontinued operations	(0.54)	(0.73)
	(5.12)	(13.08)

(b) Diluted loss per ordinary share

The basic and diluted loss per ordinary shares is the same as the Company has no dilutive potential ordinary shares.

26. 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"); and
(iii) Other financial liabilities ("FL").

	CARRYING AMOUNT RM'000	**L&R/ (FL) RM'000**	**AFS RM'000**
Group			
As 31 March 2018			
Financial assets			
Operating financial assets	15,183	15,183	–
Available-for-sale financial assets	216	–	216
Trade and other receivables #	151,210	151,210	–
Amount owing by contract customers	9,375	9,375	–
Cash and short-term deposits	36,387	36,387	–
	212,371	212,155	216
Financial liabilities			
Loans and borrowings	(104,507)	(104,507)	–
Trade and other payables *	(284,384)	(284,384)	–
	(388,891)	(388,891)	–

26. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	CARRYING AMOUNT RM'000	L&R/ (FL) RM'000	AFS RM'000
Company			
As 31 March 2018			
Financial assets			
Operating financial assets	15,183	15,183	–
Available-for-sales financial assets	216	–	216
Trade and other receivables #	170,993	170,993	–
Amount owing by contract customers	9,361	9,361	–
Cash and short-term deposits	29,769	29,769	–
	225,522	225,306	216
Financial liabilities			
Loans and borrowings	(104,066)	(104,066)	–
Trade and other payables *	(387,617)	(387,617)	–
	(491,683)	(491,683)	–
Group			
As 31 March 2017			
Financial assets			
Operating financial assets	12,104	12,104	–
Available-for-sale financial assets	406	–	406
Trade and other receivables #	242,784	242,784	–
Amount owing by contract customers	52,368	52,368	–
Cash and short-term deposits	54,879	54,879	–
	362,541	362,135	406
Financial liabilities			
Loans and borrowings	(181,595)	(181,595)	–
Trade and other payables *	(304,512)	(304,512)	–
	(486,107)	(486,107)	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	CARRYING AMOUNT RM'000	L&R/ (FL) RM'000	AFS RM'000
Company			
As 31 March 2017			
Financial assets			
Operating financial assets	12,104	12,104	–
Available-for-sales financial assets	406	–	406
Trade and other receivables #	300,440	300,440	–
Amount owing by contract customers	40,785	40,785	–
Cash and short-term deposits	19,123	19,123	–
	372,858	372,452	406
Financial liabilities			
Loans and borrowings	(162,588)	(162,588)	–
Trade and other payables *	(404,183)	(404,183)	–
	(566,771)	(566,771)	–

\# *Excluded prepayments, advances to suppliers and GST refundable.*
* *Excluded GST payable.*

(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 use derivative financial instruments to hedge certain exposures and do not trade in financial instruments.

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

(i) Credit risk

Trade and other receivables

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

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade and other receivables (Continued)

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

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

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 13 to the financial statements. 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 is 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, associates and related parties in determining the recoverability of these intercompany balances.

26. 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
		2018		2017
	RM'000	%	RM'000	%
Trusted identification and payment and transportation	137,502	91	205,112	84
Sustainable development, food, agro and koto industrialised building systems	12,525	8	28,039	12
Environment and renewable energy	6	–	806	–
Others	1,177	1	8,827	4
	151,210	100	242,784	100

				COMPANY
		2018		2017
	RM'000	%	RM'000	%
Trusted identification and payment and transportation	167,850	98	296,629	99
Sustainable development, food, agro and koto industrialised building systems	3,143	2	3,811	1
	170,993	100	300,440	100

Other financial assets

For other financial assets (including cash and cash equivalents), 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.

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

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 Nil (2017: RM17,263,350) representing the maximum amount of the Company could pay if the guarantee is called on as disclosed in Note 26(b)(ii) to the financial statements. As at the reporting date, there was no indication that the subsidiary would default on repayment.

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

(ii) Liquidity risk

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

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds from operational collections 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.

The Group and the Company assess the liquidity position and the viability of the Group's and the Company's funding plans to meet the repayment obligations of its borrowings and other current liabilities which are due in next 12 months, which includes funds raised through private placements and collections from significant receivables subsequent to year end.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

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:

	CARRYING AMOUNT RM'000	CONTRACTUAL CASH FLOWS ON DEMAND OR WITHIN 1 YEAR RM'000	BETWEEN 1 AND 5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
Group					
At 31 March 2018					
Trade and other payables*	284,384	284,384	–	–	284,384
Hire purchase payables	441	239	228	–	467
Financial lease liabilities	281	291	–	–	291
Term loans	88,785	34,610	65,539	–	100,149
Revolving loans	15,000	15,870	–	–	15,870
	388,891	335,394	65,767	–	401,161
At 31 March 2017					
Trade and other payables*	304,512	304,512	–	–	304,512
Hire purchase payables	1,472	1,047	578	–	1,625
Financial lease liabilities	1,282	1,031	367	–	1,398
Term loans	126,923	40,808	95,000	–	135,808
Revolving loans	20,000	21,012	–	–	21,012
Trade loans	19,256	20,206	–	–	20,206
Bankers' acceptances	12,662	13,252	–	–	13,252
	486,107	401,868	95,945	–	497,813
Company					
At 31 March 2018					
Trade and other payables*	387,617	387,617	–	–	387,617
Financial lease liabilities	281	291	–	–	291
Term loans	88,785	34,610	65,539	–	100,149
Revolving loans	15,000	15,870	–	–	15,870
	491,683	438,388	65,539	–	503,927

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

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 (Continued):

		CONTRACTUAL CASH FLOWS			
	CARRYING AMOUNT RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	BETWEEN 1 AND 5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
Company					
At 31 March 2017					
Trade and other payables*	404,183	404,183	–	–	404,183
Hire purchase payables	69	64	6	–	70
Financial lease liabilities	942	756	293	–	1,049
Term loans	109,660	22,336	95,000	–	117,336
Revolving loans	20,000	21,012	–	–	21,012
Trade loans	19,256	20,206	–	–	20,206
Bankers' acceptances	12,661	13,251	–	–	13,251
Financial guarantee contracts	–	17,263	–	–	17,263
	566,771	499,071	95,299	–	594,370

* *Excluded GST payable.*

(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 and purchases that are denominated in 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. 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.

26. 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial assets and liabilities not held in functional currencies				
Trade and other receivables				
US Dollar	79,822	102,259	79,703	102,259
Euro	44,195	73,949	44,195	73,949
Egyptian Pound	551	81	551	81
Others	3,407	13,196	8,775	13,196
	127,975	189,485	133,224	189,485
Cash and short-term deposits				
US Dollar	3,316	2,438	3,316	2,438
Euro	4,307	1,097	4,307	1,097
Egyptian Pound	316	611	316	611
	7,939	4,146	7,939	4,146
Trade and other payables				
US Dollar	(65,244)	(65,041)	(65,244)	(65,041)
Euro	(5,708)	(21,179)	(5,708)	(21,179)
Egyptian Pound	(15)	(29)	(15)	(29)
Others	(687)	(266)	(687)	(266)
	(71,654)	(86,515)	(71,654)	(86,515)

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to United States Dollar ("USD"), Euro, Egyptian Pound and Chinese Renminbi.

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk (Continued)

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

GROUP	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
31 March 2018			
US Dollar	+10%	1,789	1,789
	-10%	(1,789)	(1,789)
Euro	+10%	4,279	4,279
	-10%	(4,279)	(4,279)
Egyptian Pound	+10%	85	85
	-10%	(85)	(85)
Others	+10%	272	272
	-10%	(272)	(272)
31 March 2017			
US Dollar	+10%	3,966	3,966
	-10%	(3,966)	(3,966)
Euro	+10%	5,387	5,387
	-10%	(5,387)	(5,387)
Egyptian Pound	+10%	66	66
	-10%	(66)	(66)
Others	+10%	1,293	1,293
	-10%	(1,293)	(1,293)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk (Continued)

COMPANY	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
31 March 2018			
US Dollar	+10%	1,778	1,778
	-10%	(1,778)	(1,778)
Euro	+10%	4,279	4,279
	-10%	(4,279)	(4,279)
Egyptian Pound	+10%	85	85
	-10%	(85)	(85)
Others	+10%	809	809
	-10%	(809)	(809)
31 March 2017			
US Dollar	+10%	3,966	3,966
	-10%	(3,966)	(3,966)
Euro	+10%	5,387	5,387
	-10%	(5,387)	(5,387)
Egyptian Pound	+10%	66	66
	-10%	(66)	(66)
Others	+10%	1,293	1,293
	-10%	(1,293)	(1,293)

(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 results 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.

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iv) Interest rate risk (Continued)

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 RM'000	EFFECT ON EQUITY RM'000
Group			
31 March 2018	+1%	(475)	(475)
	-1%	475	475
31 March 2017	+1%	(1,101)	(1,101)
	-1%	1,101	1,101
Company			
31 March 2018	+1%	(475)	(475)
	-1%	475	475
31 March 2017	+1%	(928)	(928)
	-1%	928	928

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, amount owing by contract customers, 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 and available-for-sale financial assets 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 (2017: no transfer in either directions).

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

The following table provides the fair value measurement hierarchy of the Group's and of the Company's financial instruments:

	CARRYING AMOUNT TOTAL RM'000	FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			
		FAIR VALUE			
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Group					
31 March 2018					
Financial assets					
Operating financial assets	15,183	–	–	15,183	15,183
Financial liabilities					
Hire purchase payables	(441)	–	–	(448)	(448)
Finance lease liabilities	(281)	–	–	(264)	(264)
Term loans (fixed)	(56,250)	–	–	(54,679)	(54,679)
31 March 2017					
Financial assets					
Operating financial assets	12,104	–	–	12,104	12,104
Financial liabilities					
Hire purchase payables	(1,472)	–	–	(1,625)	(1,625)
Finance lease liabilities	(1,282)	–	–	(1,398)	(1,398)
Term loans (fixed)	(68,750)	–	–	(70,675)	(70,675)
Company					
31 March 2018					
Financial assets					
Operating financial assets	15,183	–	–	15,183	15,183
Financial liabilities					
Finance lease liabilities	(281)	–	–	(264)	(264)
Term loans (fixed)	(56,250)	–	–	(54,679)	(54,679)
31 March 2017					
Financial assets					
Operating financial assets	12,104	–	–	12,104	12,104
Financial liabilities					
Hire purchase payables	(69)	–	–	(70)	(70)
Finance lease liabilities	(942)	–	–	(1,049)	(1,049)
Term loans (fixed)	(68,750)	–	–	(70,675)	(70,675)

26. 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.

27. CAPITAL COMMITMENTS

Capital commitments

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

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Capital expenditures approved and contracted for:				
- Plant and equipment	36	7,538	36	7,538

28. RELATED PARTIES

(a) Identification 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.

28. 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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Sales				
Subsidiaries	–	–	9,159	9,868
Associates	854	29	854	989
Related parties	1,116	7,829	1,116	7,829
	1,970	7,858	11,129	18,686
Purchases				
Subsidiaries	–	–	(1)	(4,109)
Disposed subsidiaries	–	–	(20)	–
Associates	–	(60)	–	(60)
Related parties	–	–	–	–
	–	(60)	(21)	(4,169)
Rental income				
Subsidiaries	–	–	461	461
Related party	–	63	–	63
	–	63	461	524
Maintenance fees charged				
Associates	–	(960)	–	–
Management fee income				
Subsidiary	–	–	240	240
Rental expenses				
Subsidiary	–	–	(393)	(954)

28. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	GROUP		COMPANY	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	1,544	1,855	1,544	980
Post-employment employee benefits	125	361	125	361
	1,669	2,216	1,669	1,341

29. 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 2018 and 31 March 2017.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The gearing ratio as at the reporting date are as follows:

		GROUP		COMPANY	
		2018	2017	2018	2017
	NOTE	RM'000	RM'000	RM'000	RM'000
Trade and other payables	20	284,580	304,789	387,814	404,459
Loan and borrowings	19	104,507	181,595	104,066	162,588
Total debts		389,087	486,384	491,880	567,047
Total equity		153,366	256,499	(1,464)	82,320
Gearing ratio		254%	190%	N/A	689%

There was no change in the Group's and the Company's approach to capital management during the financial year.

The Company is required to comply with certain debts equity ratios in respect of its term loans.

Gearing ratios are not governed by the MFRSs and their definitions and calculations may vary between reporting entities.

30. 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 President & Group Managing Director 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, transportation and other related Trusted Identification's devices and equipments
Property development and 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 and 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.

Segment profit
Segment performance is used to measure performance as the President & Group Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets
The total of segment asset is measured based on all assets (excluding investment in associates, deferred tax assets and tax recoverable) of a segment, as included in the internal reports that are reviewed by the President & Group Managing Director.

Segment liabilities
Segment liabilities are not included in the internal reports that are reviewed by the President & Group Managing Director, hence no disclosures are made on segment liabilities.

30. SEGMENT INFORMATION (CONTINUED)

		CONTINUING OPERATIONS						DISCONTINUED OPERATIONS		
			SUSTAINABLE DEVELOPMENT DIVISION							
2018	NOTES	TRUSTED IDENTIFICATION DIVISION RM'000	PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION RM'000	FOOD & AGRO TECHNOLOGY SUB-DIVISION RM'000	ENVIRONMENT & RENEWABLE ENERGY SUB-DIVISION RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	TOTAL CONTINUING OPERATIONS RM'000	PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION RM'000	EDUCATION DIVISION RM'000	TOTAL RM'000
Revenue:										
Revenue from external customers		327,326	5,425	1,941	–	–	334,692	–	5,418	340,110
Inter-segment revenue	A	–	–	–	–	(393)	(393)	–	393	–
		327,326	5,425	1,941	–	(393)	334,299	–	5,811	340,110
Results										
Operating results		56,194	(6,708)	(22,255)	–	–	27,231	(12)	(1,345)	25,874
Interest income		325	10	37	–	–	372	–	–	372
Other operating income		34,643	1,408	1,793	851	100	38,795	–	435	39,230
Gain on disposal of subsidiaries		100	-	-	–	(100)	–	–	5,379	5,379
Depreciation and amortisation		(16,362)	(1,538)	(2,198)	–	–	(20,098)	–	(394)	(20,492)
Amount owing by contract customers written off		(23,723)	–	–	–	–	(23,723)	–	–	(23,723)
Reversal of/(Allowance for) impairment loss of trade and other receivables		2,976	(772)	(410)	–	–	1,794	(3,528)	–	(1,734)
Inventories written down		(7,495)	(163)	(168)	–	–	(7,826)	(5,182)	–	(13,008)
Impairment loss on property, plant and equipment		–	(1,945)	(3,733)	(1,086)	–	(6,764)	(861)	–	(7,625)
Unrealised loss on foreign exchange		(21,174)	–	–	–	–	(21,174)	–	–	(21,174)
Interest expense		(9,021)	(7)	(31)	287	–	(8,772)	–	(8)	(8,780)
Administrative and operating expenses		(57,482)	(16,733)	(16,892)	(307)	–	(91,414)	(1,790)	(6,860)	(100,064)
Reportable segment profit/(loss)		(41,019)	(26,448)	(43,857)	(255)	–	(111,579)	(11,373)	(2,793)	(125,745)
Unallocated corporate expenses	B	–	–	–	–	(19,040)	(19,040)	–	–	(19,040)
Share of results of associates	B	–	–	–	–	2,569	2,569	–	–	2,569
Segment (loss)/profit		(41,019)	(26,448)	(43,857)	(255)	(16,471)	(128,050)	(11,373)	(2,793)	(142,216)
Income tax expense		10,777	–	–	–	–	10,777	–	(31)	10,746
(Loss)/Profit for the financial year		(30,242)	(26,448)	(43,857)	(255)	(16,471)	(117,273)	(11,373)	(2,824)	(131,470)
Assets:										
Investments in associates		11,810	–	–	–	–	11,810	–	–	11,810
Addition to capital expenditure		326	–	–	1	–	327	–	71	398
Segment assets	C	688,827	8,932	73,167	26,048	(247,077)	549,897	–	–	549,897

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. SEGMENT INFORMATION (CONTINUED)

2017	NOTES	CONTINUING OPERATIONS: TRUSTED IDENTIFICATION DIVISION RM'000	CONTINUING OPERATIONS: SUSTAINABLE DEVELOPMENT DIVISION: PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION RM'000	CONTINUING OPERATIONS: SUSTAINABLE DEVELOPMENT DIVISION: FOOD & AGRO TECHNOLOGY SUB-DIVISION RM'000	CONTINUING OPERATIONS: SUSTAINABLE DEVELOPMENT DIVISION: ENVIRONMENT & RENEWABLE ENERGY SUB-DIVISION RM'000	CONTINUING OPERATIONS: ADJUSTMENTS AND ELIMINATIONS RM'000	CONTINUING OPERATIONS: TOTAL CONTINUING OPERATIONS RM'000	DISCONTINUED OPERATIONS: PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION RM'000	DISCONTINUED OPERATIONS: EDUCATION DIVISION RM'000	TOTAL RM'000
Revenue:										
Revenue from external customers		372,876	48,276	7,408	750	–	429,310	–	8,365	437,675
Inter-segment revenue	A	–	507	–	–	(1,461)	(954)	–	954	–
		372,876	48,783	7,408	750	(1,461)	428,356	–	9,319	437,675
Results										
Operating results		47,133	(25,783)	(20,815)	367	–	902	(1,831)	506	(423)
Interest income		490	–	122	–	–	612	–	11	623
Dividend income		43,150	–	–	–	(43,150)	–	–	–	–
Other operating income		13,566	166	388	4,514	–	18,634	3	1,455	20,092
Depreciation and amortisation		(14,301)	(2,952)	(2,896)	(812)	(66)	(21,027)	(232)	(308)	(21,567)
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 property,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		(102,716)	(36,831)	984	(7,028)	(3,066)	(148,657)	–	(5)	(148,662)
Unrealised gain on foreign exchange		24,065	–	–	–	–	24,065	–	(2,413)	21,652
Interest expense		(14,673)	(104)	(40)	(2,035)	–	(16,852)	–	(35)	(16,887)
Administrative and operating expenses		(5,320)	(4,130)	(21,312)	(4,126)	3,144	(31,744)	(7,147)	(6,241)	(45,132)
Reportable segment loss		(8,606)	(88,621)	(45,249)	(61,284)	(67,873)	(271,633)	(9,207)	(7,030)	(287,870)
Other income	B	–	–	–	–	10,395	10,395	–	–	10,395
Share of results of associates	B	–	–	–	–	(6,675)	(6,675)	–	–	(6,675)
Unallocated corporate expenses	B	–	–	–	–	(31,882)	(31,882)	–	–	(31,882)
Segment loss		(8,606)	(88,621)	(45,249)	(61,284)	(96,035)	(299,795)	(9,207)	(7,030)	(316,032)
Income tax expense		(7,613)	–	–	–	–	(7,613)	–	(37)	(7,650)
Loss for the financial year		(16,219)	(88,621)	(45,249)	(61,284)	(96,035)	(307,408)	(9,207)	(7,067)	(323,682)
Assets:										
Investments in associates		6,597	–	–	–	–	6,597	–	–	6,597
Addition to capital expenditure		467	415	211	–	–	1,093	537	747	2,377
Segment assets	C	724,792	39,935	127,328	52,389	(209,493)	734,951	10,940	21,789	767,680

30. SEGMENT INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue, profit or loss, assets and other material items are as follows:

A Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

B Reconciliation of profit or loss

	2018 RM'000	2017 RM'000
Share results of associates	2,569	(6,675)
Unallocated amounts:		
- other income	–	10,395
- other corporate expenses	(19,040)	(31,882)
	(16,471)	(28,162)

C Reconciliation of assets

	2018 RM'000	2017 RM'000
Investment in associates	(11,810)	(6,597)
Inter-segment assets	(235,267)	(202,896)
	(247,077)	(209,493)

30. SEGMENT INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue, profit or loss, assets and other material items are as follows: (Continued)

C Reconciliation of assets (Continued)

Geographical information

Revenue and non-current assets (excluding deferred tax assets and financial instruments) information based on the geographical location of customers are as follows:

GROUP	REVENUE RM'000	SEGMENT ASSETS RM'000
31 March 2018		
Malaysia	63,428	249,460
African Region	240,589	–
Asia Pacific	18,097	2
North America	14,761	–
Oceania and Europe	3,235	17,255
	340,110	266,717
31 March 2017		
Malaysia	173,208	266,602
African Region	233,279	–
Asia Pacific	13,938	–
North America	15,105	–
Oceania and Europe	2,145	18,997
	437,675	285,599

Information about major customers

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

	2018 RM'000	2017 RM'000	SEGMENTS
Customer A	132,580	131,842	Trusted identification
Customer B	88,751	68,029	Trusted identification
	221,331	199,871	

31. RETROSPECTIVE RESTATEMENT

Certain figures for the financial year ended 31 March 2017 have been adjusted on the impairment loss provided on investment in a subsidiary of the Company.

As such, the audited financial statements for the financial year ended 31 March 2017 of the Company was restated during the financial year.

The quantitative impact on the financial statements are disclosed below:

COMPANY	AS PREVIOUSLY REPORTED RM'000	ADJUST-MENT RM'000	AS RESTATED RM'000
Statement of Financial Position			
As at 31 March 2017			
Non-current assets			
Investment in subsidiaries	18,772	71,865	90,637
Accumulated losses	(451,241)	71,865	(379,376)
Statement of Comprehensive Income			
For the financial year ended			
31 March 2017			
Other expenses	(549,429)	71,865	(477,564)

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Material litigations

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

The lawsuit commenced on 24 February 2015. 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" against the Government of United States of America. It is alleged that United States of America ("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.

In February 2016, the Government filed a petition with the United States Patent and Appeals Board ("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 put on hold. At the time the litigation was put on hold, the proceedings was still in the discovery phase.

Appeal filed by Department of Justice ("DOJ") on 17 August 2017 requesting for rehearing to PTAB against the dismissal of their Petition earlier was dismissed by PTAB on 22 January 2018. As such, main proceedings which is the infringement proceedings itself will commence soon.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(a) Material litigations (Continued)

(i) IRIS Corporation Berhad ("ICB") vs The Government of the United States (Continued)

However, the US Government had on 14 June 2018, filed another motion to dismiss ICB's First Amended Complaint. ICB then filed Plaintiff's Opposition to Motion to dismiss the US Government motion on 3 July 2018. The US Government to file its reply on/or before 24 July 2018.

(ii) IRIS Technologies (M) Sdn. Bhd. ("ITSB") and 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 ("EGM") (Turkey)

The JVCO's claim for unlawful termination by EGM and payment for the balance amount of (Turkish Lira) TL6,195,000 (equivalent to RM9,014,221) due to JVCO for works completed was rejected. 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. The JVCO to pay TL5,053.84 (equivalent to RM7,354) as expenses arising from their performance of the contract and loss suffered by EGM. 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 Company was informed that a decision was declared on 16 September 2014 and was duly served on the JVCO on 28 January 2015.

The Judgment were as follows:
1. The JVCO's claim for unlawful termination by EGM and payment for the balance amount of (Turkish Lira) TL6,195,000 (equivalent to RM9,014,221) due to the JVCO for works completed was rejected.
2. EGM's claim for the refund of monies paid to the JVCO for the completion of Phase 1 (delivery of hardware and equipment) of the Project to the amount of TL6,195,000 (equivalent to RM9,014,221) was allowed and declared that the JVCO had to return the said amount to EGM with interest.
3. The JVCO to pay TL5,053.84 (equivalent to RM7,354) as compensation for loss suffered by EGM; and
4. EGM's claim of TL49,761.53 (equivalent to RM72,407) as expenses arising from their performance of the contract and loss due to the termination was allowed and the JVCO was ordered to pay the said amount as compensation.

The judgment is pending enforcement against the JVCO.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(a) Material litigations (Continued)

(iii) IRIS Corporation Berhad ("ICB") vs IQPR Sdn. Bhd. (High Court of Pulau Pinang Saman Pemula No: 24FC-230-04/2015)

ICB had 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.

The 3rd Auction was fixed on 6 June 2018 at a reserve price of RM3,880,000 and the auctioneer appointed was Eng Sitt Tatt of M/S Landmarks Auctioneers Sdn Bhd. The Auction on 6 June 2018 was aborted as there were no interested bidders. An application to fix the 4th Auction date was filed in court on 26 July 2018, pending extraction of the sealed copy of the application from court.

(iv) Saudi Arabia Quad Communication & Security Solutions vs IRIS Corporation Berhad ("ICB")

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.

On 29 December 2015, Quad via its solicitors issued a Notice of Demand (NOD) to ICB claiming they sum of USD3,477,552 allegedly payable to them under the Supply & Services Agreement.

On 16 February 2016, ICB disputed the claims and did not make any payments. Quad via its solicitors filed a suit against ICB in the Riyadh Court. ICB has appointed Messrs Adel Yousef Al-Atalah based in Riyadh to represent ICB.

The Hearing on 7 May 2018 was adjourned by the court to 28 May 2018 pending translation of documents. The Hearing on 28 May 2018 was adjourned by the Court to 27 August 2018 for primary judgment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(a) Material litigations (Continued)

(v) In the High Court of Malaya at Kuala Lumpur Suit No. WA-22NCVC-126-03/2017; 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") and (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 Built-Own-Transfer ("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.

In addition to the above claims, the Plaintiff also alleges that ICB interfered with the contractual relations between the Plaintiff and it's employee, Sylla (who is also the 5th defendant) by recruiting Sylla to assist ICB directly in dealing with the Government of the Republic of Guinea. The Plaintiff does not make a specific claim for damages for this allegation which arises out of the same facts as the Conspiracy Claim.

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.

The parties have filed Bundle of Pleadings, Issues to be Tried, Plaintiff and Defendants' Summary of Case, Common Bundle of Documents and List of Witnesses. The Court fixed 27 September 2018 as final Case Management for parties to file Witness Statement on/or before the case management date and full trial has been fixed on 16 October 2018 to 19 October 2018.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(b) Disposal of subsidiaries - education division

The Company had entered into a Share Sale Agreement ("SSA") with Regal Rotary Sdn. Bhd. on the disposal of entire equity interests of four subsidiaries as follows for a total cash consideration RM100,003:

(i) Seri Stamford College Sdn. Bhd.;
(ii) Stamford College (Malacca) Sdn. Bhd.;
(iii) Platinum Encoded Sdn. Bhd.; and
(iv) Formula IRIS Racing Sdn. Bhd.

In accordance with the SSA, the effective disposal date is on 31 March 2018.

33. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END

(a) Proposed private placement exercise

On 14 June 2018, the Company had entered into a subscription agreement with Dato' Sri Robin Tan Yeong Ching, Dato' Poh Yang Hong and Dato' Rozabil @ Rozamujib Bin Abdul Rahman for the proposed issuance and allotment of 494,380,400 new ordinary shares, representing approximately 20% of the total number of issued shares of the Company, at an issue price of RM0.12 per subscription share to be satisfied in cash.

(b) Disposal of the entire equity interest in a subsidiary, Regal Energy Limited

On 26 July 2018, the Company had entered into a Shares Sales Agreement ("SSA") with Speedy K-Gital Co., Ltd. ("the Purchaser"), a company incorporated in Kingdom of Cambodia, to dispose its entire 100% equity interest in Regal Energy Limited ("REL") for a total cash consideration of RM1.

REL is holding 65% of the equity interest in Weinan IRIS Envirowerks Zhouji Renewable Resources Co., Ltd. ("Weinan"), a company incorporated in the People's Republic of China.

The disposal is completed on 26 July 2018 as the Purchaser had fully settled the sale consideration upon execution of the SSA. Consequently, REL and Weinan had ceased to be subsidiaries of the Group.

STATEMENT **BY DIRECTORS**
(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

We, DATO' POH YANG HONG and DATUK NIK AZMAN BIN MOHD ZAIN, being two of the directors of IRIS CORPORATION BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 60 to 173 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 2018 and of their financial performance and cash flows for the financial year then ended.

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

DATO' POH YANG HONG
Director

DATUK NIK AZMAN BIN MOHD ZAIN
Director

Kuala Lumpur

Date: 26 July 2018

STATUTORY DECLARATION
(PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

I, H'NG BOON HARNG, 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 accompanying financial statements set out on pages 60 to 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.

H'NG BOON HARNG
MIA membership no.: 15998

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 26 July 2018.

Before me,

TAN KIM CHOOI
License No. W661
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IRIS CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IRIS Corporation Berhad, which comprise the statements of financial position as at 31 March 2018 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 60 to 173.

In our opinion, 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 2018, 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 Opinion

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 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.

ABILITY TO MEET SHORT TERM OBLIGATIONS (NOTE 26(b)(ii) TO THE FINANCIAL STATEMENTS)

As at 31 March 2018, the Group's and the Company's current liabilities exceeded its current assets by RM68,405,000 and RM152,478,000 respectively.

The Group's policies and processes for the management of liquidity risk is disclosed in Note 26(b)(ii) to the financial statements. The Group's assessment on the liquidity position and the viability of the Group's funding plans to meet the repayment obligations of its short-term borrowings and other current liabilities which are due in the next 12 months was an area of focus as the assessment requires the exercise of significant judgement by the Group on assumptions supporting the cash flows forecasts.

Our response:

Our audit procedures included, among others:

- reviewing the cash flows forecasts approved by the Board of Directors and the key assumptions to assess their reasonableness and the achievability of the forecasts;
- testing the mathematical accuracy of the cash flows forecasts;
- performing stress tests analysis for a range of reasonable possible scenarios; and
- discussing with management and understanding the Group's executed funding plans, including funds raised through private placements and collections from significant receivables subsequent to year end.

Key Audit Matters (Continued)

GOODWILL (NOTE 4(a) AND 6 TO THE FINANCIAL STATEMENTS)

The carrying value of the Group's goodwill amounted to RM128,268,000 as at 31 March 2018. 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 flows forecasts which include future sales, gross profit margins and operating expenses.

Our response:

Our audit procedures focused on evaluating the cash flows forecasts and the Group's forecasting procedures which included, among others:

- assessing the appropriateness of the 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 key assumptions to assess their reasonableness and the achievability of the forecasting;
- testing the mathematical accuracy of the impairment assessment; and
- performing stress tests analysis around the key assumptions that are expected to be more sensitive to the recoverable amount.

TRADE AND OTHER RECEIVABLES (NOTE 4(b) AND 13 TO THE FINANCIAL STATEMENTS)

The carrying amounts of trade and other receivables of the Group and of the Company amounted to RM187,440,000 and RM206,568,000 respectively as at 31 March 2018.

We focused on this area because the Group and the Company made judgements over both the events or changes in circumstances indicating that trade and other receivables may be impaired and the estimation of the size of any such impairment. The trade and other receivables are monitored individually by the Group and the Company and therefore the impairment is assessed based on the knowledge of each individual receivable.

Our response:

Our audit procedures included, among others:

- discussing with the Group's management on the recoverability of the trade receivables and other receivables;
- checking the history of cash payments from the trade and other receivables, including subsequent to financial year end cash receipts from the trade and other receivables; and
- understanding the major contracts and agreements with the debtors, if any.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IRIS CORPORATION BERHAD
(INCORPORATED IN MALAYSIA) (CONT'D)

Key Audit Matters (Continued)

INVENTORIES (NOTE 4(c) AND 12 TO THE FINANCIAL STATEMENTS)

The carrying amounts of the Group's and the Company's inventories amounted to RM25,156,000 and RM24,171,000 respectively. The Group's and the Company's inventories are measured at the lower of cost or net realisable values. Judgement is required in estimating their net realisable values and identifying slow-moving inventories.

Our response:

Our audit procedures included, among others:

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

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. We have nothing to report in this regard.

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.

Responsibilities of the Directors for the Financial Statements (Continued)

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IRIS CORPORATION BERHAD
(INCORPORATED IN MALAYSIA) (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

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 8 to the financial statements.

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: 26 July 2018

ANALYSIS OF SHAREHOLDINGS
AS AT 6 JULY 2018

SHARE CAPITAL

Total Number of Issued Shares	:	2,471,902,462 Ordinary Shares
Issued Share Capital	:	RM480,276,495
Class of Shares	:	Ordinary Shares
Voting Rights	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	178	1.05	5,218	0.00
100 to 1,000	1,314	7.78	862,414	0.03
1,001 to 10,000	6,097	36.12	39,402,958	1.59
10,001 to 100,000	7,395	43.81	297,285,482	12.03
100,001 to less than 5% of issued shares	1,892	11.21	1,504,821,504	60.88
5% and above of issued shares	3	0.02	629,524,886	25.47
Total	**16,879**	**100.00**	**2,471,902,462**	**100.00**

STATEMENT OF DIRECTORS' SHAREHOLDINGS

	DIRECT		INDIRECT	
NAME OF DIRECTORS	NO. OF SHARES	%	NO. OF SHARES	%
Datuk Nik Azman Bin Mohd Zain	–	–	–	–
Dato' Poh Yang Hong	17,000,000	0.690	253,718,405	*10.260
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	–	–	270,031,405	^10.924
Dato' Dr. Abu Talib Bin Bachik	–	–	–	–
Chan Feoi Chun	–	–	–	–
Hussein Bin Ismail	–	–	–	–

Notes:

* *Deemed interest by virtue of his shareholdings in Caprice Development Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

^ *Deemed interest by virtue of his shareholdings in Caprice Development Sdn Bhd, R Capital Sdn Bhd and Mazer Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

ANALYSIS OF SHAREHOLDINGS
AS AT 6 JULY 2018 (CONT'D)

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	DIRECT		INDIRECT	
NAME OF SHAREHOLDERS	**NO. OF SHARES**	**%**	**NO. OF SHARES**	**%**
Dato' Poh Yang Hong	17,000,000	0.690	253,718,405	*10.260
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	–	–	270,031,405	^10.924
Caprice Development Sdn Bhd	253,718,405	10.260	–	–
Felda Investment Corporation Sdn Bhd	375,806,481	15.203	–	–
Federal Land Development Authority	–	–	375,806,481	#15.203

Notes:
- * *Deemed interest by virtue of his shareholdings in Caprice Development Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*
- ^ *Deemed interest by virtue of his shareholdings in Caprice Development Sdn Bhd, R Capital Sdn Bhd and Mazer Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*
- \# *Deemed interested by virtue of its interests in Felda Investment Corporation Sdn. Bhd. pursuant to Section 8 of the Act.*

THIRTY (30) LARGEST SHAREHOLDERS AS AT 6 JULY 2018

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank Islamic Berhad For Felda Investment Corporation Sdn Bhd	240,526,200	9.730
2	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Caprice Development Sdn Bhd (PBCL-0G0486)	224,718,405	9.090
3	Felda Investment Corporation Sdn Bhd	135,280,281	5.472
4	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Versatile Paper Boxes Sdn Bhd (PJCAC)	78,855,667	3.190
5	MCS Microsystems Sdn Bhd	65,333,333	2.643
6	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	55,661,200	2.251
7	Citigroup Nominees (Asing) Sdn Bhd CBLDN For Polunin Emerging Market Small Cap Fund, LLC	42,669,790	1.726
8	HSBC Nominees (Asing) Sdn Bhd Exempt An For BNP Paribas Singapore Branch (A/C Client-FGN)	39,280,556	1.589
9	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Caprice Development Sdn Bhd (PB)	29,000,000	1.173

THIRTY (30) LARGEST SHAREHOLDERS AS AT 6 JULY 2018 (CONTINUED)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
10	Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Emerging Markets Value Fund	21,281,900	0.860
11	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Amanah International Finance Sdn Bhd For Lee Kwee Hiang	21,170,000	0.856
12	Lee Haw Shyang	21,000,000	0.849
13	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Poh Yang Hong	17,000,000	0.687
14	Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	16,133,500	0.652
15	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	16,047,400	0.649
16	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Ling Hee Keat (MY0437)	16,000,000	0.647
17	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Jaganath Derek Steven Sabapathy	15,000,000	0.606
18	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Thian Cheong Meng (E-TMI)	14,349,700	0.580
19	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Koon Wai (E-SPG)	13,561,400	0.548
20	Gan Kok Wee	13,550,000	0.548
21	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Lee Mee (E-TMI)	13,295,200	0.537
22	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koh Boon Poh (008)	11,654,500	0.471
23	Citigroup Nominees (Asing) Sdn Bhd CBHK PBGSGP For Sunnyvale Holdings Ltd	11,000,000	0.445
24	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For R Capital Sdn Bhd	10,713,000	0.433

ANALYSIS OF SHAREHOLDINGS
AS AT 6 JULY 2018 (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 6 JULY 2018 (CONTINUED)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
25	RHB Capital Nominees (Asing) Sdn Bhd Pledged Securities Account For Ioannis Koromilas	10,017,500	0.405
26	Gan Kok Hong	9,790,000	0.396
27	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koo Weng Seng (7003217)	9,589,100	0.387
28	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Stuart Saw Teik Siew	9,500,000	0.384
29	RHB Capital Nominees (Tempatan) Sdn Bhd Phua Sin Mo	9,000,000	0.364
30	Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limited (Client A/C-NR)	8,909,000	0.360
Total		**1,199,887,632**	**48.541**

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

24th AGM

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth (24th) Annual General Meeting ("24th 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 Friday, 28 September 2018 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 2018 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note 1)**

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

   (a) Datuk Nik Azman Bin Mohd Zain **Resolution 1**

   (b) Dato' Dr. Abu Talib Bin Bachik **Resolution 2**

3. To approve the payment of Directors' Fees and allowances amounting to RM571,600.00 for the financial year ended 31 March 2018. **Resolution 3**

4. To approved the Directors' Fees and allowances of up to RM700,000.00 from 1 April 2018 until the next Annual General Meeting. **Resolution 4**

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

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 6**

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING (CONT'D)

24th AGM

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

"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 2018, 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. **AUTHORITY FOR MR. CHAN FEOI CHUN TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **Resolution 8**

"THAT pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, approval be and is hereby given for Mr. Chan Feoi Chun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting.

9. 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 2018

NOTES

1. A member of the Company entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person appointed by the Registrar of Companies.

2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.

3. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

4. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), as defined under the Securities Industry (Central Depositories) Act, 1991 there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.

7. The duly completed Form of Proxy must be deposited at the registered office of the Company at HMC Corporate Services Sdn Bhd, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. 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.

8. General Meeting Record of Depositors

   For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 24 September 2018. Only a depositor whose name appears on the Record of Depositors as at 24 September 2018 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING (CONT'D)

24th AGM

EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

1. **Item 1 of the Agenda - Audited Financial Statement for the Financial Year Ended 31 March 2018**

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

2. **Ordinary Resolution 6 - Authority to Issue and Allot Shares pursuant to Section 76 of the Companies Act, 2016**

   The proposed Ordinary Resolution 6 is intended to renew the authority granted to the Directors of the Company at the Twenty-Third Annual General Meeting of the Company held on 6 September 2017 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.

3. **Ordinary Resolution 7 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   The proposed Resolution 7, 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 2018 for further information.

4. **Ordinary Resolutions 8 – Authority for Mr. Chan Feoi Chun to Continue in Office as Independent Non-Executive Directors of the Company Pursuant to the Malaysian Code On Corporate Governance 2017 ("MCCG")**

   Mr. Chan Feoi Chun was appointed as an Independent Non-Executive Director of the Company on 23 January 2009 and has therefore served for more than nine (9) years. However, he has met the independence criteria as set out in Chapter 1 of the AMLR. The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as Independent Non-Executive Director, and pursuant to Practice 4.2 of the MCCG, the Board will seek the approval of the shareholders at the Twenty-Fourth Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

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

   (a) Datuk Nik Azman Bin Mohd Zain (Article 86)
   (b) Dato' Dr. Abu Talib Bin Bachik (Article 86)
   (c) Mr. Chan Feoi Chun (Practice 4.2 of MCCG)

   The details of the above Directors seeking re-election are set out in the Profile of Board of Directors as disclosed on pages 18 and 19 of this Annual Report.

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IRIS
Bringing Solutions to Life
IRIS CORPORATION BERHAD (302232-X)
(Incorporated in Malaysia)

PROXY FORM

I/We ____________________ NRIC No./Company No. ____________________
(FULL NAME IN BLOCK LETTERS)

of ____________________
(FULL ADDRESS)

being a member/members of IRIS CORPORATION BERHAD, hereby appoint the following person(s) or failing him, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Twenty-Fourth (24th) Annual General Meeting ("24th 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 Friday, 28 September 2018 at 11.00 a.m. and any adjournment thereof:

	NAME OF PROXY, NRIC NO. & ADDRESS	NO. OF SHARES TO BE REPRESENTED BY PROXY
1.	Name NRIC No. Address	
2.	Name NRIC No. Address	

NO.	RESOLUTIONS		FOR	AGAINST
1.	Re-election of Datuk Nik Azman Bin Mohd Zain.	**Resolution 1**		
2.	Re-election of Dato' Dr. Abu Talib Bin Bachik.	**Resolution 2**		
3.	Approval of the Directors' fees and allowances amounting to RM571,600.00 in respect of the financial year ended 31 March 2018.	**Resolution 3**		
4.	Approval of the Directors' fees and allowances of up to RM700,000.00 from 1 April 2018 until the next Annual General Meeting.	**Resolution 4**		
5.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 5**		
6.	Authority to allot and issue shares pursuant to Section 76 of the Companies Act 2016.	**Resolution 6**		
7.	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.	**Resolution 7**		
8.	Authority for Mr. Chan Feoi Chun to continue in Office as Independent Non-Executive Director.	**Resolution 8**		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the Resolutions specified in the Notice of Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

NUMBER OF SHARES		CDS A/C NO.	

DATE ____________________

SIGNATURE OF MEMBER(S)/SEAL ____________________

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AFFIX
POSTAGE
HERE

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

www.iris.com.my

FOLD HERE

6. A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.

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