IRIS
CORPORATION
BERHAD
199401016552
(302232-X)

ANNUAL REPORT 2020

IRIS
Bringing Solutions to Life

IRIS CORPORATION BERHAD
199401016552 (302232-X)

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CONTENTS

VISION

Global leader in Trusted ID solutions that are Innovative, Relevant, Intelligent & Secure (IRIS)

MISSION

To continuously deliver innovative and customised solutions with our Business Partners

OVERVIEW OF IRIS

Founded in 1994, IRIS Corporation Berhad (ACE Market: IRIS) is an MSC-status technology innovator and leading provider of Trusted Identification (ID) products and solutions. Backed by a team committed to delivering innovation, we designed the world's first ePassport for the Government of Malaysia in March 1998. We went on to upgrade and improve the ePassport by creating the IRIS eGate which automatically authenticates ePassport and IRIS ePassport Renewal Kiosk (KiPPas).

With 26 years of experience and expertise, IRIS is now a dedicated end-to-end global integrated solutions provider for eID, ePassport, eVisa, Automated Border Control (ABC), smart cards, secure documents, mobile attendance, access control with facial recognition, mobile quarantine and other Trusted ID solutions that are highly reliable, secure and holistic.

As an established player in Trusted ID, IRIS has significant international presence in 34 countries where we provide unrivalled service. Every day, our experienced, agile and adaptive team delivers viable, secure and comprehensive solutions to suit the needs of our customers around the world while being grounded by our core values of collaboration, integrity, innovation, trust and accountability.

Qualified with multiple global ISO accreditations and honoured with numerous awards, IRIS innovates continuously by leveraging existing, disparate technologies and integrating them with new ideas to bring to life new solutions that will change the world for the better while promoting Malaysian innovations globally.

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

IRIS SOLUTIONS PORTFOLIO

GOVERNMENT
ID Solution
Passport Solution
eVisa Solution
Border Control Solution
Digital ID Solution
Secure Document Solution
geoTIME Quarantine

ENTERPRISE
Smart Payment Card Solution
Secure Document Solution
Smart Devices
geoTIME Attendance
geoTIME Access

PRESIDENT AND GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

DEAR STAKEHOLDERS,

At the start of Financial Year 2020 (FY2020), IRIS implemented our new strategic roadmap and we worked assiduously to strengthen our Trusted ID (Identification) business based on our recalibrated corporate vision and mission. We focused on putting our customers at the heart of everything we do to create customer-centric Trusted ID solutions and formed synergistic partnerships to deliver value to all stakeholders. Our relentless efforts paid off resulting in another year of profit and launching of new innovative solutions.

However, towards the end of FY2020, our nation and the world faced an unprecedented health crisis with Covid-19. This global pandemic impacted the world economy and forced us to adapt to "the new norm" in our work, life and social interactions.

During this challenging period, our IRIS employees were the nucleus that drove our organization. Although the Group had to suspend our business operations during the Movement Control Order (MCO) on 18 March – 3 May 2020, our employees worked from home to ensure business continuity and to maintain close communication with our clients and business partners by supporting them virtually.

When IRIS fully resumed business operations on 4 May 2020, we were cognisant of the potential business challenges and liquidity crunch that IRIS had to face. From 1 June 2020 onwards, the Management implemented a range of austerity measures to preserve our cash flow and ensure the long-term sustainability of our business. These measures include freezing recruitment and reducing remuneration for IRIS employees. The Board's directors, in support of the austerity measures, have voluntarily undertake a 25% cut in director fees.

The Covid-19 pandemic will continue to pose major challenges to the Group in FY2021.

Our top 3 priorities will be to:

- Ensure the health, safety and wellbeing of our employees
- Ensure business sustainability
- Manage cash flow by implementing aggressive cost-saving measures

We have dedicated people and resources to form an internal Covid-19 core team to ensure that we are in constant dialogue to manage the impact of Covid-19 on our employees, clients and business partners.

GROUP FINANCIAL PERFORMANCE

Even though we operated in a highly competitive market environment in FY2020, we managed to deliver our targets and achieved another year of profit. The Group recorded a revenue of RM229.6 million in FY2020 compared to RM229.2 million in FY2019.

For FY2020, the Group posted Profit Before Tax (PBT) of RM18.4 million as compared to FY2019 PBT of RM40.8 million. The higher PBT in FY2019 is mainly attributable to the reversal of impairment loss in trade receivables as a result of diligent debt management.

Trusted ID achieved a higher revenue of RM226.5 million in FY2020 as compared to FY2019 revenue of RM224.1 million due to higher delivery of ePassport and smart cards. Profit After Tax (PAT) for Trusted ID division decreased by 59% to RM38.5 million compared to PAT of RM93.4 million in FY2019. As highlighted above, the higher PAT in FY2019 is due to the reversal of impairment loss in trade receivables.

The Sustainable Development division posted a lower revenue of RM3.1 million in FY2020 compared to FY2019's RM5.1 million. This non-core business division narrowed the Loss After Tax (LAT) by 89% in from RM41.9 million in FY2019 to RM4.6 million in FY2020. The significant drop in the LAT is mainly due to completion of most of the projects under this division coupled with continuous cost rationalisation exercise which contributed to cost savings.

IRIS is expected to continue to derive revenues from the on-going Trusted ID projects in Africa, Asia and North America regions and gain new revenue streams with our latest geoTIME suite of solutions. However, the unprecedented global outbreak of the Covid-19 pandemic had affected both domestic and international economy. We expect the on-going Covid-19 pandemic to continue affecting the Group's performance to deliver existing sales orders and pursue new business opportunities in the coming financial year. In order to mitigate the impact on IRIS, various initiatives have been implemented to accelerate business activities and improve operational efficiency to protect the Group's profitability.

GROUP REVENUE

+ 0.2%

FY2020

RM229.6 million

FY2019	RM229.2 million

PROFIT AFTER TAX

− 73%

FY2020

RM10 million

FY2019	RM37.5 million

SHAREHOLDER EQUITY

+ 5.0%

FY2020

RM286.2 million

FY2019	RM272.6 million

PRESIDENT AND GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUED

SUMMARY OF FINANCIAL INFORMATION

	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
REVENUE	**229,587**	229,237	334,692	429,310	476,311
Profit/(Loss) before taxation	**18,393**	40,816	(122,940)	(299,795)	(12,192)
Profit/(Loss) after taxation	**9,974**	37,507	(112,163)	(307,408)	(33,090)
Total Equity attributable to owners of the Company	**286,165**	272,581	179,743	274,082	550,029
Current assets	**247,772**	266,416	266,083	457,871	671,869
Non-current assets	**240,155**	249,247	271,330	293,154	404,710
Total assets	**487,927**	515,663	537,413	751,025	1,076,579
Current liabilities	**193,154**	231,072	334,091	406,010	383,902
Non-current liabilities	**29,464**	34,607	59,753	104,631	154,833
Total liabilities	**222,618**	265,679	393,844	510,641	538,735
Net assets	**265,309**	249,984	143,569	240,384	537,844

KEY RATIO	BASIS					
Pre-tax profit/(loss) margin	(%)	**8.01**	17.81	(36.73)	(69.83)	(2.56)
Post-tax profit/(loss) margin	(%)	**4.34**	16.36	(33.51)	(71.61)	(6.95)
Basic earnings/(loss) per share	(sen)	**0.46**	1.40	(5.12)	(12.28)	(1.17)
Net assets per share	(sen)	**9.65**	9.19	7.27	12.20	26.48
Total borrowings to equity ratio	(%)	**10.92**	19.80	58.14	66.26	49.96

Note: Revenue, profit/(loss) before taxation and profit/(loss) after taxation represent performance of continuing operations only.

STRENGTHENING TRUSTED ID

WITH THE RENEWED FOCUS AND REINFORCEMENT OF OUR TRUSTED ID BUSINESS, WE ARE TARGETING FURTHER INCREASE IN REVENUE BY:

- Partnering with strategic technology providers to deliver new solutions
- Expanding our global footprint
- Cultivating long-term client relationships

STRENGTHENING TRUSTED ID (CONTINUED)

In 2003, IRIS worked with Nigeria to launch Africa's first e-Passport with biometrics. Since then, we have supplied more than 12 million ePassports to our longest continuous client Nigeria. In addition, IRIS is still delivering ePassports to Senegal and Guinea since 2007 and 2013, respectively.

Total passport market is expected to grow at 22.1% Compound Annual Growth Rate (CAGR) from 2018 through 2028, to more than USD19.5 billion according to a news report from Future Market Insights (FMI). Growth in the market is being driven by protocols being implemented by regulatory bodies such as International Civil Aviation Organisation (ICAO) to improve border security, as well as by smart airport initiatives leveraging biometrics and other technologies.

Biometrics, identity verification and data security are increasingly prevalent, accentuating the need for governments and enterprises around the world to place more emphasis on facial recognition and building trust in digital solutions. Trusted ID solution providers like IRIS, sit at the crux of the digital economy.

Given the growing focus on digital economy, there are significant new opportunities in digital ID and mobile applications. According to McKinsey Global Institute, extending full digital ID coverage could unlock economic value up to 13% of Gross Domestic Product (GDP) in 2030, with just over half of the potential economic value potentially accruing to individuals. Realizing this value is by no means certain or automatic – it necessitates multiple high-value use cases and high levels of usage – and not all of these potential sources of economic value may translate into GDP. Yet, with careful system design and policies to promote uptake and mitigate risks, digital ID could be a powerful key to inclusive growth, offering quantifiable economic value to individuals, beyond significant non-economic benefits.

The World Bank estimated that 1.0 billion people lack ID and can benefit from having digital ID. In addition, digital ID also offers value for the rest of the world's 6.6 billion people, who either have some form of identification but with limited ability to use it in the digital world or are active online but find it hard to keep track of their digital footprint securely and efficiently.

Drawing on our expertise and experience, we remain steadfast to seize these market opportunities by unveiling our new ID For Life (ID4L) solution. This new digital ID solution is an innovative platform for users to manage and share their digital credentials securely and conveniently online or via mobile.

Despite the growing digital ID market, demand for ID cards are still strong and we continue to supply various types of ID cards to Malaysia, Brunei, Canada, Bhutan, Senegal, Zanzibar and Sri Lanka. In FY2020, we delivered more than 1 million eID cards to Sri Lanka and 2 million eID cards to Senegal.

In tandem with digital ID market expansion, demand for contactless identity verification systems using facial recognition is also expected to grow from just over USD3 billion in 2019 to more than USD12 billion by 2026 according to Global Market Insights. Homeland security, criminal investigation, access control, surveillance and security, and large public venue management are the largest markets for facial biometrics by application.

To capture this opportunity, we created geoTIME, a flexible and powerful suite of solutions using advance anti-spoofing facial recognition technology.

The geoTIME Access solution was deployed during the 2020 Asia Pacific Economic Cooperation (APEC) summit meetings across Malaysia. Using geoTIME Access, APEC attendees were able to remotely register themselves prior to the event by submitting selfies or copies of their photos together with required information. On event days, attendees need only present their face for a quick scan to pick up their ID badges and also to obtain authorised access to the relevant meeting rooms. APEC meeting organisers were able to centrally control, manage and non-intrusively track attendee access, attendance, participation, and also collect useful data/insights for increasing security and determining popularity of meeting sessions.

In addition to geoTIME Access, we also offer geoTIME Attendance and geoTIME Quarantine. IRIS is currently piloting deployment of geoTIME Quarantine to break the Covid-19 virus chain of spread by people who need to be quarantined in the Philippines. This solution was developed to assist authorities and agencies responsible for managing, preventing and controlling outbreaks of major infectious diseases by digitalising quarantine processing and improving enforcement. It uses biometric facial recognition with anti-spoofing for identification and geofencing technology to manage and restrict movement of Persons Under Quarantine (PUQ).

PRESIDENT AND GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUED

CORPORATE DEVELOPMENTS

I would like to report on the following corporate developments exercise that were carried out during this financial year:

a) Disposal of the entire equity interest in a subsidiary, IRIS Land (PNG) Limited

On 7 May 2019, the Company entered into a Shares Sales Agreement with Prior Vital Sdn. Bhd. (Company No. 1273016-T), a company incorporated in Malaysia, to dispose of its entire equity interests in IRIS Land (PNG) Limited ("ILPNG"), a wholly-owned subsidiary of the Group, which is incorporated in Papua New Guinea, for a total cash consideration of RM1.00 only. Consequently, ILPNG ceased to be the subsidiary of the Group.

b) Voluntary winding up of Plaman Resources Limited and its subsidiaries

Plaman Resources Limited ("Plaman"), a company incorporated in New Zealand, had on 13 June 2019, passed a shareholders' special resolution to wind up Plaman by way of voluntary liquidation and had appointed Conor McElhinney and Andrew Grenfell of the firm McGrath Nicol, of Auckland New Zealand as joint and several liquidators for the purpose of winding up of the affairs and distributing the assets of Plaman, where necessary.

Plaman was incorporated on 13 February 2014 and is a jointly-controlled entity with 51% equity owned by the Company.

The voluntary liquidation is not expected to have any material impact on the earnings and net assets of the Group and the Company as the investment in Plaman had been fully impaired in the previous financial year and the Company does not provide any corporate guarantee to Plaman.

c) Capital reduction in IRIS Global Blue TRS Malaysia Sdn. Bhd.

IRIS Global Blue TRS Sdn. Bhd. ("IGB") had on 14 February 2019 passed a special resolution whereas its existing paid-up share capital was approved to be reduced from RM36,910,000 divided into 36,910,000 ordinary shares (collectively the "IGB Shares" and each an "IGB Share") to RM1,000 divided into 1,000 IGB shares, by cancelling the paid-up share capital of RM36,909,000 divided into 36,909,000 IGB Shares, and by effecting a capital repayment of RM27,000,000 in cash to the shareholders of those 36,909,000 IGB Shares which are being cancelled, representing approximately RM0.73 for each existing IGB Share which is being cancelled, rounded to the nearest RM10 for each shareholder.

On 2 July 2019, the Group received the Notice of Confirming Reduction of IGB Share from Companies Commission of Malaysia dated 24 June 2019. After the completion of the capital reduction, IGB had ceased to become an associate of the Group.

THE WAY FORWARD

After a challenging FY2020, the Board and Management are cautiously optimistic on the outlook for IRIS.

The Covid-19 crisis is expected to have far reaching impact on the economy, with many uncertainties as the crisis continues to unfold. The Group remains committed to mitigate as much as possible the impacts on the business by continued implementation of safety and health standard operating procedures to prevent infection, aligning our commercial strategies to adapt to the new reality, and keeping a very tight rein on our cost base. This should ensure that the Group is well placed when economic activities normalise and the industry recovers.

Governments and companies are forced to adapt to a new normal during this unprecedented time and searching for technology to assist in fighting this pandemic. Based on this market need, IRIS integrated advance anti-spoofing facial integration to swiftly introduce geoTIME Quarantine for the Philippine government and geoTIME Access with thermal imaging cameras for schools, businesses and governments to accurately identify individuals with elevated body temperatures. During MCO, our IRIS employees were using our latest geoTIME Attendance mobile solution to clock in/out when they were working from home to efficiently maintain attendance records.

THE WAY FORWARD (CONTINUED)

The Malaysian Government is also pursuing technology with strong focus on digitalisation under the 11th Malaysia Plan. IRIS is ready to support Malaysia's digital transformation with our extensive experience and technology expertise in holistic, secure and seamless integration with border control, digital ID and eKYC solutions.

With geographic growth and rapid technology disruptions, it's critical that our employees enhance their competencies and improve their collaborative skills. In FY2020, we conducted agile methodology learning sessions for all executives in IRIS. Since then, we've engaged with these executives to continuously use agile processes to bring changes and flexibility in the business quickly to better serve our clients and capture new business opportunities.

The Management places equal importance on steering the Group to achieve its financial targets and continue our leadership in responsible business practices. In line with our focus on sustainability, IRIS is presently undergoing the ISO 14001:2015 Environmental Management System (EMS) audit and aims to receive the certification in FY2021. ISO 14001:2015 is an internationally agreed standard that sets out the requirements for an Environmental Management System (EMS).

It helps organizations improve their environmental performance through more efficient use of resources and reduction of waste, gaining a competitive advantage and the trust of stakeholders. From reducing waste to managing events in a more sustainable manner, we aspire to create a culture with a sense of responsibility towards our environment and society to create a better future, and a better planet.

The Group has also laid a strong foundation for a sustainable, responsible business built on the tenets of good corporate governance and trustworthiness. Guided by the MACC Act 2018, IRIS has put in place adequate procedures which include Anti-Bribery and Anti-Corruption Policy, No Gift Policy, Whistleblowing Policy, and other related policies and procedures.

The Group will deliver on our strategy while being equally resolute to behaving with the highest standards of integrity, developing a future-ready workforce and staying focused on delivering customer-centric solutions.

NOTE OF APPRECIATION

On behalf of IRIS, I would like to express our deep appreciation to Malaysia's first responders, enforcement agencies and government authorities working steadfastly and determinedly to eradicate Malaysia of this Covid-19 pandemic.

The Group certainly could not have achieve the successes that we have, without the full support and encouragement of our various stakeholders. My heartfelt thanks and appreciation to fellow Board members, to our supportive shareholders, to our resilient management team and to our steadfast clients and business partners, all of whom show optimism and unwavering support as we strive for growth.

On behalf of the Board and Management, I would like to thank all our employees for their commitment to help IRIS weather this crisis and their adherence to SOP to keep everyone working in IRIS safe from Covid-19. Our employees' commitment, vigilance and unbridled dedication make all the difference.

We've all felt the COVID-19 impact, and how this pandemic has radically changed our lives, the world, and our business. We will get through this together by supporting each other and be a better and stronger IRIS as a result of it. Together, we will face the challenges of changing business environments post Covid-19 head on with optimism, tenacity and resilience.

I am confident that we have the right strategic focus, people and resources to deliver continued growth, future-proof our business and shape a sustainable future together.

DATO' POH YANG HONG
PRESIDENT AND GROUP MANAGING DIRECTOR

OUR TRUSTED ID FOOTPRINT

As an established player in Trusted Identification, IRIS has a significant international presence in **34 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.

1 **ASIA**

1 Afghanistan
2 Bahrain
3 Bangladesh
4 Bhutan
5 Brunei
6 Cambodia
7 India
8 Indonesia
9 Kazakhstan
10 Malaysia
11 Maldives
12 Myanmar
13 Saudi Arabia
14 South Korea
15 Sri Lanka
16 Thailand
17 Turkey
18 Turkmenistan
19 United Arab Emirates
20 Uzbekistan

2 **OCEANIA**

21 New Zealand
22 Solomon Islands

3 **AFRICA**

23 Egypt
24 Guinea Conakry
25 Nigeria
26 Senegal
27 Somalia
28 Tanzania

4 **AMERICAS**

29 Bahamas
30 Canada
31 United States

5 **EUROPE**

32 Italy
33 Netherlands
34 Norway

As of March 2020, we have delivered more than **97.4 million** pieces of ePassport and/or Inlay to 14 countries

As of March 2020, we have delivered more than **156.3 million** pieces of eID and/or card-based driving licenses

As of March 2020, we have delivered more than **225.2 thousand** contact / contactless card readers and devices sold to 28 countries

As of March 2020, we have delivered more than **41.3 million** pieces of Payment, Loyalty and Transportation cards

CORPORATE STRUCTURE

IRIS CORPORATION BERHAD

TRUSTED IDENTIFICATION DIVISION

100%
IRIS Technologies (M) Sdn Bhd

100%
IRIS Information Technology Systems Sdn Bhd

100%
IRIS Corporation (Bangladesh) Limited

100%
IRIS eServices Sdn Bhd

100%
IRIS AMS Sdn Bhd
(formerly known as IRIS Eco Power Sdn Bhd)

100%
IRIS Tech Ventures Sdn Bhd
(formerly known as IRIS Cafe Kaseh Sdn Bhd)

44.4%
Multimedia Display Technologies Sdn Bhd

20%
Neuralogy Sdn Bhd

SUSTAINABLE DEVELOPMENT DIVISION

100%
IRIS Land Sdn Bhd

100%
IRIS Agrotech Sdn Bhd

- 60%
  Endah Farm Sdn Bhd

- 50%
  Ubud Tower Sdn Bhd

49%
Warisan Atlet (M) Sdn Bhd

66.67%
RB Biotech Sdn Bhd

100%
IRIS Rimbunan Kaseh Sdn Bhd

51%
IRIS Koto (M) Sdn Bhd

51%
Plaman Resources Limited

- 100%
  Plaman Services (Australia) Pty Ltd

- 100%
  Plaman Services Corporation

- 100%
  Plaman Services Limited

SUBSIDIARIES OF IRIS GROUP
ASSOCIATED COMPANIES OF IRIS GROUP
JOINT VENTURE COMPANIES OF IRIS GROUP

BOARD OF DIRECTORS

TAN SRI NIK MOHAMED BIN NIK YAACOB
Chairman,
Independent Non-Executive Director

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

DATO' MOHAMED KHADAR BIN MERICAN
Independent Non-Executive Director

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

DR. POH SOON SIM
Non-Independent Non-Executive Director

MR LING HEE KEAT
Independent Non-Executive Director

HAJI HUSSEIN BIN ISMAIL
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Dato' Mohamed Khadar Bin Merican **(Chairman)**
Dato' Dr. Abu Talib Bin Bachik
Haji Hussein Bin Ismail
Mr Ling Hee Keat

NOMINATION COMMITTEE

Dato' Dr. Abu Talib Bin Bachik **(Chairman)**
Dr. Poh Soon Sim
Mr Ling Hee Keat

REMUNERATION COMMITTEE

Tan Sri Nik Mohamed Bin Nik Yaacob **(Chairman)**
Dr. Poh Soon Sim
Mr Ling Hee Keat

COMPANY SECRETARY

Ms Wong Youn Kim (MAICSA 7018778)

AUDITORS

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CORPORATE OFFICE

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SHARE REGISTRAR

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PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
Affin Bank Berhad
Malayan Banking 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

TAN SRI NIK MOHAMED BIN NIK YAACOB
Chairman, Independent Non-Executive Director

Nationality: Malaysian
Age: 71
Appointed to the Board on 7 November 2018

Tan Sri Nik Mohamed was the Group Chief Executive of Sime Darby Berhad from 1993 until his retirement in June 2004. He was Sime Darby Berhad's Directors of Operations in Malaysia prior to his appointment as the Group Chief Executive in 1993. He also served on various Boards of the Sime Darby group of companies during this period. He was also Chairman of the Advisory Council of the National Science Centre and Chairman of the Board of UiTM and served as member of the INSEAD East Asian Council, National Council for Scientific Research and Development, Coordinating Council for Public-Private Sectors in the Agricultural Sector, National Coordinating Committee on Emerging Multilateral Trade issued and the industrial Coordinating Council. He was a representative for Malaysia in the Apec Business Advisory Council and the Asia Europe Business Forum. Tan Sri Nik Mohamed is currently the Executive Director of Perdana Leadership Foundation.

Tan Sri Nik Mohamed currently serves as the Chairman of Remuneration Committee of the Company.

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

Nationality: Malaysian
Age: 47
Appointed to the Board on 7 July 2017

Dato' Poh was re-designated as the President and Group Managing Director on 14 June 2018. He 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.

DATO' MOHAMED KHADAR BIN MERICAN
Independent Non-Executive Director

Nationality: Malaysian
Age: 64
Appointed to the Board on 28 November 2018

Dato' Mohamed Khadar is a fellow of the Institute of Chartered Accountants in England and Wales and also a member of the Malaysian Institute of Accountants.

He has had more than 35 years' experience in financial and general management. He served as an auditor and a consultant in an international accounting firm, before joining a financial services group. Dato' Mohamed Khadar has held various senior management positions in Pernas International Holdings Berhad (now known as Tradewinds Corporation Berhad), including those of President and Chief Operating Officer. Thereafter, Dato' Mohamed Khadar was on the Board of RHB Capital Berhad as its Independent Non-Executive Chairman, and Astro Malaysia Holdings Berhad as its Non-Independent Non-Executive Director.

Presently, he is also a director of AirAsia Group Berhad.

Dato' Mohamed Khadar currently serves as the Chairman for Audit and Risk Management Committee of the Company.

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

Nationality: Malaysian
Age: 71
Appointed to the Board on 7 November 2016

Dato' Dr. Abu Talib 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.

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

Prior to joining MDeC, he was a research Scientist in the Malaysia Rubber Board (MRB). He has a wide experience in R&D in Agronomy and Soil Chemistry, and authored about 50 technical, scientific and research papers. In Rubber Research Institute of Malaysia (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 the Chairman of Java Berhad, a public company with "Timber" as the core activity; other activities involved are oil palm plantations and rubber forests.

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

MR LING HEE KEAT
Independent Non-Executive Director

Nationality: Malaysian
Age: 48
Appointed to the Board on 7 November 2018

Mr Ling started his career at HLG Securities, the stockbroking arm of the Hong Leong Group of companies before being appointed as an Executive Director of United Traders Securities where he headed the Research and Corporate Finance divisions from 1997 to 2003. In 1999, he was also appointed to the Board of SHH Resources Holdings Berhad, a furniture manufacturer listed on the Main Market of Bursa Malaysia as a Non-Executive Director. In May 2015, he was re-designated as the Executive Deputy Chairman of that company, a position he held till December 2016.

Mr Ling is currently a Senior Associate at Leong Partnership, Advocates and Solicitors. He is a Certified Mediator with the Malaysian Bar Association.

Mr Ling currently serves as a member of Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company.

DR. POH SOON SIM
Non-Independent Non-Executive Director

Nationality: Malaysian
Age: 75
Appointed to the Board on 7 November 2018

Dr. Poh Soon Sim has been in private medical practice since 1972. He was previously on the Board of Hong Leong Financial Group (HLFG) from 31 January 1991 to 25 November 2011. He was also a Member of the Board of Audit and Risk Management Committee, Remuneration Committee and Nomination Committee of HLFG. He was also an ex-Director in Wing Tai Malaysia Berhad (formerly known as DNP Holdings Berhad). He retired from Wing Tai Malaysia Berhad on 29 November 2017.

Currently, he is a Director of Hong Leong Company (Malaysia) Berhad and Hong Leong Foundation, both are public companies.

He is the father of Dato' Poh Yang Hong, the President and Group Managing Director of the Company.

Dr. Poh currently serves as a member of Nomination Committee and Remuneration Committee of the Company.

BOARD OF DIRECTORS
CONTINUED

HAJI HUSSEIN BIN ISMAIL
Independent Non-Executive Director

Nationality: Malaysian
Age: 63
Appointed to the Board on 28 July 2017

Haji Hussein 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.

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

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

Haji Hussein currently also serves as a member of Audit and Risk Management Committee of the Company.

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
Except for Dr. Poh Soon Sim who is the father of Dato' Poh Yang Hong, none of the Directors have family relationship with any other Directors and/or Major Shareholders of the Company.

CONFLICT OF INTEREST
None of the Directors have any conflict of interest with the Company.

CONVICTION FOR OFFENCES (WITHIN THE PAST 5 YEARS, OTHER THAN TRAFFIC OFFENCES)
None of the Directors have any conviction for offences (other than traffic offence, if any) and have not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR ENDED 31 MARCH 2020
The details of the Directors' attendance at Board meetings are set out on page 30 of the Annual Report.

DATO' POH YANG HONG
President & Group Managing Director

Please refer to his profile on the Board of Directors' profile section on page 12.

ENCIK SHAIFUL SUBHAN
Group Chief Executive Officer

A Malaysian aged 44, Encik 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.

Since then, he has gained management experience in organizations across multiple industries including IT, telecommunications and broadcasting prior to joining IRIS.

Encik 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.

MR H'NG BOON HARNG
Group Chief Financial Officer

A Malaysian aged 47, Mr H'ng Boon Harng was appointed as Chief Financial Officer of IRIS Corporation Berhad on 16 August 2017. On 26 June 2020, he was re-designated as Group Chief Financial Officer.

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).

MR CHOONG CHOO HOCK
Chief Operating Officer

A Malaysian aged 58, Mr Choong Choo Hock joined our Group in 2009. He has more than 3 decades of experience in the semiconductor sector and has held many leadership positions in IRIS, including Director of Operations and Group Director of Manufacturing. He is currently the Chief Operating Officer, Trusted ID.

In 1984, he began his career as a Chemical Engineer with a Japanese conglomerate based in Singapore and later set up their Malaysian operations in 1985 and progressed to being designated as Factory Manager. In 1995, he joined a German Multinational where he was appointed in various senior management positions, serving the domestic and global market of the electronics and semiconductor industries.

Mr Choong graduated with a Bachelor of Science degree from the National University of Singapore.

KEY SENIOR MANAGEMENT TEAM
CONTINUED

DR. AHMAD HUSNI JOHARI
Chief Operating Officer - Sustainable Development & Domestic Sales

A Malaysian aged 57, Dr. Ahmad Husni Johari was appointed as CEO of IRIS Sustainable Development Division on 1 November 2017 to manage the divestment of IRIS' non-core businesses. On 11 March 2019, he was redesignated as Chief Operating Officer, Sustainable Development & Domestic Sales.

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 a listed company 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 (an Agency under MOSTI) to manage and 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. He obtained his Doctorate in Herbal science from the Indian Institute of Alternative Medicine in 2008. He is a Research Fellow at Asean Institute of University Utara Malaysia and Associate Fellow at Malaysian Institute of Management.

MR LEW YUNG SING
Chief Technology Officer

A Malaysian aged 50, Mr Lew Yung Sing joined IRIS Corporation Berhad in 2010 as the Project Director of Light Rail Transit (LRT) Automated Fare Collection (AFC) Project and was later promoted to Senior General Manager overseeing International Sales, Project Management, Software Development and System Integration of all Trusted Identity projects, including numerous projects in Africa.

On 22 May 2020, Mr Lew was appointed as Chief Technology Officer (CTO) to drive all aspects relating to the technological operations and development in IRIS. In his new role, he will also be developing new IRIS Trusted Identification solutions, with special focus on Digital ID and Automated Border Control.

Prior to joining IRIS, Mr Lew was involved in the IT System Integration projects for London 2012, Beijing 2008, Torino 2006 and Athens 2004 Olympic Games.

Mr Lew is an MBA graduate from London Business School.

INTRODUCTION

IRIS' Sustainability Statement covers efforts and activities carried out in FY2020 and has been prepared in line with Bursa Malaysia Ace Market Listing Requirements and guided by the Bursa Malaysia Corporate Governance Guide and Bursa Malaysia Sustainability Reporting Guide where possible.

OUR APPROACH

As a public listed entity and a global solutions provider for Trusted ID, we recognise that integration of Economic, Environmental and Social (EES) risks and opportunities into our strategic roadmap and risk management can ensure responsible, ethical and long term success for IRIS.

To manage our environmental responsibilities in a systematic and balance manner, we have embarked on ISO 14001:2015 Environmental Management System (EMS) certification. Successful certification is imminent and expected in FY2021.

The COVID-19 global pandemic has increased the attention on risk factors such as public health threats, supply chain disruptions, and operational flexibility. The devastation highlighted the very issues that have been driving EES concerns such as managing resources, sustainability, and community impact and employee well-being. We are discovering that the very actions we were taking to avert calamity brought us closer to the multi-stakeholder and long-term value principles that lie at the heart of EES.

IRIS' resilience in weathering these challenges is proof that sustainability practices are not a luxury reserved only for good times. We are certain that our investments in sustainability and our determination to balance the long term interests of our people, planet and prosperity will help us face the challenges post Covid-19.

ECONOMIC SUSTAINABILITY

prosperity

Sustaining Growth
- Market Development
- Corporate Governance & Ethics
- Compliance and Certification
- Impacting Communities

ENVIRONMENTAL SUSTAINABILITY

planet

Conservation and Stewardship
- Responsible Waste Disposal
- Responsible Consumption

SOCIAL SUSTAINABILITY

people

Responsibility to People
- Economic Social Responsibility
- Legal & Ethical Social Responsibility
- Discretionary Social Responsibility (CSR)

SUSTAINABILITY AT IRIS
CONTINUED

ECONOMIC SUSTAINABILITY: SUSTAINING GROWTH

ECONOMIC SUSTAINABILITY IS ABOUT DOING BUSINESS RESPONSIBLY AND BUILDING THE BOTTOM LINE WITHOUT CAUSING UNDUE HARM TO THE WORLD AROUND US.

WE RECOGNISE OUR RESPONSIBILITY FOR CREATING LONG-TERM SHARED VALUE FOR ALL STAKEHOLDERS BY SECURING SUSTAINED GROWTH IN NEW AND EXISTING MARKETS.

SUSTAINING GROWTH THROUGH MARKET DEVELOPMENT

To maintain and improve market share, we are focusing on future-proofing, expanding and repurposing the functionalities and benefits of existing Trusted ID solutions. These efforts have led to new solution offerings which are also opening up new markets for IRIS.

One of our new B2B (Business to Business) offering is geoTIME, a suite of solutions powered by advance anti-spoofing facial recognition for identifying people while digitalising, automating and managing attendance, movement and access.

As we further expand into commercial markets for geoTIME, we look forward to exploring and resolving everyday problems faced by our customers via new market insights.

SUSTAINING GROWTH WITH CORPORATE GOVERNANCE AND ETHICS

IRIS continues to maintain high ethical standards and sustainable corporate governance. We ensure best practices by adhering to policies and guidelines set by Bursa Malaysia and other relevant authorities for effective, prudent management and accountability on business sustainability and success to the Group.

We believe this commitment promotes the long-term interests of our shareholders, helps build public trust in our Company and strengthens Board and management accountability. We continuously assess our governance principles to ensure that we are operating our business responsibly, ethically and in a manner aligned with the interests of all stakeholders.

Governance begins with the Board and management setting the tone on fostering a culture of integrity within IRIS. We have a clear zero-tolerance policy against all forms of bribery and corruption and our Anti-Bribery and Anti-Corruption Policy sets IRIS' principles in this regard. This policy also provides guidance to employees on how to deal with bribery and corruption activities that may arise in the course of business.

SUSTAINING GROWTH WITH COMPLIANCE AND CERTIFICATION

Our efforts to deliver innovative and technologically advanced solutions to global markets and clients are underpinned by our commitment to best practices in compliance, certification and procurement practices. We uphold the highest standards in everything that we do and we take compliance with globally recognised regulatory requirements very seriously.

Our commitment to operational, service and delivery excellence are benchmarked to global standards and compliance.

ISO 9001 QUALITY ASSURANCE	ISO 9001:2015 Certification for Quality Management Systems
ISO 27001 INFORMATION SECURITY	ISO 27001:2013 Information Security Management Systems
	ISO 14298:2013 (Intergraf) Security Management System for Secure Printing
	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
	ISO14001:2015 Environment Management Systems (in the pipeline)

A dynamic and competitive international marketplace for trusted identification demands IRIS' proactive participation, representation and membership in globally recognised organisations. In this regard, IRIS is a member of the following global organisations:

	Asia Pacific Smart Card Association
	ICMA International Card Manufacturers Association
	ICAO International Civil Aviation Organisation
	ISO/IEC International Organisation for Standardisation / International Electrotechnical Commission
	National Biometrics Standards Malaysia (SC37) & Cards and Security Devices for Personal Identification (SC17)

SUSTAINING GROWTH TO IMPACT COMMUNITIES

In Malaysia and in countries where we do business, we support and contribute time, effort and financial investments to positively impact local communities.

Where possible and financially viable, IRIS favours purchasing locally produced goods and materials from local suppliers. These procurement practice ensures smaller shipping footprints, sustained supply and also help to support and empower local economies while enhancing community relations. This is IRIS' practice in Malaysia and abroad, where sourcing for supply in the same geographic markets can indirectly support local economies.

In the course of doing business, our interactions with Governments, Ministries and local authorities often lead to partnerships benefitting local schools and communities.

IRIS partnered with Jabatan Keselamatan Jalan Raya Malaysia (JKJR) in September 2019 to organise a road safety campaign. We educated and created awareness about preventable deaths and lifelong injuries resulting from traffic collisions involving children. The week-long campaign benefitted primary school children at Sekolah Kebangsaan Taman Sungai Besi Indah and concluded with the presentation of a jointly-painted road safety mural.

IRIS continues to offer internship and industrial training placements to students. Interns generally spend between 3 to 6 months at IRIS per tenure. More than 130 interns have passed through our offices since 2003, each receiving valuable hands-on experience, developing and refining skills, and gaining confidence.

SUSTAINABILITY AT IRIS

CONTINUED

ENVIRONMENTAL SUSTAINABILITY: CONSERVATION AND STEWARDSHIP

AT IRIS, ENVIRONMENTAL SUSTAINABILITY IS ABOUT MAKING RESPONSIBLE DECISIONS ABOUT CONSERVING AND BEING GOOD STEWARDS OF THE ENVIRONMENT. WE ARE COMMITTED TO REDUCE OUR NEGATIVE IMPACT ON THE ENVIRONMENT AND NATURAL SYSTEMS SUCH AS AIR, LAND, WATER AND ECOSYSTEMS.

It is our determination to protect our planet from degradation that lead us to pursue ISO 14001:2015 Environment Management Systems (EMS) certification. We look forward to improving our environmental performance through more efficient use of resources and reduction of waste.

In going through the rigours of ISO 14001:2015 EMS certification, we have newfound appreciation and consideration for all environmental issues relevant to our operations, such as reducing pollution, managing waste, mitigating climate change and using natural resources efficiency.

As part of ISO 14001:2015 EMS certification, the following objectives and targets were set for FY2021:

ENVIRONMENTAL OBJECTIVES	TARGETS	MEASUREMENT METHODS
To reduce generation of hazardous waste	> 3% reduction on yearly waste generation	Total annual volume of scheduled waste (kg)
To reduce usage of natural resources	> 3% annual water usage bills	Total annual usage versus total annual headcount
To cultivate environmental awareness Company-wide	Annual training/briefing to all IRIS employees	Attendance numbers and post-briefing evaluation results
To achieve zero (0) environment related fine or violation	Zero (0) violation/fine	Number of fines or notices from Department of Environment (DOE)

In terms of environmental performance, IRIS has successfully undergone the necessary mandatory and obligatory tests bound by the following laws and regulations:

LAWS AND REGULATIONS	COMPLIANCE
Environmental Quality Act 1974, Restriction on pollution of the atmosphere	Full compliance; Air Emission Test Report
Environmental Quality Act 1974, Restriction on noise pollution	Full compliance; Boundary monitoring report
Environmental Quality (Industrial Effluent) Regulations 2009, Restriction on pollution of inland water	Full compliance; Water Quality monitoring report

CONSERVATION AND STEWARDSHIP WITH RESPONSIBLE WASTE DISPOSAL

As a manufacturer and solutions integrator, the production of waste is inevitable. We are conscious about how we can reuse, recycle, separate, manage and dispose waste.

Company-wide waste disposal themed activities have been put in place to inculcate a culture of responsible waste disposal. These activities include waste separation and quarterly 3R (Reduce, Reuse & Recycle) campaigns in continued collaboration with MareCet.

MareCet is Malaysia's first and only non-profit, non-governmental organization solely dedicated to the research and conservation of marine mammals in the country. MareCet partners with Kloth Lifestyle Sdn Bhd and Life Line Clothing Malaysia for a "Dolphins Don't Need Clothes" Fabric Recycling Movement to keep fabrics out of the landfills, seas and oceans.

In addition to textile recycling, IRIS employees also help to recycle plastic, glass bottles/containers and paper products.

Battery recycling is also encouraged at IRIS. A batteries-for-recycling deposit bin is available on premise for employees to dispose batteries. The aim is to reduce the number of batteries being disposed as municipal solid waste as most types of batteries can be recycled. Batteries are made from a variety of heavy metals, such as lead, cadmium, zinc, lithium, and mercury. These metals are non-renewable and can be recycled an indefinite number of times.

CONSERVATION AND STEWARDSHIP THROUGH RESPONSIBLE CONSUMPTION

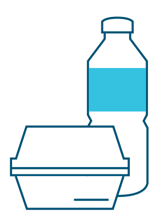
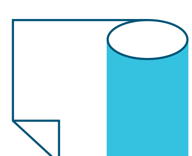
IRIS believes that responsible consumption of resources plays a significant role in the conservation of natural resources. As a manufacturer, we practice sustainable sourcing and consumption of materials. We also experiment with renewable and sustainably sourced raw materials in creating and developing our products and solutions.

The type and volume of materials IRIS consumes indicate our dependence on resources, and the impact it has on their availability. Therefore, we take conscious and deliberate efforts to reduce, recycle, reuse, repurpose and reclaim materials, products, and packaging.

Our sales and marketing printed collateral are now produced in small quantities. Those which are printed are done so using either recycled paper or Forestry Stewardship Council (FSC) paper sourced from responsibly managed forests.

IRIS' Energy Conservation Measures (ECM) adhere to guidelines from Suruhanjaya Tenaga (Energy Commission) of Malaysia and monitored by IRIS Energy Management Committee. Central to our reports to Suruhanjaya Tenaga (ST) is our policy and commitment for continuous improvement on efficient electrical energy management. In our half yearly reports to ST, we provide detailed data such as specific energy consumption, energy saving measures, results of regular reviews and employee communications. We also encourage and engage all IRIS employees to undergo appropriate behaviour modification to reduce electricity consumption through awareness messages and activities.

RECYCLABLES DIVERTED FROM LANDFILLS

	TEXTILE	PLASTIC CONTAINERS	PAPER
FY 2020	495 kg	690 pcs	372 kg
FY 2019	609 kg	514 pcs	313 kg

SOCIAL SUSTAINABILITY: RESPONSIBILITY TO PEOPLE

IRIS TAKES THE VIEW OF SOCIAL SUSTAINABILITY AS OUR COLLECTIVE RESPONSIBILITY TO PEOPLE AROUND US BY FOCUSSING ON ECONOMIC, LEGAL, ETHICAL AND DISCRETIONARY MATTERS.

PLANS ARE AFOOT TO INCREASE ENGAGEMENT WITH OUR CORPORATE NEIGHBOURS WITHIN TECHNOLOGY PARK MALAYSIA AS WELL AS WITH INSTITUTIONS OF HIGHER LEARNING TO CO-ORGANISE SOCIAL RESPONSIBILITY ACTIVITIES THAT GENERATE MORE VALUE, CREATE GREATER IMPACT AND AWARENESS.

ECONOMIC SOCIAL RESPONSIBILITY TO PEOPLE

Foremost in the economic social responsibility realm, is the element of prosperity. Before we can give back, we must be financially sustainable, which means making a profit for shareholders, appropriately remunerating our employees, paying business taxes and meeting other financial obligations. At IRIS we also demonstrate economic social responsibility by being transparent with stakeholders regarding IRIS' financial status through quarterly interim and audited financial disclosures.

LEGAL & ETHICAL SOCIAL RESPONSIBILITY TO PEOPLE

Our clients purchase and use our products and solutions because they trust us. One part of building that trust includes abiding by the laws that regulate our business. Besides paying taxes and strictly adhering to labour laws, we also ensure ethical workplace practices in accordance with Malaysian Labour Laws and guidelines from the International Labour Organisation (ILO).

Ethical workplace practices mean doing the right things at all levels of our business. We take pride in providing our employees with a conducive work environment where they can stay safe, healthy and give their best each work day.

In FY2020, IRIS' workforce stood at 371.

EMPLOYEE BY AGE GROUPS

AGE GROUPS	21 - 30	31 - 40	41 - 50	> 50
Non-executive	36	69	32	14
Executive	41	71	21	6
Manager	0	17	27	21
General Manager & above	0	0	10	6
Total	**77**	**157**	**90**	**47**

EMPLOYEE TYPE BY GENDER

MALE		FEMALE
66	Non-executive	85
65	Executive	74
36	Manager	29
10	General Manager & above	6
177	**Total**	**194**

Our human resource policies ensure that our employees are treated with respect, are fairly compensated and are not harmed as a result of our business activities. When employees feel they are treated well, they want to give the Company their best efforts.

We also embrace a culture of continuous learning and encourage our employees to upskill and even relearn new skills to keep up with the demands of the transforming technological landscape. Each employee's potential and talent is carefully managed, developed and honed through an annual Performance Management Review (PMR). In FY2020, IRIS employees completed over 8,950 hours of training and upskilling – a 40% increase in training hours compared to FY2019. Over 150 training programmes, comprising internal, external and in-house trainings, were organised – a 50% increase from 102 training programmes convened in FY2019.

IRIS also initiated Agile Methodology training for about 200 employees in FY2020. Agile is designed to break large and complex projects into manageable pieces of usable value and provide teams (especially software development) with continuous feedback throughout their work. The Company acknowledges Agile as a very empowering process that can help IRIS design and build the right solutions to stay competitive in the market.

In FY2020, IRIS' Training and Development team was successful in defraying all allowable costs for retraining and skills upgrading programmes, through the Human Resource Development Fund (HRDF).

Company-wide employee engagement activities in FY2020 were lead and organised by our Human Resource department and IRIS Recreational Club. These activities included IRIS sports fiesta, badminton, yoga, bowling competition and employee birthday celebration. IRIS also participated in external corporate activities such as Putrajaya Oxygenation Boat Race 2019 and PERKESO Activ@ Work Challenge.

The devastating Covid-19 pandemic at the tail end of FY2020 proved to be a litmus test on the Company's employee well-being policies. The Management at IRIS ensured adequate health and safety protection of our employees during Malaysia's Movement Control Order (MCO). Immediate proactive and reactive measure were implemented through the formation of a Covid-19 core team. These measures included work-from-home arrangements, changes to the travel policy and self-quarantine procedures.

DISCRETIONARY SOCIAL RESPONSIBILITY (CSR) TO PEOPLE

Discretionary social responsibility refers to how we contribute time and resources to the community at large in a responsible and meaningful way. IRIS employees are openly encouraged to participate in community development activities, and our employees contribute with pride which in turn builds commitment, loyalty and a strong sense of respect at work.

In FY2020, IRIS organised 1 blood donation campaign in collaboration with the National Blood Bank. A total of 90 employees stepped forward to support this noble cause. 68% donors were successful. Each campaign is always a big win because 1 donation can potentially save up to 3 lives.

On 7 December 2019, a group of 41 IRIS employees rolled up their sleeves, donned gloves and volunteered time and energy to clean up Pantai Cunang in Tanjung Sepat, Selangor. The beach clean-up activity yielded 300kg of garbage comprising of plastic bags, plastic bottles, textiles, nylon ropes, tyres, cigarette butts and more.

CONCLUSION

At IRIS, our path towards sustainability is an unending effort of embedding best practices and introducing new and improved procedures into all that we do.

We are constantly developing our business to meet the ever-evolving needs of our clients. Our goal is to work together and build trusted long-term relationships, in order to bring to life new solutions that will change the world for the better.

All our sustainability efforts are anchored by our core values of C.I.IN.T.A. – Collaboration, Integrity, INnovation, Trust and Accountability. We will continue to work with our stakeholders on the various sustainability initiatives to create shared prosperity for current and future generations.

The Board of Directors ("the Board") of IRIS Corporation Berhad ("IRIS" or "the Company") 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 2017"). The details of the Group's application for each practice set out in the MCCG 2017 during the financial year 2020 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 strategic direction 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, Group Chief Executive Officer, Group Chief Financial Officer and Chief Operating Officers of respective divisions and sections. The principal responsibilities of the management team are as follows:

- 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 to the Board with relevant information, report, clarifications as and when required on the agenda item to be tabled to the Board, to enable the Board to arrive at a decision.

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board's authorities and discretion to the President and Group Managing Director, representing the Management, as well as to properly constituted Board Committees, namely the Audit and Risk Management 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 make recommendations on matters within their respective written terms of reference and yet allow the Board to maintain control over major policies and decisions.

PRINCIPLE A: Board Leadership and Effectiveness (Continued)

1. BOARD RESPONSIBILITIES (CONTINUED)

Established Clear Functions Reserved for the Board and Those Delegated to Management (cont'd)

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 and Risk Management Committee	To review and report on the Group's financial results, systems of internal control, risk management, related parties transactions and conflict of interests.
Nomination Committee	To assess and evaluate the effectiveness of the Board and its committee as a whole. To assess, evaluate and recommend to the Board on the appointment of new Board members and principle officers.
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 the Management's proposal on a strategic plan for the Company when the same is presented by the Management. In this regard, the Management will prepare and present the Group's Annual Business Plan and Budget for the Board's review and approval 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.

PRINCIPLE A: Board Leadership and Effectiveness (Continued)

1. BOARD RESPONSIBILITIES (CONTINUED)

Qualified and Competent Company Secretary

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

The Company Secretary attended all Board meetings and ensured that all Board procedures are adhered to. 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, the Company Secretary plays an advisory role to the Directors, particularly in relation 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 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 works closely with Management to ensure that there are timely and appropriate information flows within and to the Board of Directors.

Board Charter

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

The Board Charter is to guide the Directors in discharging their duties and responsibilities as Directors and is prepared in accordance with the fundamental requirements of provisions in the Companies Act, 2016, Listing Requirements of Bursa Securities for ACE Market, Capital Markets and Services Act 2007, Constitution of the Company and other applicable rules or regulations governing the Group's business activities.

The Board will review the Board Charter from time to time and make necessary amendments to ensure the Board Charter remains consistent with the Board's objectives, current law and practices.

Whistleblowing Policy

The Whistleblowing Policy was approved by the Board on 26 June 2020. The Whistleblowing Policy provides an avenue for whistleblowers to raise concerns in good faith, confidentially and professionally of any improprieties within the Group and acts as a guidance for employees, directors, stakeholders and/or any other party with a business relationship with the Group to report the improprieties without the fear of victimization, reprisal, harassment or other unfair treatment as a results of their whistleblowing. The Policy is aimed to provide a framework to promote responsibility and secure whistleblowing without fear of adverse consequences.

The details of this Policy is published on the Company's website at www.iris.com.my.

PRINCIPLE A: Board Leadership and Effectiveness (Continued)

1. BOARD RESPONSIBILITIES (CONTINUED)

Anti–Bribery and Anti-Corruption Policy

The Group is committed to conducting business dealings with integrity. This means avoiding practices of bribery and corruption of all forms in the Group's daily operations. The Board is continuously regulating the anti-bribery and anti-corruption measures including the setting up and strengthening of relevant policies and procedures designed to prevent and detect bribery, undertake control measures which are proportionate to the nature and size of the organization as well as the proper training and communication of such policies and procedures. This will be initiated under anti-bribery and anti-corruption programme towards greater governance, including periodic assessment of potential risk areas in our business that may be exposed to corrupt practices, as well as sanctioned budget and strategies to uphold and strengthen the Group's anti-bribery and anti-corruption measures.

2. BOARD COMPOSITION

The Board has seven (7) directors, comprising of one (1) Non-Independent Executive Director, five (5) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Chairman is an 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 Non-Executive Director. The NC is empowered by the Board and its terms of reference to bring to the Board its 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 and make recommendation to the Board for the appointment of new directors and principal officers for the Company and the Group;
ii. To recommend to the Board on the composition of Board Committees;
iii. To perform annual review on Board's requirement on skill mix, experience and other relevant qualities including core competencies which Non-Executive Directors should bring to the Board;
iv. To perform annual assessment on the effectiveness of the Board and the Board Committees as a whole; and
v. Any other such functions as may be delegated by the Board from time to time.

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 management will assist the NC in the assessment through annual Board Committee Effectiveness Assessment, Directors' Self and Peer Assessment exercise.

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

i. Board and Board Committees performance and contributions in relation to the accountabilities, responsibilities, skills, experience and other qualities;
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 and performance;
iv. Assessment on independency of Independent Directors; and
v. Rotation and re-election of Directors.

PRINCIPLE A: Board Leadership and Effectiveness (Continued)

2. BOARD COMPOSITION (CONTINUED)

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 Constitution of the Company. This process has been reviewed, approved and adopted by the Board. The NC strictly adhere to this process in recommending any new candidate for the approval and appointment 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 Constitution, 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 Constitution 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 Constitution 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. 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.

Assessment of Independent Directors

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.

PRINCIPLE A: Board Leadership and Effectiveness (Continued)

2. BOARD COMPOSITION (CONTINUED)

Tenure of Independent Director

The Board takes the Code's recommendation that the tenure of Independent Director should not exceed a cumulative term of nine (9) 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 will recommend and hold the view that the ability of an Independent Director to exercise his/her independent judgement is not affected by the length of his/her service as Independent Director. The suitability and ability of Independent Director to carry out his/her roles and responsibilities effectively are very much a function of his/her calibre, experience and personal qualities, particularly of his/her integrity and objectivity in discharging his/her responsibilities in good faith, in the best interest of the Company and 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 Board's efficiency.

Separation of Positions of the Chairman and Executive Director

The roles of the Chairman and the President and 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 'Board of Directors' section 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 2020, the Board met five (5) times, where it deliberated and considered various matters affecting the Group's operations including the Group's financial results, business and investment plans, Group's budget and the strategic direction of the Group.

Details of attendance of each Director who held office during the financial year ended 31 March 2020 are as follows:

NAME OF DIRECTORS	TOTAL MEETINGS ATTENDED BY DIRECTORS
Tan Sri Nik Mohamed Bin Nik Yaacob	5/5
Dato' Poh Yang Hong	5/5
Dato' Mohamed Khadar Bin Merican	5/5
Dato' Dr. Abu Talib Bin Bachik	5/5
Mr Ling Hee Keat	4/5
Dr. Poh Soon Sim	4/5
Haji Hussein Bin Ismail	5/5
Mr Chan Feoi Chun (Resigned on 31 May 2019)	0/1

PRINCIPLE A: Board Leadership and Effectiveness (Continued)

2. BOARD COMPOSITION (CONTINUED)

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 2020 were as follows:

NAME OF DIRECTORS	COURSE ATTENDED/PARTICIPATED
Tan Sri Nik Mohamed Bin Nik Yaacob	• Training programme: Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009
Dato' Poh Yang Hong	• Training programme: Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009
Dato' Mohamed Khadar Bin Merican	• Training programme: Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 • Google – Cyber Security • Oxford Institute of Retail Management, Said Business School, University of Oxford – Retail Seminar • CG Advocacy Programme – Cyber Security in the Boardroom • Google – Cloud Computing for Directors • Raymond A. Mason School of Business – Driving Retail Financial and Productivity Performance • Securities Commission Audit Oversight Board – Conversation with Audit Committees • ICLIF Leadership and Governance Centre – Raising Defences: Section 17A, MACC Act
Dato' Dr. Abu Talib Bin Bachik	• Training programme: Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009
Mr Ling Hee Keat	• Training programme: Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 • Nominating Committee Essentials • Remuneration Committee Essentials • Board Risk Committee Essential • Shareholder Engagement • Audit Committee Essential • Board Dynamics • Board Performance
Dr. Poh Soon Sim	• Training programme: Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009
Haji Hussein Bin Ismail	• Governance Symposium 2019 : by Malaysian Institute of Accountant (MIA) • The Latest Development on the Malaysian Code on Corporate Governance : by Malaysian Institute of Corporate Governance • Cyber Security in the Boardroom : by Deloitte • Seminar on Year 2020 Budget & Other Tax Developments : by Folks Management Services Sdn Bhd • Corporate Rescue: Corporate Voluntary Arrangements & Judicial Management : by Suruhanjaya Syarikat Malaysia • Companies Act 2016 : by Suruhanjaya Syarikat Malaysia • Preparing for Corporate Liability in Malaysia & How Ethics Makes Businesses Sustainable : by Suruhanjaya Syarikat Malaysia

PRINCIPLE A: Board Leadership and Effectiveness (Continued)

3. REMUNERATION

The Remuneration Committee ("RC") consists of two (2) Independent Non-Executive Directors, 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 management before recommending 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 2020 are as follows:

CATEGORY	SALARIES & BONUSES	DEFINED CONTRIBUTION PLANS AND SOCSO	BENEFIT IN KIND	DIRECTOR FEES	MEETING ALLOWANCES	TOTAL
	RM	RM	RM	RM	RM	RM
GROUP AND COMPANY						
Executive Directors						
Dato' Poh Yang Hong	1,050,800	126,925	46,446	20,000	2,500	1,246,671
Non-Executive Directors						
Tan Sri Nik Mohamed Bin Nik Yaacob	–	–	–	72,000	3,500	75,500
Dato' Mohamed Khadar Bin Merican	–	–	–	84,000	5,000	89,000
Dato' Dr. Abu Talib Bin Bachik	–	–	–	84,000	6,000	90,000
Dr. Poh Soon Sim	–	–	–	42,000	3,000	45,000
Mr Ling Hee Keat	–	–	–	56,580	4,000	60,580
Haji Hussein Bin Ismail	–	–	–	84,000	5,000	89,000
Mr Chan Feoi Chun	–	–	–	14,000	–	14,000
Total	1,050,800	126,925	46,446	456,580	29,000	1,709,751

Analysis of Remuneration Bands

RANGE OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
RM1 – RM50,000	–	2
RM50,001 – RM100,000	–	5
RM100,001 and above	1	–

PRINCIPLE A: Board Leadership and Effectiveness (Continued)

4. LIMITS OF AUTHORITY

Limits of Authority ("LOA") established a framework of authority and accountability within the Group. The LOA also facilitates decision-making at the appropriate level within the organization's hierarchy as well as promotes good business practice and corporate governance across the Group.

The LOA outlines matter over which the Board will reserve its authority and those areas that are delegated to the management. These limits cover, among others, capital expenditure, operating expenditure, contract commitments, authority over payments, undertaking and guarantees as well as other non-financial matters.

PRINCIPLE B: Effective Audit and Risk Management

1. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee ("ARMC") comprises of four (4) Independent Non-Executive Directors. The ARMC is established to support and assist the Board in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries as well as having an oversight of the Group's financial results, system of internal control, risk management, related parties transactions and conflict of interests.

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

Assessment of External Auditors

Through the ARMC, the Board maintains a transparent and professional relationship with the Group's External Auditors in seeking professional advice and ensuring compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The ARMC reviews the independence and objectivity of the External Auditors and the services provided. The External Auditors had provided a confirmation of their independence to the ARMC 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 ARMC is satisfied that the External Auditors is competent and independent and recommended to the Board for 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.

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. This is achieved by identifying principal risks, ensuring the implementation of appropriate systems to manage these risks as well as review 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 and the overview of risk management and internal control 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, Deloitte Risk Advisory Sdn Bhd, 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 and Risk Management Committee in discharging its duties and responsibilities in respect of reviewing the adequacy as well as effectiveness of the Group's risk management and internal control systems. Audit findings with recommendations are presented to the Management for responses and subsequently the internal auditors will then present the internal audit reports with subsequent remedial action plans to the Audit and Risk Management 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 and Risk Management Committee Report' of this Annual Report respectively.

Risk Management Framework

The Board recognises that risk management, which include creating risk awareness culture, should be an integral part of the business operation. The Board through ARMC has established enterprise risk management ("ERM") framework with structured and systematic approach in identifying, evaluating, monitoring, mitigating and managing enterprise risks.

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 have a clear and 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.

In addition, in the annual general meeting, the President and Group Managing Director, Group Chief Executive Officer and Group Chief Financial Officer will brief shareholders on financial and operations performance of the Group prior to tabling the motion on the audited financial statements. 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 2017 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.

This Statement was approved by the Board of Directors on 4 August 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

OBJECTIVES

The Audit and Risk Management Committee ("ARMC") had diligently discharged its duties and responsibilities in accordance with its Terms of Reference and in the course of its duties during the financial period, the ARMC is of the view that there was no material misstatements or losses, contingencies or uncertainties requiring separate disclosure in this report.

COMPOSITION

For the period under review, the composition of the ARMC was as follows:

Dato' Mohamed Khadar Bin Merican	**Chairman** Independent Non-Executive Director
Dato' Dr. Abu Talib Bin Bachik	**Member** Senior Independent Non-Executive Director
Haji Hussein Bin Ismail	**Member** Independent Non-Executive Director
Mr Ling Hee Keat	**Member** Independent Non-Executive Director

AUTHORITY

The ARMC is authorized by the Board of Directors ("the Board") to review any activity of the Group within its Terms of Reference and has full access to information and resources which it needs to discharge its duties.

ARMC MEETINGS

The ARMC held five (5) meetings during the period from 1 April 2019 to 31 March 2020. The attendance of the members of the ARMC at the meetings were as follows:

NAME OF ARMC MEMBERS	TOTAL MEETINGS ATTENDED BY MEMBERS
Dato' Mohamed Khadar Bin Merican	5/5
Dato' Dr. Abu Talib Bin Bachik	5/5
Haji Hussein Bin Ismail	5/5
Mr Ling Hee Keat (Appointed on 26 November 2019)	1/1
Mr Chan Feoi Chun (Resigned on 31 May 2019)	1/1

The Company Secretaries, or their representative, were present at all the meetings. Upon invitation, Senior Management and relevant employees may attend the meeting to provide clarification and facilitate direct communication on the operations of the Group. Representatives of the external auditors and the internal auditors are also invited to attend the ARMC meetings to present their audit scope and plans as well as their audit reports and findings together with the management's responses thereto. The external auditors, Baker Tilly Monteiro Heng PLT ("External Auditors") also briefed the ARMC on significant audit and accounting areas which they noted in the course of their audits.

ARMC MEETINGS (CONTINUED)

ARMC meeting minutes were distributed in soft copy via email as well as in hardcopy to all the members of the Board. The Chairman of the ARMC regularly briefed the Board on the proceedings of the ARMC.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The ARMC carried out the following duties and responsibilities in accordance with its terms of reference during the financial year under review.

1. Financial Reporting

a. Reviewed the quarterly unaudited financial results of the Group and of the Company and recommended the same to the Board for approval.

b. Reviewed the audited financial statements for the financial year ended 31 March 2020 and recommended the same to the Board for approval.

c. Reviewed and discussed significant matters raised by the External Auditors, including financial reporting issues, and significant area of judgement and estimation made by the management, in accordance with the requirements set out in the Malaysian Financial Reporting Standards.

d. Discussed and deliberated significant changes and impact of new or proposed changes in accounting standards and regulatory requirements that would affect the Group and the Company.

2. External Audit

a. Reviewed with the External Auditors their Audit Planning Memorandum, which outlined the scope and timeline of the audit, risk assessment and audit approach and communication of key audit matters, prior to the commencement of the audit.

b. Reviewed the External Auditors' audit fees and recommended to the Board for approval.

c. Reviewed and discussed with the External Auditors their Audit Review Memorandum for the financial year ended 31 March 2020. This covered significant audit findings, status of the audit, key audit matters, matters for control improvements and the expected audit opinion to be rendered by the auditors.

d. Assessed the independence, objectivity and suitability of the External Auditors and the services provided. The ARMC was satisfied with the assessment of the External Auditors and recommended to the Board the re-appointment of the External Auditors at the forthcoming Annual General Meeting.

e. Met with the External Auditors twice, without the presence of the management, to review and discuss key issues and audit matters. There were no major concerns raised by the External Auditors at the meetings.

3. Internal Audit

a. Reviewed the internal audit reports presented by the outsourced internal auditors, Messrs. Deloitte Enterprise Risk Services Sdn Bhd ("Internal Auditors").

b. Reviewed the progress of the implementation of corrective action plans agreed by the management on all significant audit issues.

4. Others

a. Reviewed the revised Terms of Reference of the ARMC, with reference to the Listing Requirements of Bursa Malaysia, and recommended the revisions to the Board for approval.

b. Reviewed the risk management framework and recommended to the Board for approval.

c. Reviewed and communicated the risk assessment results, and the processes to manage and/or mitigate these risks, to the Board.

d. Reviewed the Statement on Risk Management and Internal Control ("SORMIC") and recommended to the Board for inclusion in the Annual Report for the financial year ended 31 March 2020.

INTERNAL AUDIT FUNCTION

The outsourced Internal Auditors are independent of the activities or operations of the Group. The Internal Auditors are empowered to audit the Group's business units, review the units' compliance with internal control procedures and to assist the ARMC and management in maintaining a sound system of internal controls. The ARMC has full access to the Internal Auditors for internal audit purposes.

During the financial year under review, the Internal Auditors carried out its audit in accordance with the internal audit plan and conducted follow-up audits on agreed management remedial actions on a quarterly basis. The key areas reviewed included Product/ Solution Research & Development ("R&D") and Product Management, Pricing Management, Human Resource Management, and Sales and Marketing Planning and Management.

The results of the internal audit findings and the recommendations for improvement, including corrective and preventive actions as well as targeted implementation dates, were discussed and agreed with the management and subsequently presented to the ARMC on a quarterly basis for deliberation.

The cost incurred for internal audit services in respect of the financial year ended 31 March 2020 was approximately RM67,000.

The Board of Directors ("the Board") of IRIS Corporation Berhad is committed to maintaining a sound system of internal control and risk management to safeguard shareholders' investments and the Group's assets. This statement is made pursuant to Rule 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for ACE Market, Malaysian Code of Corporate Governance ("MCCG 2017") and the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers issued by Bursa Malaysia.

The following outlines the nature and scope of internal control of the Group for the financial year ended 31 March 2020.

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility in maintaining a proper system of internal control and risk management. The risk management and internal control system covers, inter alia, financial, operational and compliance controls system as well as risk management procedures.

The Board is assisted by Audit and Risk Management Committee ("ARMC") to continuously review the adequacy and integrity of the Group's risk management and internal control system. To this effect, the Group has developed appropriate risk management framework and internal control system as outlined below to address its risk profile.

By its nature, the risk management and internal control system has its limitation in assuring the Group from material misstatement and loss. In this regards, ARMC together with internal auditors, continuously review risk management and internal control system to ensure appropriate remedial action is taken to address any significant weaknesses.

This statement does not cover associate companies or joint ventures which the Group does not have any direct operational control. Nevertheless, the Board appointed representatives in the board of associate companies or joint ventures will oversee the business and operational activities, and to update key matters and significant information to the Board.

RISK MANAGEMENT FRAMEWORK

The Board recognises that risk management, which include creating risk awareness culture, should be an integral part of the business operation. The Board, through ARMC, has established Enterprise Risk Management ("ERM") framework with a structured and systematic approach in identifying, evaluating, monitoring, mitigating and managing enterprise risks. The ERM framework is expected to cultivate risk awareness culture. On a day to day basis, the respective head of departments in the Group is responsible for timely identification, assessment, reporting and management of identified risks.

Enterprise Risk Management Committee ("ERMC") is formed to assist ARMC in ERM. The ERMC comprising senior management and head of departments meet regularly and is tasked with carrying the risk management activities. The activities of ERMC are reported to ARMC at the quarterly ARMC meeting.

INTERNAL CONTROL SYSTEM

The key elements of system of internal control 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 annual budget. The compiled Group budget is required to be approved by the Board to ensure effective execution. Subsequently, the results are monitored against budget to ensure necessary management action is being taken on the variances.

- Adequate reporting systems are in place for information relating to operating and financial performance, key business issues and annual financial statements being communicated to the Board and Management.

- The Group's internal policies and procedures are well documented in Standard Operating Procedures to ensure compliance with internal control.

- The Management meets regularly to review the operational and financial performance of the Group. This is to ensure that they are in line with the corporate objectives and strategies. The Management also formulates the strategies, policies and procedures to address changes in the business environment and risks.

- Limits of Authority is established as a framework of authority and accountability within the Group. This LOA also facilitates decision-making at the appropriate level within the organization's hierarchy.

- A strict Code of Conduct to govern the conducts of all employees.

- The Group has adopted a Whistle-Blowing Policy which serves as an avenue for all employees to raise concerns about misconduct or malpractice within the Group as well as ensuring the integrity of the process and information and also protecting the rights of informants.

- Adopting and regulating the Anti-Corruption Policy which describes the Group's commitment to ensure zero-tolerance against any forms of bribery and corruption. The group is committed to conduct business with transparency, integrity and accountability.

- 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.

INTERNAL AUDIT FUNCTION

The outsourced Internal Auditors, Messrs. Deloitte Enterprise Risk Services Sdn Bhd ("Internal Auditors") support the ARMC, and by extension, the Board, by providing independent assurance on the effectiveness of the Group's system of internal controls. The Internal Auditors submits internal audit reports and plan to the ARMC. Included in the internal auditors reports are recommended corrective and preventive measures on risks identified, if any, for implementation by the Management.

The internal audit plan, which reflects the risk profile of the Group's major business segments, is reviewed by the ARMC. Upon recommendation from the ARMC, the Board will approve the internal audit plan.

The Board fully supports the internal audit function and through the ARMC, continuously reviews the adequacy and effectiveness of the risk management and internal control processes.

The Internal Auditors independently reviews the risk prevention procedures and control processes implemented by management, and reports to the ARMC. The Internal Auditors also reviews the internal control in the key activities of the Group's businesses. The Internal Auditors 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.

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

INTERNAL AUDIT FUNCTION (CONTINUED)

The ARMC reviews the risk monitoring and compliance procedures on quarterly basis, and ensure appropriate mix of techniques are adopted to obtain the level of assurance required by the Board. The ARMC considers reports from the Internal Auditors and from the Management, before making recommendations to the Board in strengthening the risk management, internal control and governance systems.

COVID-19'S IMPACTS AND MITIGATION PLAN

The unprecedented worldwide outbreak of COVID-19 pandemic, which has resulted in the lockdown in many countries, has affected the economy and business opportunities in both international and domestic markets. The economic uncertainty and disruption of production activities, supply chain and logistic arrangements arising from COVID-19 pandemic are expected to affect the performance of the Group in delivering existing sales order and new business opportunities in coming financial year.

To mitigate the effect of COVID-19 pandemic to the Group, the Group has taken steps to ensure business continuity and implement austerity measures to conserve its resources to navigate through the overall economic uncertainty. The Group shall continue to monitor and implement relevant measures necessary to address any adverse impact arising from the unprecedented outbreak.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The Company's External Auditors, Messrs. Baker Tilly Monteiro Heng PLT, have reviewed this Statement on Risk Management and Internal Control. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the processes that the Board has adopted in the review of adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

For the financial 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 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.

The Board has received assurance from the President and Group Managing Director and the Group Chief Financial Officer 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.

This statement was approved by the Board of Directors on 4 August 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view of the financial position in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

In preparation of the financial statements for financial year ended 31 March 2020, the Directors have considered appropriate applicable accounting policies and applied 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 to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, and enabling 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 are responsible for taking all steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

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 from any corporate proposals during the financial year ended 31 March 2020.

2. NON-AUDIT FEES

The detailed of the audit and non-audit fees paid/payable for the financial year ended 31 March 2020 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	439	324
Non-audit fees	10	10

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS'

For the financial year ended 31 March 2020, no contract of a material nature was entered into or subsisted between the Company and its Directors or major shareholders.

4. LIST OF PROPERTIES

For the financial year ended 31 March 2020, 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)	25	17 July 1995	80,651

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 31 March 2020. The latest valuation on the property of the Company was carried out by an independent firm of professional valuer on 29 June 2020.

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

There were no recurrent related party transaction of a revenue or trading nature made during the financial year ended 31 March 2020.

IRIS CORPORATION BERHAD
199401016552
(302232-X)

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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 2020.

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 activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the financial year, net of tax		
- Continuing operations	9,974	2,095
- Discontinued operation	5,479	–
	15,453	2,095
Attributable to:		
Owners of the Company	13,712	2,095
Non-controlling interests	1,741	–
	15,453	2,095

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 2020.

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 actions 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.

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, no new issue of shares or 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 this report are:

Tan Sri Nik Mohamed Bin Nik Yaacob
Dato' Poh Yang Hong *
Dato' Mohamed Khadar Bin Merican
Dato' Dr. Abu Talib Bin Bachik
Ling Hee Keat
Dr. Poh Soon Sim
Hussein Bin Ismail
Chan Feoi Chun (Resigned on 31 May 2019)

* Directors of the Company and certain subsidiaries

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 this report are:

Shaiful Zahrin Bin Subhan

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 1.4.2019	BOUGHT	SOLD	AT 31.3.2020
Direct interests:				
Dr. Poh Soon Sim	12,350,000	11,405,000	–	23,755,000
Ling Hee Keat	57,800,000	45,000,000	–	102,800,000
Indirect interests:				
Dato' Poh Yang Hong *	66,118,405	–	(66,118,405)	–
Dr. Poh Soon Sim **	346,790,200	–	–	346,790,200
Tan Sri Nik Mohamed Bin Nik Yaacob ***	12,000	–	–	12,000

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

** Deemed interests pursuant to Section 8 of the Companies Act 2016 in Malaysia via Poh Associates Sdn. Bhd. and Orientalgold Equity Sdn. Bhd.

*** Deemed interests by virtue of the shares held by his spouse pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 24 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefit which may arise from transactions as disclosed in Note 29 to the financial statements.

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and certain officers of the Group and the Company were RM5,000,000 and RM30,000 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 33 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 33 to the financial statements.

AUDITORS' REMUNERATION

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

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, 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:

TAN SRI NIK MOHAMED BIN NIK YAACOB
Director

DATO' POH YANG HONG
Director

Date: 4 August 2020

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	92,965	89,250	92,347	88,237
Intangible assets	6	132,342	137,670	4,074	9,402
Operating financial assets	7	10,398	11,427	10,398	11,427
Investment in subsidiaries	8	–	–	77,865	74,865
Investment in associates	9	4,450	10,900	5,000	5,000
Investment in joint ventures	10	–	–	–	–
Other investments	11	–	–	–	–
Total non-current assets		240,155	249,247	189,684	188,931
Current assets					
Inventories	12	15,826	18,595	15,826	18,595
Operating financial assets	7	1,029	956	1,029	956
Trade and other receivables	13	146,416	112,871	156,242	115,057
Prepayments		313	1,545	304	1,526
Contract assets	14	6,491	7,267	6,468	7,267
Current tax assets		947	7,774	774	7,465
Cash and short-term deposits	15	76,750	117,408	52,168	94,467
Total current assets		247,772	266,416	232,811	245,333
TOTAL ASSETS		487,927	515,663	422,495	434,264

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020
CONTINUED

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	539,602	539,602	539,602	539,602
Other reserves	17	33,110	34,201	9,699	9,983
Accumulated losses		(286,547)	(301,222)	(436,705)	(439,084)
		286,165	272,581	112,596	110,501
Non-controlling interests	8(d)	(20,856)	(22,597)	–	–
TOTAL EQUITY		265,309	249,984	112,596	110,501
Non-current liabilities					
Loans and borrowings	18	18,750	31,333	18,750	31,250
Deferred tax liabilities	19	10,714	3,274	10,714	3,274
Total non-current liabilities		29,464	34,607	29,464	34,524
Current liabilities					
Loans and borrowings	18	12,500	22,627	12,500	22,500
Current tax liabilities		4	4	–	–
Trade and other payables	20	176,748	199,103	264,033	262,880
Contract liabilities	14	3,902	3,859	3,902	3,859
		193,154	225,593	280,435	289,239
Liabilities of a disposal group classified as held for sale	21(a)	–	5,479	–	–
Total current liabilities		193,154	231,072	280,435	289,239
TOTAL LIABILITIES		222,618	265,679	309,899	323,763
TOTAL EQUITY AND LIABILITIES		487,927	515,663	422,495	434,264

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing operations					
Revenue	22	229,587	229,237	222,325	220,739
Cost of sales		(181,013)	(183,223)	(177,000)	(164,975)
Gross profit		48,574	46,014	45,325	55,764
Other income		12,118	21,054	10,412	3,936
Administrative expenses		(27,120)	(45,113)	(24,576)	(40,400)
Net (impairment losses)/reversal of impairment losses of financial instruments		(5,935)	64,336	(13,532)	76,037
Other expenses		(5,849)	(19,595)	(4,117)	(28,270)
Operating profit		21,788	66,696	13,512	67,067
Finance costs	23	(3,399)	(6,402)	(3,335)	(6,365)
Share of results of associates, net of tax		4	(570)	–	–
Share of results of joint ventures, net of tax		–	(18,908)	–	–
Profit before tax	24	18,393	40,816	10,177	60,702
Income tax expense	25	(8,419)	(3,309)	(8,082)	(3,606)
Profit for the financial year from continuing operations		9,974	37,507	2,095	57,096
Discontinued operations					
Profit for the financial year from discontinued operation, net of tax	21(b)	5,479	–	–	–
Profit for the financial year		15,453	37,507	2,095	57,096
Other comprehensive (loss)/ income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(128)	3,615	–	–
Reclassification adjustments of exchange translation reserve		–	(2,080)	–	–
Revaluation loss on property, plant and equipment		–	(1,052)	–	(1,052)
Other comprehensive (loss)/ income for the financial year		(128)	483	–	(1,052)
Total comprehensive income for the financial year		15,325	37,990	2,095	56,044

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
CONTINUED

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit attributable to:					
Owners of the Company					
- From continuing operations		8,233	38,259	2,095	57,096
- From discontinued operation		5,479	–	–	–
		13,712	38,259	2,095	57,096
Non-controlling interests	8(d)	1,741	(752)	–	–
		15,453	37,507	2,095	57,096
Total comprehensive income attributable to:					
Owners of the Company					
- From continuing operations		8,105	38,742	2,095	56,044
- From discontinued operation		5,479	–	–	–
		13,584	38,742	2,095	56,044
Non-controlling interests	8(d)	1,741	(752)	–	–
		15,325	37,990	2,095	56,044
Earnings per share attributable to owners of the Company (sen per share)					
Basic	26(a)				
- From continuing operations		0.28	1.40		
- From discontinued operation		0.18	–		
		0.46	1.40		
Diluted	26(b)				
- From continuing operations		0.28	1.40		
- From discontinued operation		0.18	–		
		0.46	1.40		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						
	NOTE	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
Group								
At 1 April 2019		539,602	158	34,043	(301,222)	272,581	(22,597)	249,984
Total comprehensive income for the financial year								
Profit for the financial year		–	–	–	13,712	13,712	1,741	15,453
Other comprehensive loss for the financial year		–	(128)	–	–	(128)	–	(128)
Total comprehensive income		–	(128)	–	13,712	13,584	1,741	15,325
Realisation of revaluation reserve	17	–	–	(963)	963	–	–	–
At 31 March 2020		539,602	30	33,080	(286,547)	286,165	(20,856)	265,309

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
CONTINUED

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						
	NOTE	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
Group								
At 1 April 2018		480,276	4,908	36,074	(344,920)	176,338	(36,174)	140,164
Total comprehensive income for the financial year								
Profit for the financial year		–	–	–	38,259	38,259	(752)	37,507
Other comprehensive income for the financial year		–	1,535	(1,052)	–	483	–	483
Total comprehensive income		–	1,535	(1,052)	38,259	38,742	(752)	37,990
Transactions with owners								
Issue of ordinary shares	16	59,326	–	–	–	59,326	–	59,326
Disposal of subsidiaries	8	–	(6,285)	–	4,460	(1,825)	14,329	12,504
Total transactions with owners		59,326	(6,285)	–	4,460	57,501	14,329	71,830
Realisation of revaluation reserve	17	–	–	(979)	979	–	–	–
At 31 March 2019		539,602	158	34,043	(301,222)	272,581	(22,597)	249,984

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
CONTINUED

	NOTE	ATTRIBUTABLE TO THE OWNERS OF THE COMPANY			
		SHARE CAPITAL RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
Company					
At 1 April 2018		480,276	11,333	(496,478)	(4,869)
Total comprehensive income for the financial year					
Profit for the financial year		–	–	57,096	57,096
Other comprehensive loss for the financial year		–	(1,052)	–	(1,052)
Total comprehensive income		–	(1,052)	57,096	56,044
Transaction with owners					
Issue of ordinary shares	16	59,326	–	–	59,326
Total transactions with owners		59,326	–	–	59,326
Realisation of revaluation reserve	17	–	(298)	298	–
At 31 March 2019		539,602	9,983	(439,084)	110,501
Total comprehensive income for the financial year					
Profit for the financial year		–	–	2,095	2,095
Total comprehensive income		–	–	2,095	2,095
Realisation of revaluation reserve	17	–	(284)	284	–
At 31 March 2020		539,602	9,699	(436,705)	112,596

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities					
Profit before tax					
- Continuing operations		18,393	40,816	10,177	60,702
- Discontinued operation		5,479	–	–	–
		23,872	40,816	10,177	60,702
Adjustments for:					
Amortisation of intangible assets		5,359	4,301	5,359	4,301
Bad debts written off		158	2,615	5	2,615
Depreciation of property, plant and equipment		4,840	4,664	4,538	4,262
Effect of accretion of interest on operating financial assets		(939)	(1,505)	(939)	(1,505)
Finance costs		3,399	6,402	3,335	6,365
Gain on capital reduction in investment in an associate		(580)	–	–	–
Gain on disposal of investment in subsidiaries		(5,479)	(3,298)	–	– *
Gain on disposal of other investments		–	(15)	–	(15)
Gain on disposal of property, plant and equipment		(607)	(1,453)	(185)	(256)
Impairment loss on trade and other receivables		6,776	9,907	22,401	20,079
Impairment loss on investment in associates		–	340	–	–
Impairment loss on investment in joint ventures		–	–	–	8,205
Impairment loss on prepayment		1,362	–	1,362	–
Interest income		(2,979)	(1,062)	(2,252)	(1,060)
Reversal of inventories written down		(5,226)	(3,652)	(4,682)	(3,191)
Other investments written off		–	16	–	16
Property, plant and equipment written off		32	55	1	–
Reversal of impairment loss on investment in joint ventures, transferred to share of results joint ventures		–	(11,911)	–	–
Reversal of impairment loss on trade and other receivables		(841)	(74,243)	(8,869)	(96,116)
Operating profit/(loss) before changes in working capital, carried forward		29,147	(28,023)	30,251	4,402

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating profit/(loss) before changes in working capital, brought forward		29,147	(28,023)	30,251	4,402
Adjustments for:					
Share of results of associates		(4)	570	–	–
Share of results of joint ventures		–	18,908	–	–
Unrealised loss/(gain) on foreign exchange		21	(1,009)	(1,638)	(736)
		29,164	(9,554)	28,613	3,666
Changes in working capital:					
Contract assets/(liabilities)		819	2,562	842	2,548
Inventories		7,995	10,213	7,451	8,767
Operating financial assets		1,895	4,305	1,895	4,305
Trade and other payables		(45,619)	(15,981)	(36,405)	(115,393)
Trade and other receivables		(16,523)	85,466	(15,526)	154,756
Prepayments		(130)	(152)	(140)	(154)
Net cash (used in)/from operations		(22,399)	76,859	(13,270)	58,495
Interest paid		(3,399)	(6,402)	(3,335)	(6,365)
Interest received		2,979	1,062	2,252	1,060
Income tax refunded/(paid)		5,848	(23)	6,049	1,941
Net cash (used in)/from operating activities		(16,971)	71,496	(8,304)	55,131
Cash flows from investing activities					
Addition in investment in subsidiaries		–	–	(3,000)	(1,000)
(Acquisition)/reversal of development expenditure		(31)	3	(31)	3
Acquisition of concession asset		–	(237)	–	(237)
Net cash outflows from disposal of subsidiaries		–	(70)	–	– *
Proceeds from capital reduction of an associate		7,034	–	–	–
Proceeds from disposal of plant and equipment		818	3,534	389	2,186
Proceeds from disposal of other investments		–	215	–	215
Purchase of plant and equipment		(8,798)	(1,519)	(8,853)	(610)
Net cash (used in)/from investing activities		(977)	1,926	(11,495)	557

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
CONTINUED

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from financing activities					
Payment of hire purchase and lease obligations		(210)	(512)	–	(281)
Proceeds from issuance of new shares		–	59,326	–	59,326
Repayment of revolving loans		(10,000)	(5,000)	(10,000)	(5,000)
Repayment of term loans		(12,500)	(45,035)	(12,500)	(45,035)
Deposit/(withdrawal) of pledged short term deposits		796	(4,082)	796	(4,082)
Net cash (used in)/from financing activities		(21,914)	4,697	(21,704)	4,928
Net (decrease)/increase in cash and cash equivalents		(39,862)	78,119	(41,503)	60,616
Cash and cash equivalents at beginning of the financial year		103,088	24,969	80,147	19,531
Cash and cash equivalents at end of the financial year	15(a)	63,226	103,088	38,644	80,147

* Represent amount less than RM1,000

(a) Reconciliation of liabilities arising from financing activities:

	1 APRIL 2019 RM'000	CASH FLOWS RM'000	31 MARCH 2020 RM'000
Group			
Term loans	43,750	(12,500)	31,250
Hire purchase payables	210	(210)	–
Revolving loans	10,000	(10,000)	–
	53,960	(22,710)	31,250

(a) Reconciliation of liabilities arising from financing activities (continued):

	1 APRIL 2018 RM'000	CASH FLOWS RM'000	31 MARCH 2019 RM'000
Group			
Term loans	88,785	(45,035)	43,750
Hire purchase payables and finance lease liabilities	722	(512)	210
Revolving loans	15,000	(5,000)	10,000
	104,507	(50,547)	53,960

	1 APRIL 2019 RM'000	CASH FLOWS RM'000	31 MARCH 2020 RM'000
Company			
Term loans	43,750	(12,500)	31,250
Revolving loans	10,000	(10,000)	–
	53,750	(22,500)	31,250

	1 APRIL 2018 RM'000	CASH FLOWS RM'000	31 MARCH 2019 RM'000
Company			
Term loans	88,785	(45,035)	43,750
Hire purchase payables and finance lease liabilities	281	(281)	–
Revolving loans	15,000	(5,000)	10,000
	104,066	(50,316)	53,750

(b) Total cash outflows for leases as a lessee

During the financial year, the Group and the Company had total cash outflows for leases of RM662,000 and RM364,000 respectively.

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 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 4 August 2020.

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 new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

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

<u>New MFRS</u>

MFRS 16	Leases

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

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

<u>New IC Int</u>

IC Int 23	Uncertainty over Income Tax Treatments

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int 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.

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease*.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 April 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 April 2019. Existing lease contracts that are still effective on 1 April 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies to the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

MFRS 16 Leases (continued)

Impact of the adoption of MFRS 16 (continued)

(i) Classification and measurement

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and to the Company.

<u>For leases that were classified as finance lease under MFRS 117</u>

The Group and the Company recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

<u>For leasehold land that were classified as property, plant and equipment under MFRS 116</u>

The Group recognised the carrying amount of the leasehold land under MFRS 116 as the carrying amount of the right-of-use assets under property, plant and equipment at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

(ii) Short-term lease and low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of oversea hostel rental, car parking bays and IT equipment that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Other than as disclosed above, the adoption of MFRS 16 did not have a material impact on the Group's and the Company's statements of financial position, the Group's and the Company's statements of comprehensive income, the Group's and the Company's statements of changes in equity or the Group's and the Company's operating, investing and financing cash flows.

2. BASIS OF PREPARATION (CONTINUED)

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

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

		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
New MFRS		
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#/ 1 January 2022^
MFRS 3	Business Combinations	1 January 2020/ 1 January 2021#/ 1 January 2022
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2021#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2021#/ 1 January 2022^
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 16	Leases	1 June 2020*/ 1 January 2022^
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2021#/ 1 January 2022
MFRS 107	Statement of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2021#/ 1 January 2022
MFRS 119	Employee Benefits	1 January 2021#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2021#
MFRS 132	Financial Instruments: Presentation	1 January 2021#
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2021#/ 1 January 2022
MFRS 138	Intangible Assets	1 January 2021#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2021#
MFRS 141	Agriculture	1 January 2022^

2. BASIS OF PREPARATION (CONTINUED)

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

^ The Annual Improvements to MFRS Standards 2018 - 2020
* Earlier application is permitted, including in financial statements not authorised for issue on 28 May 2020
# Amendments as to the consequence of effective of MFRS 17 *Insurance Contracts*

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

Annual Improvements to MFRS Standards 2018 – 2020

- Annual Improvements to MFRS Standards 2018 – 2020 covers amendments to: MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

- MFRS 9 *Financial Instruments* – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.

- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments also update by replacing a reference to an old version of the *Conceptual Framework for Financial Reporting* with a reference to the latest version which was issued by MASB in April 2018.

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

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.

Amendment to MFRS 16 Leases

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19 related rent concessions that reduce lease payments due on or before 30 June 2021.

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

The financial effects of the adoption of the applicable amendments/improvements to MFRSs that have been issued, but yet to be effective are currently still being assessed by the Group and the Company.

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 Basis 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 and economic entities

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates and joint ventures 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (continued)

(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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (continued)

(a) Subsidiaries and business combination (continued)

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 or a financial asset.

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

(b) Non-controlling interests

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

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

(c) Associates

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

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

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

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

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 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 decrease 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (continued)

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interests in the joint ventures using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

The Group has assessed the nature of its joint arrangement and determined it to be joint ventures and accounted for its interest in the joint ventures using the equity method.

(e) 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 and joint ventures 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, associates and joint ventures 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.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

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 contractual provisions of the financial instruments.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

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; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured 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 derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

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)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**
  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

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)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

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.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(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 in the marketplace concerned.

A regular way purchase or sale of financial assets shall be 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.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(d) Derecognition (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount 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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

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.

Leasehold land and buildings 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (continued)

(a) Recognition and measurement (continued)

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.

(c) Depreciation

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases

(a) Definition of lease

Accounting policies applied from 1 April 2019

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

Accounting policies applied until 31 March 2019

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.

(b) Lessee accounting

Accounting policies applied from 1 April 2019

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 5 and lease liabilities in Note 18 to the financial statements.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Accounting policies applied from 1 April 2019 (continued)

Right-of-use asset (continued)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Accounting policies applied from 1 April 2019 (continued)

Lease liability (continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting policies applied until 31 March 2019

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. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(c) Lessor accounting

Accounting policies applied from 1 April 2019

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.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b), then it classifies the sub-lease as an operating lease.

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.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

Accounting policies applied until 31 March 2019

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

(b) Development costs

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

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- the Group and the Company intend 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Goodwill and other intangible assets (continued)

(c) Intellectual properties (continued)

When the indication of impairment exists, the carrying amount is assessed and written down immediately to its recoverable amount.

(d) Concession rights

Service concession arrangements are recognised using the intangible assets model as the Group and the Company receive a right to charge users of the public service. The policy for the recognition and measurement of service concession arrangements are disclosed in Note 3.9 to the financial statements.

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.

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 stand-alone selling prices of the various services delivered when the amounts are separately identifiable. The Group and the Company estimate the relative stand-alone selling prices of the services by reference to the costs of providing each service plus a reasonable profit margin.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at 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 Group 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 Group's 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 of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets, a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

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

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

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

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

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

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

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

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

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Employee benefits (continued)

(b) Defined contribution plans

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

3.15 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

<u>Financing components</u>
The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (continued)

(a) Sale of goods

Revenue from manufactures and sales of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 to 60 days, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Where consideration is collected from customer in advance for sale of good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of goods to the customer.

(b) Rendering of services

The Group and the Company provide maintenance services, technical support and other services to contract customers. Depending on contracts with customers, service contracts comprise multiple deliverables that require significant integration service will be accounted as a single performance obligation.

Whereas, contracts with customers which include multiple distinct promises to customers will be accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on cost plus margin approach.

Based the terms of the contracts with different customers, services are recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the actual costs incurred for work performed to-date plus a margin (an input method).

Sales are made with a credit term of 30 to 60 days, therefore, no element of financing is deemed present. The Group and the Company become entitled to invoice customers for services based on achieving a series of performance-related milestones.

The Group and the Company recognised a contract asset for any excess of revenue recognised to-date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to-date and any deposit or advances received from customers, then the Group and the Company recognise a contract liability for the difference.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (continued)

(e) Rental income

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

(f) Construction contracts

Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the asset is transferred over time as the Group and the Company create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to-date plus a margin (an input method).

Sales are made with a credit term of 30 to 60 days, therefore, no element of financing is deemed present. The Group and the Company become entitled to invoice customers based on achieving a series of performance-related milestones.

The Group and the Company recognised a contract asset for any excess of revenue recognised to-date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to-date and any deposit or advances received from customers, then the Group and the Company recognise a contract liability for the difference.

3.16 Borrowing costs

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

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

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

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Taxes (continued)

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Taxes (continued)

(c) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST 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 with the amount 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.

The GST in Malaysia was abolished and replaced by the sales and services tax effective from 1 September 2018.

(d) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales 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 with the amount of sales tax included.

The net amount of sales and services tax recoverable 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Fair value measurements

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

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

There were no transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.21 Earnings per ordinary share

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

3.22 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's and the Company's future performance).

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

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or have billed the customer.

3.24 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

(a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(b) the costs generate or enhance resources of the Group and the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(c) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(a) the remaining amount of consideration that the Group and the Company expect to receive in exchange for the goods or services to which the asset relates; less
(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 Contract costs (continued)

(c) Impairment (continued)

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less.

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

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flows projections, including forecast growth rates, the impact of COVID-19, inflation rates and gross profit margins. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 6(a) to the financial statements.

(b) Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and their expected loss. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward-looking estimates including the impact of COVID-19 at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets and contract assets are disclosed in Note 27(b)(i) to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	LEASEHOLD LAND RM'000 (AT VALUATION)	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	BUILDINGS RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	RIGHT-OF-USE ASSETS RM'000	TOTAL RM'000
Group								
Cost/Valuation								
At 1 April 2019								
- as previously reported	16,000	67,000	6,606	27,804	5,405	71,777	–	194,592
- effect of adoption of MFRS 16	(16,000)	–	–	–	–	–	16,000	–
Restated balance at 1 April 2019	–	67,000	6,606	27,804	5,405	71,777	16,000	194,592
Additions	–	–	–	1,888	–	6,910	–	8,798
Disposals	–	–	–	(258)	(2,080)	(1,605)	–	(3,943)
Written off	–	–	(6,606)	(5,211)	(13)	(6,987)	–	(18,817)
Exchange differences	–	–	–	1	–	–	–	1
At 31 March 2020	–	67,000	–	24,224	3,312	70,095	16,000	180,631
Accumulated depreciation and impairment loss								
At 1 April 2019	–	–	6,604	26,552	4,280	67,906	–	105,342
Depreciation charge for the financial year	–	1,896	–	591	277	1,623	453	4,840
Disposals	–	–	–	(50)	(2,077)	(1,605)	–	(3,732)
Written off	–	–	(6,604)	(5,181)	(13)	(6,987)	–	(18,785)
Exchange differences	–	–	–	1	–	–	–	1
At 31 March 2020	–	1,896	–	21,913	2,467	60,937	453	87,666
Carrying amounts								
At 31 March 2020	–	65,104	–	2,311	845	9,158	15,547	92,965

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	LEASEHOLD LAND RM'000 (AT VALUATION)	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	BUILDINGS RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	CONSTRUCTION IN PROGRESS RM'000	TOTAL RM'000
Group								
Cost/Valuation								
At 1 April 2018	36,000	60,000	27,479	28,840	5,625	130,764	5,691	294,399
Additions	–	–	–	239	1,134	146	–	1,519
Disposals	–	–	–	(209)	(1,183)	(28,415)	–	(29,807)
Written off	–	–	(1,219)	(701)	(171)	(10,669)	(1,886)	(14,646)
Revaluation	(15,644)	14,260	–	–	–	–	–	(1,384)
Elimination	(4,356)	(7,260)	–	–	–	–	–	(11,616)
Exchange differences	–	–	–	1	–	–	–	1
Disposal of subsidiaries	–	–	(19,654)	(366)	–	(20,049)	(3,805)	(43,874)
At 31 March 2019	16,000	67,000	6,606	27,804	5,405	71,777	–	194,592
Accumulated depreciation and impairment loss								
At 1 April 2018	3,485	5,808	27,460	27,082	5,349	123,609	5,691	198,484
Depreciation charge for the financial year	871	1,452	7	594	276	1,464	–	4,664
Disposals	–	–	–	(67)	(1,174)	(26,485)	–	(27,726)
Written off	–	–	(1,209)	(692)	(171)	(10,633)	(1,886)	(14,591)
Elimination	(4,356)	(7,260)	–	–	–	–	–	(11,616)
Exchange differences	–	–	–	1	–	–	–	1
Disposal of subsidiaries	–	–	(19,654)	(366)	–	(20,049)	(3,805)	(43,874)
At 31 March 2019	–	–	6,604	26,552	4,280	67,906	–	105,342
Carrying amounts								
At 31 March 2019	16,000	67,000	2	1,252	1,125	3,871	–	89,250

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	LEASEHOLD LAND RM'000 (AT VALUATION)	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	BUILDINGS RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	RIGHT-OF-USE ASSETS RM'000	TOTAL RM'000
Company								
Cost/Valuation								
At 1 April 2019								
- as previously reported	16,000	67,000	6,600	25,895	2,535	70,233	–	188,263
- effect of adoption of MFRS 16	(16,000)	–	–	–	–	–	16,000	–
Restated balance at 1 April 2019	–	67,000	6,600	25,895	2,535	70,233	16,000	188,263
Additions	–	–	–	1,328	615	6,910	–	8,853
Disposals	–	–	–	(245)	(256)	(1,605)	–	(2,106)
Written off	–	–	(6,600)	(4,283)	–	(5,443)	–	(16,326)
At 31 March 2020	–	67,000	–	22,695	2,894	70,095	16,000	178,684
Accumulated depreciation and impairment loss								
At 1 April 2019	–	–	6,600	24,794	2,277	66,355	–	100,026
Depreciation charge for the financial year	–	1,896	–	512	69	1,608	453	4,538
Disposals	–	–	–	(41)	(256)	(1,605)	–	(1,902)
Written off	–	–	(6,600)	(4,282)	–	(5,443)	–	(16,325)
At 31 March 2020	–	1,896	–	20,983	2,090	60,915	453	86,337
Carrying amounts								
At 31 March 2020	–	65,104	–	1,712	804	9,180	15,547	92,347

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	LEASEHOLD LAND RM'000 (AT VALUATION)	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	BUILDINGS RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	TOTAL RM'000
Company							
Cost/Valuation							
At 1 April 2018	36,000	60,000	6,600	25,713	2,704	97,718	228,735
Additions	–	–	–	203	262	145	610
Disposals	–	–	–	(21)	(431)	(27,630)	(28,082)
Revaluation	(15,644)	14,260	–	–	–	–	(1,384)
Elimination	(4,356)	(7,260)	–	–	–	–	(11,616)
At 31 March 2019	16,000	67,000	6,600	25,895	2,535	70,233	188,263
Accumulated depreciation and impairment loss							
At 1 April 2018	3,485	5,808	6,600	24,324	2,680	90,635	133,532
Depreciation charge for the financial year	871	1,452	–	491	28	1,420	4,262
Disposals	–	–	–	(21)	(431)	(25,700)	(26,152)
Elimination	(4,356)	(7,260)	–	–	–	–	(11,616)
At 31 March 2019	–	–	6,600	24,794	2,277	66,355	100,026
Carrying amounts							
At 31 March 2019	16,000	67,000	–	1,101	258	3,878	88,237

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Assets under leases liabilities and hire purchase arrangements

The carrying amount of assets under hire purchase arrangements are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Plant and machinery	–	40

(b) Assets pledged as security

Property plant and equipment with net carrying amount of RM80,651,100 (2019: RM83,000,000) of the Group and of the Company have been pledged to a financial institution as security for banking facilities as disclosed in Note 18 to the financial statements.

Leased assets are pledged as security for the related lease liabilities as disclosed in Note 18 to the financial statements.

(c) Revaluation on right-of-use assets/leasehold land and buildings

Had the revalued right-of-use assets/leasehold land and buildings been carried at historical cost less accumulated depreciation, the net carrying amount of the land and buildings and right-of-use assets that would have been included in the financial statement of the Group and the Company are as follows:

	GROUP AND COMPANY	
	2020 RM'000	2019 RM'000
Leasehold land	–	8,860
Leasehold building	26,223	27,270
Right-of-use assets		
- Leasehold land	8,085	–

Fair value information

	2020 RM'000	2019 RM'000
Group and Company		
Level 3		
Right-of-use assets/leasehold land and buildings	83,000	83,000

There is no transfer between the levels of fair value hierarchy during the financial year ended 31 March 2020.

In the previous financial year, there was a transfer between Level 2 and Level 3.

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Revaluation on right-of-use assets/leasehold land and buildings (continued)

Level 3 fair value

The following table shows a reconciliation of Level 3 fair value:

	2020 RM'000	2019 RM'000
Group and Company		
At 1 April	83,000	–
Transfer into level 3	–	83,000
At 31 March	83,000	83,000

In the previous financial year, considering the remaining lease period of the land, the Group and the Company had revised their valuation technique based on income approach using average rental rate of similar properties that uses significant unobservable inputs. Accordingly, the fair value was therefore reclassified to Level 3.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in valuation models.

DESCRIPTION	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Leasehold land and buildings	Income approach	Estimated average rental rate per square feet per month RM1.90	The higher the estimated rental/average rental rate per square feet per month, the higher the fair value.

Valuation process applied by the Group and the Company

The fair value of right–of-use assets/leasehold land and buildings are determined based on the valuation performed by an external independent firm of professional valuers, Knight Frank Malaysia Sdn. Bhd., a member of the Institute of Valuers in Malaysia on 29 June 2020.

Highest and best use

In estimating the fair value of the leasehold land, the highest and best use of the leasehold land and buildings is their current use.

(d) Right-of-use assets

The Group and the Company lease land for their office space and operation site. The lease land has remaining lease term of 35 years.

6. INTANGIBLE ASSETS

GROUP	GOODWILL ON CONSOLIDATION RM'000	DEVELOPMENT COSTS RM'000	INTELLECTUAL PROPERTIES RM'000	CONCESSION ASSET RM'000	TOTAL RM'000
Cost					
At 1 April 2019	129,689	16,243	40,391	19,581	205,904
Additions	–	31	–	–	31
At 31 March 2020	129,689	16,274	40,391	19,581	205,935
Accumulated amortisation and impairment loss					
At 1 April 2019	1,421	16,235	34,913	15,665	68,234
Amortisation charge for the financial year	–	3	1,440	3,916	5,359
At 31 March 2020	1,421	16,238	36,353	19,581	73,593
Carrying amounts					
At 31 March 2020	128,268	36	4,038	–	132,342
Cost					
At 1 April 2018	129,689	16,246	40,391	19,344	205,670
Additions	–	–	–	237	237
Less: Reversal	–	(3)	–	–	(3)
At 31 March 2019	129,689	16,243	40,391	19,581	205,904
Accumulated amortisation and impairment loss					
At 1 April 2018	1,421	16,231	33,340	12,941	63,933
Amortisation charge for the financial year	–	4	1,573	2,724	4,301
At 31 March 2019	1,421	16,235	34,913	15,665	68,234
Carrying amounts					
At 31 March 2019	128,268	8	5,478	3,916	137,670

6. INTANGIBLE ASSETS (CONTINUED)

COMPANY	DEVELOP-MENT COSTS RM'000	INTELLEC-TUAL PROPERTIES RM'000	CONCES-SION ASSET RM'000	TOTAL RM'000
Cost				
At 1 April 2019	16,243	40,391	19,581	76,215
Additions	31	–	–	31
At 31 March 2020	16,274	40,391	19,581	76,246
Accumulated amortisation				
At 1 April 2019	16,235	34,913	15,665	66,813
Amortisation charge for the financial year	3	1,440	3,916	5,359
At 31 March 2020	16,238	36,353	19,581	72,172
Carrying amounts				
At 31 March 2020	36	4,038	–	4,074
Cost				
At 1 April 2018	16,246	40,391	19,344	75,981
Additions	–	–	237	237
Less: Reversal	(3)	–	–	(3)
At 31 March 2019	16,243	40,391	19,581	76,215
Accumulated amortisation				
At 1 April 2018	16,231	33,340	12,941	62,512
Amortisation charge for the financial year	4	1,573	2,724	4,301
At 31 March 2019	16,235	34,913	15,665	66,813
Carrying amounts				
At 31 March 2019	8	5,478	3,916	9,402

(a) Goodwill on consolidation

Impairment of goodwill

The Group 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.

6. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill on consolidation (continued)

Impairment of goodwill (continued)

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

	GROUP	
	2020 RM'000	2019 RM'000
Trusted identification	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 the CGU.

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

In the current financial year, the estimated recoverable amount of the CGU exceeds the carrying amount. As a result of the analysis, the directors did not identify any impairment for this CGU. Based on the sensitivity analysis performed, the directors believe that there is no reasonably possible change in key assumptions that would cause the carrying value of the CGU to exceed its recoverable amount.

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

2020	CGU
Average gross margin	24%
Average annual revenue growth rate	2%
Discount rate	16%

2019	CGU
Average gross margin	25%
Average annual revenue growth rate	1%
Discount rate	20%

These key assumptions have been used for the analysis of the CGU within the operating segments. The values assigned to the key assumptions represent directors' assessment of future trends in the trusted identification 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.

6. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill on consolidation (continued)

Impairment of goodwill (continued)

The calculation of value-in-use for the CGU is most sensitive to the following assumptions (continued):

- 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.
- 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 directors' estimate of the risks specific to the CGU at the date of assessment.

(b) Development costs

The development costs principally comprise internally generated expenditure incurred for developing the devices and software where it is reasonably anticipated that the costs will be recovered through future activities.

(c) Intellectual properties

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

(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. 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 supply of 10 million multi-applicable identity biometric cards was fully delivered during the financial year. However, the concession period on the maintenance work and other services is expiring in Year 2021.

(e) Amortisation

All the amortisation of development costs, intellectual properties and concession asset of the Group and the Company are included in cost of sales.

7. OPERATING FINANCIAL ASSETS

	GROUP AND COMPANY	
	2020 RM'000	2019 RM'000
At the beginning of the financial year	12,383	15,183
Add: Increase during the year	–	662
Add: Effect on accretion of interest from discounting	939	1,505
Less: Payment received	(1,895)	(4,967)
At the end of the financial year	11,427	12,383
Non-current	10,398	11,427
Current	1,029	956
	11,427	12,383

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 work and 19 years and 6 months of maintenance work and supply of products. Upon the 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 work and 14 years and 6 months of maintenance work and supply of products. Upon the 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 work and 19 years and 6 months of maintenance work and supply of products. Upon the 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 rates range from 7.41% to 7.63% (2019: 7.41% to 7.63%) per annum repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession assets.

8. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2020 RM'000	2019 RM'000
At cost		
Unquoted shares		
At the beginning of the financial year	228,091	228,042
Add: Additions during the financial year	3,000	1,000
Less: Disposal during the financial year	–	(951)
At the end of the financial year	231,091	228,091
Less: Accumulated impairment losses		
At the beginning of the financial year	153,226	154,177
Less: Disposal during the financial year	–	(951)
At the end of the financial year	153,226	153,226
Carrying amounts		
At the end of the financial year	77,865	74,865

(a) Details of the subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPO-RATION	OWNERSHIP INTEREST 2020 %	OWNERSHIP INTEREST 2019 %	PRINCIPAL ACTIVITIES
IRIS Technologies (M) Sdn. Bhd.	Malaysia	100	100	Dormant.
IRIS Corporation North America Limited #	United States of America	–	100	Dormant.
IRIS AMS Sdn. Bhd. (formerly known as IRIS Eco Power Sdn. Bhd.)	Malaysia	100	100	Dormant.
IRIS Information Technology Systems Sdn. Bhd.	Malaysia	100	100	Maintaining and servicing autogate, image retrieval identification system (I.R.I.S.) and marketing of contact and contactless smart technology based products.

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPO-RATION	OWNERSHIP INTEREST 2020 %	OWNERSHIP INTEREST 2019 %	PRINCIPAL ACTIVITIES
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 integrated building system (“IBS”) and building material.
IRIS Land Sdn. Bhd.	Malaysia	100	100	Dormant.
IRIS eServices 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.
RB Biotech Sdn. Bhd.	Malaysia	66.67	66.67	Dormant.
IRIS Tech Ventures Sdn. Bhd. (formerly known as IRIS Cafe Kaseh Sdn. Bhd.)	Malaysia	100	100	Dormant.
Subsidiary of IRIS Agrotech Sdn. Bhd.				
Endah Farm Sdn. Bhd.	Malaysia	60	60	Dormant.
Subsidiary of IRIS Land Sdn. Bhd.				
IRIS Land (PNG) Limited # +	Papua New Guinea	–	100	Property development.

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

* 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 PLT.
^ 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.

(b) Acquisition of additional interest in IRIS Information Technology Systems Sdn. Bhd.

On 20 November 2019, the Company subscribed additional RM3,000,000 interest (representing 3,000,000 ordinary shares) in IRIS Information Technology Systems Sdn. Bhd. at a price of RM1 per share by way of allotment of shares.

In the previous financial year, the Company subscribed additional RM1,000,000 interest (representing 1,000,000 ordinary shares) in IRIS Information Technology Systems Sdn. Bhd. at a price of RM1 per share by way of allotment of shares.

(c) Disposal of subsidiaries

For the financial year ended 31 March 2020

On 7 May 2019, the Group entered into a Shares Sales Agreement with Prior Vital Sdn. Bhd. (Company No. 1273016-T), a company incorporated in Malaysia, to dispose of its entire equity interests in IRIS Land (PNG) Limited ("ILPNG"), a wholly-owned subsidiary of the Group, which is incorporated in Papua New Guinea, for a total cash consideration of RM1.00 only. Consequently, ILPNG ceased to be the subsidiary of the Group.

The summary effects of the disposal of the investment in a subsidiary on the financial position of the Group are as follows:

	IRIS LAND (PNG) LIMITED RM'000
Liabilities	
Trade and other payables	(5,479)
Fair value of net liabilities identified	(5,479)
Cash consideration received	–*
Gain on disposal of a subsidiary	(5,479)
Cash flows	
Cash consideration received	–*
Less: Cash and cash equivalents of subsidiary disposed	–
Net cash outflows on disposal	–

* Represent amount less than RM1,000

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Disposal of subsidiaries (continued)

For the financial year ended 31 March 2019

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

REL held 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 was completed on 26 July 2018 as the Purchaser had fully settled the sale consideration upon execution of the Shares Sale Agreement. Consequently, REL and Weinan had ceased to be subsidiaries of the Group.

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

	REGAL ENERGY LIMITED GROUP RM'000
Assets	
Cash and bank balances	70
Liabilities	54,915
Trade and other payables	37
Current tax liabilities	54,952
	(54,882)
Non-controlling interests	14,329
Reclassification adjustment of foreign exchange translation reserve	(2,080)
Waiver of shareholders' net advance	39,335
Fair value of net liabilities identified	(3,298)
Cash consideration receivable	–*
Gain on disposal of subsidiaries	(3,298)
Cash consideration received	–
Less: Cash and cash equivalents of subsidiaries disposed	(70)
Net cash outflows on disposal	(70)

* Represent amount less than RM1,000

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Non-controlling interests in subsidiaries

The financial information of the Group's and the Company'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 2020 %	OWNERSHIP INTEREST 2019 %
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
Endah Farm Sdn. Bhd.	Malaysia	40	40

Carrying amount of material non-controlling interests:

NAME OF COMPANY	2020 RM'000	2019 RM'000
IRIS Koto	(18,703)	(20,451)
Other subsidiaries	(2,153)	(2,146)
	(20,856)	(22,597)

Profit or loss allocated to material non-controlling interests:

NAME OF COMPANY	2020 RM'000	2019 RM'000
IRIS Koto	1,748	(820)
Other subsidiaries	(7)	68
	1,741	(752)

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 and Company's subsidiaries that have material non-controlling interests are as follows:

	2020 RM'000	2019 RM'000
IRIS Koto Sdn. Bhd.		
Summarised statement of financial position		
As at 31 March		
Current assets	4,600	4,628
Current liabilities	(22,770)	(26,365)
Net liabilities	(18,170)	(21,737)
Summarised statement of comprehensive income		
Financial year ended 31 March		
Revenue	–	123
Profit/(loss) for the financial year	3,567	(1,674)
Total comprehensive income/(loss)	3,567	(1,674)
Summarised statement of cash flows information		
Financial year ended 31 March		
Cash flows from/(used in) operating activities	3,454	(836)
Cash flows from investing activities	–	1,014
Cash flows used in financing activities	(3,472)	(257)
Net decrease in cash and cash equivalents	(18)	(79)

(f) Strike off shares in IRIS Corporation North America Limited

IRIS Corporation North America Limited ("ICNA"), a wholly owned subsidiary of the Group was stuck off from the Division of Corporations by Department of State. Accordingly, ICNA has ceased to be subsidiary of the Group.

9. INVESTMENT IN ASSOCIATES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost	5,500	14,323	5,500	5,500
Unquoted shares				
Share of post-acquisition reserves, net of dividend received	(550)	(1,870)	–	–
	4,950	12,453	5,500	5,500
Less: Impairment losses	(500)	(1,553)	(500)	(500)
	4,450	10,900	5,000	5,000

Details of associates are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPO-RATION	OWNERSHIP INTEREST 2020 %	OWNERSHIP INTEREST 2019 %	PRINCIPAL ACTIVITIES / NATURE OF RELATIONSHIP
Multimedia Display Technologies Sdn. Bhd. ("MDT") + *	Malaysia	44.4	44.4	Research, development, marketing and distribution of CRT/ LCD display monitors and Radio frequency identity system (RFID). The activities contribute to the Group's trusted identification business segment.
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	To market & operate as an agent for goods & services tax refund. The activities contribute to the Group's trusted identification business segment.

9. INVESTMENT IN ASSOCIATES (CONTINUED)

+ Audited by auditors other than Baker Tilly Monteiro Heng PLT.
^ 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 2020 have been used.
# The audited financial statements and auditors' report of the associates are not available. The management accounts have been used for the purpose of consolidation.

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 2020		
Assets and liabilities:		
Current assets	1,226	–
Non-current assets	1,221	–
Current liabilities	(544)	–
Net assets	1,903	–
Results:		
Profit from continuing operations	10	–
Other comprehensive income	–	–
Total comprehensive income	10	–
Included in the total comprehensive income is:		
Revenue	841	–
At 31 March 2019		
Assets and liabilities:		
Current assets	1,381	31,293
Non-current assets	1,252	–
Current liabilities	(689)	(10,036)
Net assets	1,944	21,257
Results:		
Profit/(loss) from continuing operations	74	(2,522)
Other comprehensive income	–	–
Total comprehensive income/(loss)	74	(2,522)
Included in the total comprehensive income is:		
Revenue	838	3,481

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 2020			
Reconciliation of net assets to carrying amount:			
Share of net assets at fair value	4,000	–	4,000
Goodwill on acquisition	1,000	–	1,000
Cost of investment	5,000	–	5,000
Less: Share of post-acquisition loss	(550)	–	(550)
	4,450	–	4,450
Less: Accumulated impairment loss	–	–	–
Carrying amount in the statements of financial positions	4,450	–	4,450
Group's share of results			
Group's share of profit or loss during the financial year from:			
- Continuing operations	4	–	4
Group's share of other comprehensive income	–	–	–
Group's share of total comprehensive income	4	–	4
At 31 March 2019			
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
Less: Share of post-acquisition loss	(554)	(1,316)	(1,870)
	4,446	7,507	11,953
Less: Accumulated impairment loss	–	(1,053)	(1,053)
Carrying amount in the statements of financial positions	4,446	6,454	10,900
Group's share of results			
Group's share of profit or loss during the financial year from:			
- Continuing operations	33	(603)	(570)
Group's share of other comprehensive income	–	–	–
Group's share of total comprehensive income	33	(603)	(570)

9. INVESTMENT IN ASSOCIATES (CONTINUED)

(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 RM1,313 (2019: RM4,267) 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 RM416,330 (2019: RM415,017).

(b) Capital reduction in IRIS Global Blue TRS Malaysia Sdn. Bhd. ("IGB")

IRIS Global Blue TRS Sdn. Bhd. ("IGB") had on 14 February 2019 passed a special resolution whereas its existing paid-up share capital was approved to be reduced from RM36,910,000 divided into 36,910,000 ordinary shares (collectively the "IGB Shares" and each an "IGB Share") to RM1,000 divided into 1,000 IGB shares, by cancelling the paid-up share capital of RM36,909,000 divided into 36,909,000 IGB Shares, and by effecting a capital repayment of RM27,000,000 in cash to the shareholders of those 36,909,000 IGB Shares which are being cancelled, representing approximately RM0.73 for each existing IGB Share which is being cancelled, rounded to the nearest RM10 for each shareholder.

On 2 July 2019, the Group received the Notice of Confirming Reduction of IGB Share from Companies Commission of Malaysia dated 24 June 2019. After the completion of the capital reduction, IGB had ceased to become an associate of the Group.

The summary effects of the capital reduction on investment in IGB are as follows:

	GROUP 2020 RM'000
Net cost of investment	6,454
Cash consideration received for capital reduction	7,034
Gain on capital reduction in an associate recognised in profit or loss	580

10. INVESTMENT IN JOINT VENTURES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost				
Unquoted shares	39,037	39,037	39,037	39,037
Share of post-acquisition reserves	(30,493)	(30,493)	–	–
	8,544	8,544	39,037	39,037
Less: Impairment losses	(8,752)	(8,752)	(39,037)	(39,037)
Add: Exchange differences	208	208	–	–
	–	–	–	–

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

Details of joint ventures are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPO-RATION	OWNERSHIP INTEREST 2020 %	OWNERSHIP INTEREST 2019 %	PRINCIPAL ACTIVITIES
Plaman Resources Limited ("Plaman") +	New Zealand	51	51	In liquidation.
Subsidiary of Plaman Resources Limited				
Plaman Services Limited + #	New Zealand	100	100	Dormant.
Plaman Services (Australia) Pty Ltd. + #	Australia	100	100	Dormant.
Plaman Services Corporation + #	United States of America	100	100	Dormant.

+ Audited by auditors other than Baker Tilly Monteiro Heng PLT.

The financial statements of the subsidiaries have not been consolidated in Plaman's financial statements as all the subsidiaries have not commenced their business operations and two of the subsidiaries were newly incorporated in the previous financial year.

Plaman Resources Limited ("Plaman"), a company incorporated in New Zealand, had on 13 June 2019, passed a shareholders' special resolution to wind up Plaman by way of voluntary liquidation and had appointed Conor McElhinney and Andrew Grenfell of the firm McGrath Nicol, of Auckland New Zealand as joint and several liquidators for the purpose of winding up of the affairs and distributing the assets of Plaman, where necessary.

The voluntary liquidation is not expected to have any material impact on the earnings and net assets of the Group and the Company as the investment in Plaman had been fully impaired in the previous financial year and the Company does not provide any corporate guarantee to Plaman.

Shares pledged as security

The Company's ordinary shares in Plaman has been pledged as security for Plaman's term loan.

The summarised financial information of Plaman was not presented for the current financial year as Plaman is under liquidation process now.

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint venture

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

	PLAMAN 2019 RM'000
Group	
Assets and liabilities:	
Current assets	48,090
Non-current assets	17,749
Current liabilities *	(4,703)
Non-current liabilities #	(87,465)
Cash and cash equivalents	7,300
Results:	
Loss from continuing operations	(37,075)
Other comprehensive income	–
Total comprehensive loss	(37,075)
Included in the total comprehensive loss is:	
Amortisation	1,112
Interest expense	7,798
Interest income	462
At 31 March 2019	
Reconciliation of net assets to carrying amount:	
Cost of investment	39,037
Share of post-acquisition loss	(30,493)
	8,544
Less: Accumulated impairment loss	(8,752)
Add: Exchange differences	208
Carrying amount in the statements of financial position	–
Group's share of results	
Group's share of profit or loss during the financial year from:	
- Continuing operations	(18,908)
Group's share of other comprehensive income	–
Group's share of total comprehensive loss	(18,908)

* Current liabilities consist only other payables.

\# Non-current liabilities consist only loans and borrowings.

11. OTHER INVESTMENTS

Unquoted equity shares with carrying amount of Nil (2019: Nil) are financial assets designated as at fair value through other comprehensive income at the end of the reporting date.

12. INVENTORIES

	GROUP AND COMPANY	
	2020 RM'000	2019 RM'000
At cost:		
Raw materials	6,572	12,919
Work-in-progress	4,307	4,622
Finished goods	4,947	1,054
	15,826	18,595

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 RM58,410,906 (2019: RM66,623,413) and RM49,111,116 (2019: RM52,558,533) respectively.

The cost of inventories of the Group and of the Company recognised as (income)/expense in cost of sales in respect of (reversal of written down)/written down of inventories to net realisable value are RM(5,225,791) (2019: RM(3,652,000)) and RM(4,682,134) (2019: RM(3,191,149)) respectively as results of technology obsolescence on certain products in trusted identification segment and decreased in sales price in certain markets.

13. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Current:					
Trade					
Third parties	(a)	155,761	108,796	131,628	81,606
Less: Accumulated impairment losses		(28,188)	(30,332)	(15,137)	(13,958)
		127,573	78,464	116,491	67,648
Non-trade					
Other receivables	(b)	23,016	36,304	13,922	22,495
Goods and service tax and value added tax refundable		3,484	4,005	3,140	3,135
Witholding tax refundable		5,544	5,544	5,544	5,544
Deposits	(b)	20,789	41,674	14,282	15,799
Advances to suppliers		5,192	5,083	5,192	5,063
Amount owing by subsidiaries	(b)	–	–	208,454	194,110
Amount owing by associates	(b)	33	19	33	19
		58,058	92,629	250,567	246,165
Less: Accumulated impairment losses					
- other receivables	(b)	(18,895)	(20,331)	(10,550)	(7,059)
- Goods and service tax and value added tax refundable		(2,596)	(1,742)	(2,596)	(1,742)
- witholding tax refundable		(146)	–	(146)	–
- deposits	(b)	(17,545)	(36,149)	(11,684)	(11,684)
- amount owing by subsidiaries	(b)	–	–	(185,807)	(178,271)
- amount owing by associates		(33)	–	(33)	–
		(39,215)	(58,222)	(210,816)	(198,756)
		18,843	34,407	39,751	47,409
Total trade and other receivables		146,416	112,871	156,242	115,057

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 (2019: 30 to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Receivables that are impaired

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

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 April	30,332	92,209	13,958	78,415
Charge for the financial year				
- Individually assessed	1,228	8,820	1,227	5,805
Reversal of impairment losses				
- Individually assessed	(473)	(69,162)	(458)	(68,727)
Written off for the financial year	(3,309)	(1,535)	–	(1,535)
Exchange differences	410	–	410	–
At 31 March	28,188	30,332	15,137	13,958

Included in trade receivables is an amount owing of RM50,210,001 (2019: RM47,555,728) due by a contract customer of which credit enhanced by a security deposit received as disclosed in Note 20(c) to the financial statements.

The information about the credit exposures are disclosed in Note 27(b)(i) to the financial statements.

(b) Other receivables, deposits, amount owing by subsidiaries and associates

The trade amounts owing by subsidiaries and associates are non-interest bearing and normal credit term offered by the Group and the Company are 30 days (2019: 30 days) from the date of invoices.

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

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables, deposits, amount owing by subsidiaries and associates (continued)

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

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 April	58,222	67,445	198,756	253,820
Charge for the financial year	5,548	1,087	21,174	14,274
Reversal for the financial year	(368)	(5,081)	(8,411)	(27,389)
Written off for the financial year	(24,187)	(5,229)	(703)	(2,614)
Disposal of subsidiaries	–	–	–	(39,335)
At 31 March	39,215	58,222	210,816	198,756

14. CONTRACT ASSETS/(LIABILITIES)

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Contract assets relating to contract works with customers	6,491	7,267	6,468	7,267
Contract liabilities relating to contract works with customers	(3,902)	(3,859)	(3,902)	(3,859)

14. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(a) Significant changes in contract balances

	2020		2019	
	CONTRACT ASSETS INCREASE/ (DECREASE) RM'000	CONTRACT LIABILITIES (INCREASE)/ DECREASE RM'000	CONTRACT ASSETS INCREASE/ (DECREASE) RM'000	CONTRACT LIABILITIES (INCREASE)/ DECREASE RM'000
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year	–	870	–	1,698
Increases due to consideration received from customers, but revenue not recognised	–	(913)	–	–
Increases due to unbilled revenue recognised	4,038	–	6,134	–
Transfers from contract assets recognised at the beginning of the period to receivables	(4,814)	–	(9,047)	–
Company				
Revenue recognised that was included in contract liability at the beginning of the financial year	–	870	–	1,698
Increases due to consideration received from customers, but revenue not recognised	–	(913)	–	–
Increases due to unbilled revenue recognised	4,015	–	6,134	–
Transfers from contract assets recognised at the beginning of the period to receivables	(4,814)	–	(9,047)	–

(b) Revenue recognised in relation to contract balances

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	870	1,698	870	1,698

15. CASH AND SHORT-TERM DEPOSITS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	24,796	29,206	6,932	6,886
Short-term deposits placed with licensed banks	51,954	88,202	45,236	87,581
	76,750	117,408	52,168	94,467

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

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term deposits placed with licensed banks	51,954	88,202	45,236	87,581
Less: Pledged deposits	(13,524)	(14,320)	(13,524)	(14,320)
	38,430	73,882	31,712	73,261
Cash and bank balances	24,796	29,206	6,932	6,886
	63,226	103,088	38,644	80,147

(b) Included in short-term deposits placed with licensed banks of the Group and of the Company is an amount of RM13,523,828 (2019: RM14,319,930) pledged to licensed banks for credit facilities granted to the Group and the Company as disclosed in Note 18 to the financial statements.

(c) The weighted average effective interest rates of the short-term deposits at the end of the reporting date ranged from 2.30% to 7.00% (2019: 1.40% to 14.00%) per annum. The fixed deposits have maturity periods ranging from 30 days (2019: 30 to 90 days).

16. SHARE CAPITAL

	GROUP AND COMPANY			
	NUMBER OF ORDINARY SHARES		AMOUNT	
	2020 UNIT'000	2019 UNIT'000	2020 RM'000	2019 RM'000
Ordinary shares				
Issued and fully paid up:				
At 1 April	2,966,282	2,471,902	539,602	480,276
Issued during the financial year	–	494,380	–	59,326
At 31 March	2,966,282	2,966,282	539,602	539,602

16. 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.

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

In the previous financial year, the Company issued 494,380,400 new ordinary shares pursuant to a private placement exercise at an issue price of RM0.12 per ordinary share.

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

17. OTHER RESERVES

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Foreign exchange translation reserve	(a)	30	158	–	–
Revaluation reserve	(b)	33,080	34,043	9,699	9,983
		33,110	34,201	9,699	9,983

(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 as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

(b) Revaluation reserve

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

18. LOANS AND BORROWINGS

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current:					
Secured					
Term loans	(a)	18,750	31,250	18,750	31,250
Hire purchase payables	(b)	–	83	–	–
		18,750	31,333	18,750	31,250
Current:					
Secured					
Term loans	(a)	12,500	12,500	12,500	12,500
Hire purchase payables	(b)	–	127	–	–
Unsecured					
Revolving loans	(c)	–	10,000	–	10,000
		12,500	22,627	12,500	22,500
		31,250	53,960	31,250	53,750
Total loans and borrowings:					
Term loans		31,250	43,750	31,250	43,750
Hire purchase payables		–	210	–	–
Revolving loans		–	10,000	–	10,000
		31,250	53,960	31,250	53,750

(a) Term loans

Group and Company

Term loan of RM31,250,000 (2019: RM43,750,000) bears interest at 7.00% (2019: 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 as disclosed in Note 5 to the financial statements.

18. LOANS AND BORROWINGS (CONTINUED)

(b) Hire purchase payables

	GROUP	
	2020 RM'000	2019 RM'000
Minimum hire purchase payments:		
- Not later than one year	–	134
- Later than one year and not later than 5 years	–	85
Less: Future finance charges	–	219
Present value of hire purchase payables	–	(9)
	–	210
Represented by:		
Current		
- Not later than one year	–	127
Non-current		
- Later than one year and not later than 5 years	–	83
	–	210

In the previous financial year, hire purchase payables of the Group bore effective interest rates ranging from 4.58% to 6.48% per annum at the end of the reporting period.

(c) Revolving loans

The revolving loans bore effective interest rate at Nil (2019: 5.81%) per annum at the end of the financial year.

The revolving loans are secured by way of:

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

19. DEFERRED TAX LIABILITIES

Deferred tax relates to the following:

	AT 1 APRIL 2019 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT 31 MARCH 2020 RM'000
Group and Company			
Deferred tax liabilities:			
Property, plant and equipment	(14,335)	(477)	(14,812)
Deferred tax assets:			
Unutilised tax losses	8,661	(5,799)	2,862
Other items	2,400	(1,164)	1,236
	11,061	(6,963)	4,098
	(3,274)	(7,440)	(10,714)

	AT 1 APRIL 2018 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT 31 MARCH 2019 RM'000
Group and Company			
Deferred tax liabilities:			
Property, plant and equipment	(13,443)	(892)	(14,335)
Deferred tax assets:			
Unutilised tax losses	12,760	(4,099)	8,661
Other items	683	1,717	2,400
	13,443	(2,382)	11,061
	–	(3,274)	(3,274)

Presented after appropriate offsetting as follows:

	GROUP AND COMPANY	
	2020 RM'000	2019 RM'000
Deferred tax liabilities	(10,714)	(3,274)

19. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Temporary differences on property, plant and equipment	16,939	13,788	–	–
Unabsorbed capital allowances	12,189	11,699	–	–
Unutilised tax losses	108,305	109,793	–	–
Impairment loss for trade receivables	15,137	13,958	15,137	13,958
Other items	22,515	27,197	22,515	27,197
	175,085	176,435	37,652	41,155
Potential deferred tax assets not recognised at 24% (2019: 24%)	42,020	42,344	9,036	9,877

Unutilised business losses brought forward are available for offset against future taxable income which will expire in the following years:

	GROUP 2020 RM'000	COMPANY 2020 RM'000
2026	119,510	11,925
2027	720	–
	120,230	11,925

20. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current:					
Trade					
Third parties	(a)	62,711	57,851	49,595	43,875
Amount owing to subsidiaries	(b)	–	–	30,134	26,462
		62,711	57,851	79,729	70,337
Non-trade					
Other payables		4,250	9,268	1,583	5,963
Goods and services tax, sales and services tax and value added tax payable		1,617	167	1,541	110
Deposits		53,687	52,168	52,973	50,477
Accruals		54,483	73,195	48,813	65,168
Amount owing to an associate	(b)	–	6,454	–	–
Amount owing to subsidiaries	(b)	–	–	79,394	70,825
		114,037	141,252	184,304	192,543
Total trade and other payables		176,748	199,103	264,033	262,880

(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 (2019: 30 to 120 days).

(b) Amount owing to subsidiaries and an associate

The trade amount owing is subject to the normal trade credit terms ranging from 30 to 90 days (2019: 30 to 90 days). The amount owing is expected to be settled in cash.

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

(c) Deposits

Included in deposits is an amount of RM52,925,221 (2019: RM50,127,412) represents the security deposits made by a contract customer.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 27(b)(ii) to the financial statements.

21. LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

(a) Liabilities of a disposal group classified as held for sale

As disclosed in Note 8(c) to the financial statements, the Group had disposed of IRIS Land (PNG) Limited ("ILPNG"). ILPNG which operates in Papua New Guinea. The assets and liabilities related to ILPNG have been presented as held for sale since the previous financial years.

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.

Liabilities of a disposal group classified as held for sale

	GROUP	
	2020 RM'000	2019 RM'000
Trade and other payables	–	5,479

(b) Discontinued operation

Analysis of the results of discontinued operation and the results recognised on the disposal group is as follows:

	GROUP
	2020 RM'000
Gain on disposal of a subsidiary (Note 8(c))	(5,479)
Loss after tax for the financial year from discontinued operation, net of tax	(5,479)

22. REVENUE

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing operations				
Revenue from contract customers:				
Sales of goods	116,757	135,056	113,263	127,521
Maintenance and services	12,441	22,650	8,673	21,687
Construction contracts	2,927	3,002	2,927	3,002
Concession arrangements *	97,462	68,529	97,462	68,529
	229,587	229,237	222,325	220,739

* These relate to construction revenue recognised in accordance with IC Interpretation *12 Service Concession Arrangements* and MFRS 15 *Revenue from Contracts with Customers* in respect of the construction of public services pursuant to the concession arrangements as disclosed in Note 6(d) and Note 7 to the financial statements.

22. REVENUE (CONTINUED)

(a) Disaggregation of revenue

The Group reports the following major segments: trusted identification, property development and construction and food and agro technology in accordance with MFRS 8 *Operating Segments*. For disclosure of disaggregation of revenue, it disaggregates revenue into primary geographical markets, major goods or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

For information about disaggregation of revenue into primary geographical market, refer to Note 31 to the financial statements.

	TRUSTED IDENTIFICATION RM'000	SUSTAINABLE DEVELOPMENT RM'000	TOTAL RM'000
Group			
2020			
Major goods or services:			
Sale of goods	116,549	208	116,757
Maintenance and services	12,441	–	12,441
Construction contracts	–	2,927	2,927
Concession arrangements	97,462	–	97,462
	226,452	3,135	229,587
Timing of revenue recognition:			
At a point in time	116,549	208	116,757
Over time	109,903	2,927	112,830
	226,452	3,135	229,587
2019			
Major goods or services:			
Sale of goods	132,905	2,151	135,056
Maintenance and services	22,650	–	22,650
Construction contracts	–	3,002	3,002
Concession arrangements	68,529	–	68,529
	224,084	5,153	229,237
Timing of revenue recognition:			
At a point in time	132,905	2,151	135,056
Over time	91,179	3,002	94,181
	224,084	5,153	229,237

22. REVENUE (CONTINUED)

(a) Disaggregation of revenue (continued)

	TRUSTED IDENTIFICATION RM'000	SUSTAINABLE DEVELOPMENT RM'000	TOTAL RM'000
Company			
2020			
Major goods or services:			
Sale of goods	113,263	–	113,263
Maintenance and services	8,673	–	8,673
Construction contracts	–	2,927	2,927
Concession arrangements	97,462	–	97,462
	219,398	2,927	222,325
Timing of revenue recognition:			
At a point in time	113,263	–	113,263
Over time	106,135	2,927	109,062
	219,398	2,927	222,325
2019			
Major goods or services:			
Sale of goods	127,521	–	127,521
Maintenance and services	21,687	–	21,687
Construction contracts	–	3,002	3,002
Concession arrangements	68,529	–	68,529
	217,737	3,002	220,739
Timing of revenue recognition:			
At a point in time	127,521	–	127,521
Over time	90,216	3,002	93,218
	217,737	3,002	220,739

(b) Transaction price allocated to the remaining performance obligations

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

23. FINANCE COSTS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing operations				
Interest expense on:				
- hire purchase and lease liabilities	6	51	–	34
- term loans	2,669	5,485	2,669	5,485
- revolving loans	401	749	401	749
- others	323	117	265	97
	3,399	6,402	3,335	6,365

24. PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing operations				
Auditors' remuneration:				
- audit services				
- current year	439	521	324	365
- prior year	–	15	–	15
- other services	10	60	10	60
Amortisation of intangible assets	5,359	4,301	5,359	4,301
Bad debts written off	158	2,615	5	2,615
Depreciation of property, plant and equipment	4,840	4,664	4,538	4,262
Directors' fee	457	409	457	409
Directors' remuneration:				
- salaries and other remuneration	1,048	723	1,048	723
- defined contribution plans	126	74	126	74
- others	3	1	3	1
Effect of accretion of interest on operating financial assets	(939)	(1,505)	(939)	(1,505)
Expenses relating to short-term leases	425	–	337	–
Expenses relating to lease of low value assets	27	–	27	–
Gain on capital reduction in investment in an associate	(580)	–	–	–
Gain on disposal of investment in subsidiaries	(5,479)	(3,298)	–	– *
Gain on disposal of other investment	–	(15)	–	(15)
Gain on disposal of property, plant and equipment	(607)	(1,453)	(185)	(256)

24. PROFIT BEFORE TAX (CONTINUED)

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

	GROUP		COMPANY	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Continuing operations				
Impairment loss on trade and other receivables	6,776	9,907	22,401	20,079
Impairment loss on investment in associates	–	340	–	–
Impairment loss on investment in joint ventures	–	–	–	8,205
Interest income	(2,979)	(1,062)	(2,252)	(1,060)
Loss/(gain) on foreign exchange:				
- realised	464	1,900	466	1,900
- unrealised	21	(1,009)	(1,638)	(736)
Net reversal of inventories written down	(5,226)	(3,652)	(4,682)	(3,191)
Other investment written off	–	16	–	16
Property, plant and equipment written off	32	55	1	–
Reversal of impairment loss on investment in joint ventures, transferred to share of results of joint ventures	–	(11,911)	–	–
Reversal of impairment loss on trade and other receivables	(841)	(74,243)	(8,869)	(96,116)
Staff costs:				
- salaries and other remuneration	25,107	43,290	21,868	31,955
- defined contribution plans	3,235	3,829	2,888	2,644

* Represent amount less than RM1,000

25. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 March 2020 and 31 March 2019 are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Statements of comprehensive income				
Continuing operations				
Current income tax:				
- current year	803	–*	506	–
- prior years	176	(297)	136	–
	979	(297)	642	–
Deferred tax:				
Origination of temporary differences	7,440	3,274	7,440	3,274
Revaluation of property, plant and equipment	–	332	–	332
	7,440	3,606	7,440	3,606
Income tax expense recognised in profit or loss	8,419	3,309	8,082	3,606

* Represent amount less than RM1,000

25. INCOME TAX EXPENSE (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax				
- Continuing operations	18,393	40,816	10,177	60,702
- Discontinued operation	5,479	–	–	–
	23,872	40,816	10,177	60,702
Tax at Malaysian statutory income tax rate of 24% (2019: 24%)	5,729	9,796	2,442	14,568
Adjustments:				
Income not subject to tax	(1,959)	(9,427)	(1,755)	(8,029)
Non-deductible expenses	2,451	7,063	5,538	8,128
Deferred tax not recognised on tax losses and temporary differences	(855)	(12,696)	(841)	(15,419)
Tax effect on share of results of associates	(1)	137	–	–
Tax effect on share of results of joint ventures	–	4,538	–	–
Utilisation of previously unrecognised tax losses	531	–	–	–
Adjustment in respect of income tax of prior years	176	(297)	136	–
Adjustment in respect of deferred tax of prior years	2,651	4,430	2,651	4,430
Adjustment in respect of revaluation reserves	(304)	(235)	(89)	(72)
Income tax expense	8,419	3,309	8,082	3,606

26. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per share are based on the profit 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	
	2020 RM'000	2019 RM'000
Profit attributable to owners of the Company:		
- Continuing operations	8,233	38,259
- Discontinued operation	5,479	–
	13,712	38,259
	UNIT'000	UNIT'000
Weighted average number of ordinary shares for basic earnings per share	2,966,282	2,734,669
Basic earnings per ordinary share (sen):		
- Continuing operations	0.28	1.40
- Discontinued operation	0.18	–
	0.46	1.40

(b) Diluted earnings per ordinary share

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

27. 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) Amortised cost ("AC"); and
(ii) Fair value through other comprehensive income ("FVOCI").

27. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

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

	CARRYING AMOUNT RM'000	AC RM'000
As 31 March 2020		
Financial assets		
Group		
Operating financial assets	11,427	11,427
Trade and other receivables #	134,938	134,938
Cash and short-term deposits	76,750	76,750
	223,115	223,115
Company		
Operating financial assets	11,427	11,427
Trade and other receivables #	145,108	145,108
Cash and short-term deposits	52,168	52,168
	208,703	208,703
As 31 March 2020		
Financial liabilities		
Group		
Loans and borrowings	(31,250)	(31,250)
Trade and other payables *	(175,131)	(175,131)
	(206,381)	(206,381)
Company		
Loans and borrowings	(31,250)	(31,250)
Trade and other payables *	(262,492)	(262,492)
	(293,742)	(293,742)

27. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

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

	CARRYING AMOUNT RM'000	AC RM'000
As 31 March 2019		
Financial assets		
Group		
Operating financial assets	12,383	12,383
Trade and other receivables #	99,981	99,981
Cash and short-term deposits	117,408	117,408
	229,772	229,772
Company		
Operating financial assets	12,383	12,383
Trade and other receivables #	103,057	103,057
Cash and short-term deposits	94,467	94,467
	209,907	209,907
As 31 March 2019		
Financial liabilities		
Group		
Loans and borrowings	(53,960)	(53,960)
Trade and other payables *	(198,936)	(198,936)
	(252,896)	(252,896)
Company		
Loans and borrowings	(53,750)	(53,750)
Trade and other payables *	(262,770)	(262,770)
	(316,520)	(316,520)

Excluded prepayments, advances to suppliers, goods and services tax and value added tax refundable and withholding tax refundable.
* Excluded goods and service tax, sales and service tax and value added tax payable.

27. FINANCIAL INSTRUMENTS (CONTINUED)

(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 and interest rate 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

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 and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. 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.

Trade receivables and contract assets

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

The carrying amount of trade receivables and contract assets 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.

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

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

	GROUP			
		2020		2019
	RM'000	%	RM'000	%
Trade receivables				
Trusted identification, payment and transportation	113,122	84	64,622	75
Others	14,451	11	13,842	16
	127,573	95	78,464	91
Contract assets				
Trusted identification, payment and transportation	6,491	5	7,267	9
	134,064	100	85,731	100

	COMPANY			
		2020		2019
	RM'000	%	RM'000	%
Trade receivables				
Trusted identification, payment and transportation	106,481	87	58,480	78
Others	10,010	8	9,168	12
	116,491	95	67,648	90
Contract assets				
Trusted identification, payment and transportation	6,468	5	7,267	10
	122,959	100	74,915	100

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The Group and the Company apply the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on geographical region, shared credit characteristics and the days past due. The impairment losses also incorporate forward-looking information.

The information about the credit risk exposure on the Group's and the Company's trade receivables and contract assets are as follows:

	GROSS CARRYING AMOUNT RM'000	IMPAIRMENT LOSS RM'000	NET BALANCE RM'000
At 31 March 2020			
Group			
Contract assets	6,491	–	6,491
Trade receivables			
Current (not past due)	11,421	–	11,421
1 - 90 days past due	13,355	–	13,355
91 - 180 days past due	7,348	–	7,348
More than 181 days past due	95,449	–	95,449
Credit impaired (individually assessed)	28,188	(28,188)	–
	155,761	(28,188)	127,573
	162,252	(28,188)	134,064
Company			
Contract assets	6,468	–	6,468
Trade receivables			
Current (not past due)	11,049	–	11,049
1 - 90 days past due	9,233	–	9,233
91 - 180 days past due	5,474	–	5,474
More than 181 days past due	90,735	–	90,735
Credit impaired (individually assessed)	15,137	(15,137)	–
	131,628	(15,137)	116,491
	138,096	(15,137)	122,959

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's and the Company's trade receivables and contract assets are as follows (continued):

	GROSS CARRYING AMOUNT RM'000	IMPAIRMENT LOSS RM'000	NET BALANCE RM'000
At 31 March 2019			
Group			
Contract assets	7,267	–	7,267
Trade receivables			
Current (not past due)	26,013	–	26,013
1 - 90 days past due	–	–	–
91 - 180 days past due	1,087	–	1,087
More than 181 days past due	51,364	–	51,364
Credit impaired (individually assessed)	30,332	(30,332)	–
	108,796	(30,332)	78,464
	116,063	(30,332)	85,731
Company			
Contract assets	7,267	–	7,267
Trade receivables			
Current (not past due)	20,455	–	20,455
1 - 90 days past due	–	–	–
91 - 180 days past due	79	–	79
More than 181 days past due	47,114	–	47,114
Credit impaired (individually assessed)	13,958	(13,958)	–
	81,606	(13,958)	67,648
	88,873	(13,958)	74,915

For trusted identification segment, as there are a few customers from different countries with different credit risk characteristics, the Group and the Company accessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings for individual country, where applicable.

Included in trade receivables of the Group and the Company are amounts totalling RM92,726,406 (2019: RM47,555,728) due from 2 (2019:1) of its significant receivables.

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets (continued)

For other receivables and 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 receivables and other financial assets are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days to 60 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Other than the credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company did not recognised any loss allowance for impairment for other receivables and other financial assets other than those as disclosed in Note 13 to the financial statements.

Refer to Note 3.12(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

(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.

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

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.

Maturity analysis

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

		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
Group					
At 31 March 2020					
Trade and other payables *	175,131	175,131	–	–	175,131
Term loans	31,250	14,287	19,790	–	34,077
	206,381	189,418	19,790	–	209,208
At 31 March 2019					
Trade and other payables *	198,936	198,936	–	–	198,936
Hire purchase payable	210	134	85	–	219
Term loans	43,750	15,169	34,077	–	49,246
Revolving loans	10,000	10,506	–	–	10,506
	252,896	224,745	34,162	–	258,907

27. 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 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 2020					
Trade and other payables *	262,492	262,492	–	–	262,492
Term loans	31,250	14,287	19,790	–	34,077
	293,742	276,779	19,790	–	296,569
At 31 March 2019					
Trade and other payables *	262,770	262,770	–	–	262,770
Term loans	43,750	15,169	34,077	–	49,246
Revolving loans	10,000	10,506	–	–	10,506
	316,520	288,445	34,077	–	322,522

* Excluded goods and services tax, sales and services tax and value added tax payable.

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(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.

The Board of Directors has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. The Group and the Company do not hedge their foreign currency exposure. 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.

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

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets and liabilities not held in functional currencies				
Trade and other receivables				
US Dollar	72,584	69,166	99,565	69,724
Euro	45,103	6,747	45,103	6,747
Egyptian Pound	–	146	–	146
Tanzanian Shiling	–	6,760	–	6,760
Others	1,128	64	1,128	64
	118,815	82,883	145,796	83,441
Cash and short-term deposits				
US Dollar	3,345	3,244	3,345	3,244
Euro	1,505	2,144	1,505	2,144
Egyptian Pound	31	640	31	640
	4,881	6,028	4,881	6,028
Trade and other payables				
US Dollar	(100,606)	(17,191)	(98,532)	(15,509)
Euro	(23,310)	(3,524)	(23,223)	(3,411)
Egyptian Pound	–	(29)	–	(29)
Others	(36)	(558)	(16)	(531)
	(123,952)	(21,302)	(121,771)	(19,480)

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

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

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.

	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
Group			
31 March 2020			
US Dollar	+10%	(2,468)	(2,468)
	-10%	2,468	2,468
Euro	+10%	2,330	2,330
	-10%	(2,330)	(2,330)
Egyptian Pound	+10%	3	3
	-10%	(3)	(3)
Others	+10%	109	109
	-10%	(109)	(109)
31 March 2019			
US Dollar	+10%	5,522	5,522
	-10%	(5,522)	(5,522)
Euro	+10%	537	537
	-10%	(537)	(537)
Egyptian Pound	+10%	76	76
	-10%	(76)	(76)
Tanzanian Shiling	+10%	676	676
	-10%	(676)	(676)
Others	+10%	(49)	(49)
	-10%	49	49

27. 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. (continued)

	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
Company			
31 March 2020			
US Dollar	+10%	438	438
	-10%	(438)	(438)
Euro	+10%	2,339	2,339
	-10%	(2,339)	(2,339)
Egyptian Pound	+10%	3	3
	-10%	(3)	(3)
Others	+10%	111	111
	-10%	(111)	(111)
31 March 2019			
US Dollar	+10%	5,746	5,746
	-10%	(5,746)	(5,746)
Euro	+10%	548	548
	-10%	(548)	(548)
Egyptian Pound	+10%	76	76
	-10%	(76)	(76)
Tanzanian Shiling	+10%	676	676
	-10%	(676)	(676)
Others	+10%	(47)	(47)
	-10%	47	47

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as 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. The Group and the Company do not hedge their interest rate risk.

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 and Company			
31 March 2020	+1%	–	–
	-1%	–	–
Group and Company	+1%	(100)	(100)
31 March 2019	-1%	100	100

27. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

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

There have been no transfers between Level 1 and Level 2 during the financial year (2019: no transfer in either directions).

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

		FAIR VALUE			
	TOTAL RM'000	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Group					
31 March 2020					
Financial assets					
Operating financial assets	11,427	–	–	11,427	11,427
Financial liability					
Term loans (fixed)	(31,250)	–	–	(30,274)	(30,274)
31 March 2019					
Financial assets					
Operating financial assets	12,383	–	–	12,383	12,383
Financial liabilities					
Hire purchase payables	(210)	–	–	(214)	(214)
Term loans (fixed)	(43,750)	–	–	(42,470)	(42,470)
Company					
31 March 2020					
Financial assets					
Operating financial assets	11,427	–	–	11,427	11,427
Financial liability					
Term loans (fixed)	(31,250)	–	–	(30,274)	(30,274)
31 March 2019					
Financial assets					
Operating financial assets	12,383	–	–	12,383	12,383
Financial liabilities					
Term loans (fixed)	(43,750)	–	–	(42,470)	(42,470)

27. 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.

28. CAPITAL COMMITMENTS

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

	GROUP AND COMPANY	
	2020 RM'000	2019 RM'000
- Plant and equipment	436	6,882

29. 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) Joint ventures; and
(iv) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sales				
Subsidiary	–	–	7,900	10,545
Related party *	–	3,624	–	3,624
	–	3,624	7,900	14,169
Purchases				
Subsidiary	–	–	(148)	–
Rental income				
Subsidiary	–	–	106	372
Management fee income				
Subsidiary	–	–	–	100

* *In the previous financial year, Federal Land Development Authority has ceased to be a substantial shareholder of the Company pursuant to Section 139 of Companies Act 2016 in Malaysia.*

29. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefits	3,687	2,665	3,687	2,665
Post-employment employee benefits	428	296	428	296
	4,115	2,961	4,115	2,961

30. 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 2020 and 31 March 2019.

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

		GROUP		COMPANY	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total loans and borrowings	18	31,250	53,960	31,250	53,750
Total equity		265,309	249,984	112,596	110,501
Gearing ratio		12%	22%	28%	49%

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.

31. 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, equipments and services
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

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 investments in associates and joint ventures, 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.

31. SEGMENT INFORMATION (CONTINUED)

		CONTINUING OPERATIONS						
			SUSTAINABLE DEVELOPMENT DIVISION					
	NOTE	TRUSTED IDENTIFICATION DIVISION RM'000	PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION RM'000	FOOD & AGRO TECHNOLOGY SUB-DIVISION RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	TOTAL CONTINUING OPERATIONS RM'000	DISCONTINUED OPERATION RM'000	TOTAL RM'000
2020								
Revenue:								
Revenue from external customers		226,452	2,927	208	–	229,587	–	229,587
Inter-segment revenue	A	–	–	–	–	–	–	–
		226,452	2,927	208	–	229,587	–	229,587
Results								
Operating results		55,259	98	440	–	55,797	–	55,797
Interest income		2,979	–	–	–	2,979	–	2,979
Other operating income		7,173	193	932	–	8,298	–	8,298
Depreciation and amortisation		(10,097)	(14)	(88)	–	(10,199)	–	(10,199)
Finance costs		(3,392)	(2)	(5)	–	(3,399)	–	(3,399)
Gain on disposal of subsidiaries		–	–	–	–	–	5,479	5,479
Net impairment losses on financial assets and contract assets		(1,465)	(4,515)	45	–	(5,935)	–	(5,935)
Unrealised gain on foreign exchange		(21)	–	–	–	(21)	–	(21)
Administrative and operating expenses	B	(3,526)	(1,182)	(466)	–	(5,174)	–	(5,174)
Reportable segment profit/(loss)		46,910	(5,422)	858	–	42,346	5,479	47,825
Unallocated corporate expenses	B	–	–	–	(23,957)	(23,957)	–	(23,957)
Share of results of associates and joint ventures		4	–	–	–	4	–	4
Segment profit/(loss)		46,914	(5,422)	858	(23,957)	18,393	5,479	23,872
Income tax expense		(8,419)	–	–	–	(8,419)	–	(8,419)
Profit/(loss) for the financial year	B	38,495	(5,422)	858	(23,957)	9,974	5,479	15,453
Assets:								
Investments in associates and joint ventures		4,450	–	–	–	4,450	–	4,450
Addition to capital expenditure		8,798	–	–	–	8,798	–	8,798
Segment assets	C	555,439	11,931	3,479	(82,922)	487,927	–	487,927

31. SEGMENT INFORMATION (CONTINUED)

		CONTINUING OPERATIONS						
			SUSTAINABLE DEVELOPMENT DIVISION					
	NOTE	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	TOTAL RM'000
2019								
Revenue:								
Revenue from external customers		224,084	3,125	2,028	–	–	229,237	229,237
Inter-segment revenue	A	–	–	–	–	–	–	–
		224,084	3,125	2,028	–	–	229,237	229,237
Results								
Operating results		64,597	(1,190)	(11,333)	(37)	–	52,037	52,037
Interest income		1,062	–	–	–	–	1,062	1,062
Other operating income		17,556	1,246	2,150	–	–	20,952	20,952
Depreciation and amortisation		(8,635)	(95)	(235)	–	–	(8,965)	(8,965)
Finance costs		(6,386)	(5)	(11)	–	–	(6,402)	(6,402)
Gain on disposal of subsidiaries		–	–	–	3,298	–	3,298	3,298
Net impairment losses on financial assets and contract assets		66,214	(2,153)	275	–	–	64,336	64,336
Unrealised gain on foreign exchange		1,009	–	–	–	–	1,009	1,009
Administrative and operating expenses		(38,150)	(12,290)	(2,485)	(104)	11,911	(41,118)	(41,118)
Reportable segment profit/(loss)		97,267	(14,487)	(11,639)	3,157	11,911	86,209	86,209
Unallocated corporate expenses	B	–	–	–	–	(25,915)	(25,915)	(25,915)
Share of results of associates and joint ventures		(570)	–	(18,908)	–	–	(19,478)	(19,478)
Segment profit/(loss)		96,697	(14,487)	(30,547)	3,157	(14,004)	40,816	40,816
Income tax expense		(3,309)	–	–	–	–	(3,309)	(3,309)
Profit/(loss) for the financial year	B	93,388	(14,487)	(30,547)	3,157	(14,004)	37,507	37,507
Assets:								
Investments in associates and joint ventures		10,900	–	–	–	–	10,900	10,900
Addition to capital expenditure		1,519	–	–	–	–	1,519	1,519
Segment assets	C	555,162	27,308	49,523	287	(116,617)	515,663	515,663

31. 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

	2020 RM'000	2019 RM'000
Reversal of impairment loss on investment in joint ventures, transferred to share of results of joint ventures	–	11,911
Unallocated other corporate expenses	(23,957)	(25,915)
	(23,957)	(14,004)

C Reconciliation of assets

	2020 RM'000	2019 RM'000
Investment in associates and joint ventures	4,450	10,900
Inter-segment assets	(87,372)	(127,517)
	(82,922)	(116,617)

Disaggregation of revenue by geographical information

Revenue information based on the geographical location of customers are as follows:

	TRUSTED IDENTIFICATION RM'000	PROPERTY DEVELOPMENT & CONSTRUCTION RM'000	FOOD & AGRO-TECHNOLOGY RM'000	TOTAL RM'000
Group				
31 March 2020				
Malaysia	24,876	2,927	208	28,011
Asia Pacific	22,930	–	–	22,930
Oceania	3,161	–	–	3,161
Africa	171,549	–	–	171,549
North America	3,936	–	–	3,936
	226,452	2,927	208	229,587
31 March 2019				
Malaysia	29,392	3,125	2,028	34,545
Asia Pacific	32,625	–	–	32,625
Oceania	3,478	–	–	3,478
Africa	147,919	–	–	147,919
North America	10,670	–	–	10,670
	224,084	3,125	2,028	229,237

31. SEGMENT INFORMATION (CONTINUED)

Geographical information

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

	GROUP	
	2020 RM'000	2019 RM'000
Non-current assets		
Malaysia	229,757	237,818
Asia Pacific	–	2
	229,757	237,820

Information about major customers

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

	GROUP		
	2020 RM'000	2019 RM'000	SEGMENTS
Customer A	84,097	55,113	Trusted identification
Customer B	65,402	82,604	Trusted identification
	149,499	137,717	

32. MATERIAL LITIGATIONS

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

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 U.S. Government. It is alleged that U.S. electronic passports manufactured for the U.S. Government, as well as use of foreign and U.S. Passports by the U.S. Government and by entities acting on behalf of the U.S. Government constitute infringements of that aforementioned IRIS patent, for which infringements ICB is claiming just compensation.

The claims construction hearing was held on 16 January 2020 and the decision was fixed on 22 January 2020, where the court concluded that the inventor intended the antenna to be included as part of the integrated circuit, as opposed to being apart from and connected to the integrated circuit. As such, the antenna under the court's decision must be within the protective ring if there is to be infringement.

Following the court decision, the U.S. Government had on 6 March 2020 filed a motion for summary judgment against IRIS. On 27 April 2020, the Court delivered its decision in favour of the U.S. Government by granting their motion for Summary Judgment with no cost.

32. MATERIAL LITIGATIONS (CONTINUED)

(i) IRIS Corporation Berhad ("ICB") vs The Government of the United States ("U.S.") ("U.S. Government") (continued)

The Company had on 19 June 2020 filed an appeal against the decision in favour of the U.S. Government. All cost related to the appeal is capped as agreed with the appointed solicitors.

The U.S. Court of Appeal for the Federal Circuit provides a timeline as follows:
- (a) The Company to file the list of issues of appeal on 30 July 2020;
- (b) The Company to file its brief is due on 8 September 2020;
- (c) U.S. Government to file its opposition is due 30 days later (8 October 2020);
- (d) The Company to file its reply to the U.S. Government's opposition is due 10 days thereafter (18 October 2020); and
- (e) Oral argument by both parties will be scheduled within 1 month or 2 months thereafter, depends on the Court's schedule.

(ii) IRIS Technologies (M) Sdn. Bhd. ("ITSB") and Kunt Electronic Sanayii vs 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 work 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 Group was informed that a decision was declared on 16 September 2014 and was duly served on the JVCO on 28 January 2015.

The new JVCO's solicitor submitted a petition of appeal to the Cassation Court on 27 November 2018. On the hearing dated 15 October 2019, the Cassation Court decided to separate the 2 cases numbered 2009/343 and 2012/542 from the main case number 2017/404. The 2 separate cases were registered under new case number 2019/451 whereas the hearing of new case number is fixed on 22 October 2020. The next hearing for main case number 2017/404 is fixed on 10 December 2020 due to the appointment of new Judge.

The Group had made appropriate provision in relation to the Judgement in financial year ended 31 March 2015.

32. MATERIAL LITIGATIONS (CONTINUED)

(iii) In the High Court of Malaya at Kuala Lumpur Suit No. WA-22NCVC-126-03/2018; Roxwell Group Sdn. Bhd. (755819-U) ("Plaintiff") against (1) IRIS Corporation Berhad ("ICB") or ("D1"), (2) Tan Say Jim ("D2"), (3) Su Thai Ping ("D3"), (4) Hamdan Bin Mohd Hassan ("D4") & (5) Sylla Ibrahima Sory ("D5")

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

In 2013, D1 separately tendered and was awarded the BOT Passport Contract by the Government of the Republic of Guinea ("the BOT project"). The Plaintiff is claiming for an alleged commission payment in the amount of RM169,480,350.00 (together with interest deemed appropriate by the court) under the Cooperation Agreement calculated based on the formula of 15% on the reported value. The Plaintiff is also alleging that D1 has colluded with D2, D3, D4 and D5 to deprive it of its contractual rights under the Cooperation Agreement.

The Decision after full trial was delivered by the court on 28 November 2019 whereas the court dismissed the Plaintiff's claim against the Defendants with costs of RM90,000 each (except RM60,000 for D4 as the case was withdrawn against him prior to the decision).

The Plaintiff however filed a Notice of Appeal in the Court of Appeal against the whole decision on 20 December 2019 whereas the hearing of appeal is fixed on 11 November 2020 and both parties to file Written Submission two weeks before the hearing.

(iv) In the High Court of Malaya at Kuala Lumpur; IRIS Corporation Berhad ("Plaintiff") against nine (9) former members of the Board of Directors ("Defendants")

The Company had on 24 April 2019 commenced legal proceedings in Kuala Lumpur High Court ("the suits") against the Defendants concerning the Company's investment in Border Control Solutions Limited ("BCS"). The Company brought this action for loss suffered from the Defendants' failure to discharge their respective fiduciary duty, duty of fidelity and/or duty to exercise reasonable care, skill and diligence as Directors of the Company at that material time.

32. MATERIAL LITIGATIONS (CONTINUED)

(iv) In the High Court of Malaya at Kuala Lumpur; IRIS Corporation Berhad ("Plaintiff") against nine (9) former members of the Board of Directors ("Defendants") (continued)

The Company seeks the following reliefs against the Defendants jointly and severally:

(a) The sum of RM11,721,050 being the total amount paid by the Company for the subscription of the BCS's shares which is equivalent to total sum of GBP2.05 million (by reference to the conversion rates prevailing on the respective dates of payments);

(b) The sum of RM482,172 being the total amount paid by the Company to Joseph Vijay Kumar ("JVK") as consultant fees which is equivalent to total sum of GBP84,000 (by reference to the conversion rates prevailing on the respective dates of payments);

(c) Pre-judgment interest on the sums awarded in (a) and (b) above pursuant to section 11 of the Civil Law Act 1956 at the following rates:

 (i) Interest at the rate of 5% per annum on the sum of RM11,721,050 from 24 August 2016 (i.e. the date of the last payment to BCS) until the date of full settlement;
 (ii) Interest at the rate of 5% per annum on RM482,172 from 10 October 2016 (i.e. the date of the last payment to JVK) until the date of full settlement thereof;

(d) Post-judgment interest on the sums awarded in (a) and (b) above at the rate of 5% per annum from the date of judgment until the date of full and final realization;

(e) Alternative to (a) and (b) above;
(f) General damages to be assessed;
(g) Interest on the general damages awarded in (e) above;
(h) Costs; and/or
(i) All other relief which this Honourable Court deems fit and just.

Item (a) and (b) above had been fully impaired/expense off to profit or loss in previous financial year.

The Suit is currently at case management stage. The Court directed parties to file Common Bundle of Documents on 29 July 2020.

The full trial dates have been fixed by the court as follows:
(a) 1 September 2020 - 3 September 2020; and
(b) 7 September 2020 - 10 September 2020.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(i) Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

The Group and the Company have performed an assessment of the overall impact of the situation on the Group's and the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effects on the financial statements for the financial year ended 31 March 2020.

(ii) Private placement exercise

The Company had on 23 June 2020 announced a Private Placement exercise which involves the issuance of up to 296,628,000 new IRIS Shares ("Placement Shares"), representing up to 10% of the total number of issued shares of the Company, at an issue price to be determined and announced at a later date ("Proposed Private Placement").

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

We, **TAN SRI NIK MOHAMED BIN NIK YAACOB** and **DATO' POH YANG HONG**, 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 51 to 165 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 2020 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:

TAN SRI NIK MOHAMED BIN NIK YAACOB
Director

DATO' POH YANG HONG
Director

Kuala Lumpur

Date: 4 August 2020

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 51 to 165 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 4 August 2020.

Before me,

Commissioner for Oaths
HADINUR MOHD SYARIF W761

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 2020 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 51 to 165.

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 2020, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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.

Group

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

The Group's goodwill amounted to RM128,268,000 as at 31 March 2020. The goodwill is tested for impairment annually. In performing the impairment assessment, the Group has identified the trusted identification segment as the cash generating unit to which the goodwill is allocated. We focused on this area because the assessment requires significant judgements by the directors on the discount rate applied in the recoverable amount calculation and assumptions supporting the underlying cash flows projections which include future sales, forecast growth rate, inflation rate, gross profit margins and operating expenses. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

Our response:

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

- assessing 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;
- reviewing the key assumptions to assess their reasonableness and the achievability of the forecasts;
- testing the mathematical accuracy of the impairment assessment; and
- performing stress test analysis around the key inputs that are expected to be most sensitive to the recoverable amount.

Group and Company

Trade and other receivables and contract assets (Note 4(b), 13 and 14 to the financial statements)

The Group and the Company have significant trade and other receivables and contract assets as at 31 March 2020 which include certain amounts which are long outstanding. We focused on this area because the directors made significant judgements over assumptions about risk of default and impairment losses provided. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- discussing with the Group's and the Company's management on the recoverability of the trade and other receivables and contract assets;
- understanding the major contracts and agreements with the debtors, if any;
- obtaining confirmation of balances from selected receivables;
- reviewing subsequent receipts, customer correspondence and considering the level of activity with the customer and directors' explanation on recoverability with significantly past due balances; and
- understanding the reasonableness and calculation of impairment losses provided as at the end of the reporting period.

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 PLT	Heng Fu Joe
201906000600 (LLP0019411-LCA) & AF 0117	No. 02966/11/2020 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 4 August 2020

ANALYSIS OF SHAREHOLDINGS AS AT 29 JUNE 2020

SHARE CAPITAL

Total Number of Issued Shares	:	2,966,282,862 Ordinary Shares
Issued Share Capital	:	RM539,602,143
Class of Shares	:	Ordinary Shares
Voting Rights	:	Every member of the Company, present in person or by proxy, shall have one (1) vote for each share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	190	1.09	5,461	0.00
100 to 1,000	1,480	8.46	938,874	0.03
1,001 to 10,000	6,320	36.13	40,863,788	1.38
10,001 to 100,000	7,585	43.36	303,440,152	10.23
100,001 to less than 5% of issued shares	1,916	10.95	1,985,054,187	66.92
5% and above of issued shares	2	0.01	635,980,400	21.44
Total	17,493	100.00	2,966,282,862	100.00

STATEMENT OF DIRECTORS' SHAREHOLDINGS

	DIRECT		INDIRECT	
NAME OF DIRECTORS	NO. OF SHARES	%	NO. OF SHARES	%
Tan Sri Nik Mohamed Bin Nik Yaacob	–	–	12,000	*0.00
Dato' Poh Yang Hong	–	–	–	–
Dato' Mohamed Khadar Bin Merican	–	–	–	–
Dato' Dr. Abu Talib Bin Bachik	–	–	–	–
Dr. Poh Soon Sim	25,500,000	0.86	346,790,200	^11.69
Mr Ling Hee Keat	102,800,000	3.47	–	–
Haji Hussein Bin Ismail	–	–	–	–

Notes:-

* Deemed interest by virtue of the shares held by Tan Sri Nik Mohamed Bin Nik Yaacob's spouse pursuant to Section 59(11)(c) of the Companies Act, 2016.

^ Deemed interest by virtue of his shareholdings in Poh Associates Sdn Bhd and Orientalgold Equity Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	DIRECT		INDIRECT	
NAME OF SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHARES	%
Dr. Poh Soon Sim	25,500,000	0.86	346,790,200	^11.69
Dato' Seri Robin Tan Yeong Ching	290,690,200	9.80	–	–
Orientalgold Equity Sdn Bhd	345,290,200	11.64	–	–

Notes:-

^ Deemed interest by virtue of his shareholdings in Poh Associates Sdn Bhd and Orientalgold Equity Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

THIRTY (30) LARGEST SHAREHOLDERS AS AT 29 JUNE 2020

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ORIENTALGOLD EQUITY SDN BHD	345,290,200	11.640
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR ROBIN TAN YEONG CHING (PBCL-0G0445)	290,690,200	9.799
3	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	75,032,500	2.529
4	HONG LEONG INVESTMENT BANK BERHAD IVT	69,000,000	2.326
5	MCS MICROSYSTEMS SDN BHD	65,333,333	2.202
6	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	55,320,100	1.864
7	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR LOW KANG HAI RICHARD	48,376,400	1.630
8	CITIGROUP NOMINEES (ASING) SDN BHD CBLDN FOR POLUNIN EMERGING MARKETS SMALL CAP FUND, LLC	44,726,490	1.507
9	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SINGAPORE BRANCH (A/C CLIENTS-FGN)	39,280,556	1.324
10	HLB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KANG HAI RICHARD (SIN 9131-9)	38,823,600	1.308
11	VERSATILE PAPER BOXES SDN BHD	38,366,533	1.293
12	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR REGIONAL EQUITIES SDN BHD	35,013,600	1.180

ANALYSIS OF SHAREHOLDINGS AS AT 29 JUNE 2020
CONTINUED

THIRTY (30) LARGEST SHAREHOLDERS AS AT 29 JUNE 2020 (CONTINUED)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
13	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GUNASEKAR A/L VEERAPPAN (REM 118)	32,560,100	1.097
14	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SELVA KUMAR A/L VEERAPPAN	30,525,200	1.029
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KALAIYARASI A/P R VEERAPPAN (MY3132)	30,000,000	1.011
16	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING HEE KEAT (MY3339)	27,800,000	0.937
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	24,356,700	0.821
18	POH SOON SIM	23,500,000	0.792
19	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	22,360,000	0.753
20	GAN KOK HONG	19,790,000	0.667
21	TAN HOCK CHAI	19,000,000	0.640
22	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	18,608,000	0.627
23	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOO WENG SENG (7003217)	17,661,200	0.595
24	LAI SOOK MEI	17,500,000	0.589
25	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE QUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	16,215,200	0.546
26	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AHMAD NAZIM BIN ABD RAHMAN (MARGIN)	16,000,000	0.539
27	REGIONAL EQUITIES SDN BHD	15,986,400	0.538
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR STUART SAW TEIK SIEW	15,670,800	0.528
29	LING HEE KEAT	15,000,000	0.505
30	GAN KOK WEE	13,550,000	0.456
	TOTAL	1,521,337,112	51.287

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth (26th) Annual General Meeting ("26th AGM") of the Company will be held at the Auditorium, 1st Floor, Lot 8 & 9, IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 23 September 2020 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 2020 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 Clause 97 of the Company's Constitution:	
(a) Dato' Dr. Abu Talib Bin Bachik	Ordinary Resolution 1
(b) Haji Hussein Bin Ismail	Ordinary Resolution 2
3. To approve the Directors' Fees and allowances of up to RM650,000.00 from 24 September 2020 until the next Annual General Meeting.	Ordinary Resolution 3
4. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4

AGENDA (CONTINUED)

Special Business

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

5. **AUTHORITY TO ISSUE SHARES** — Ordinary Resolution 5

   "**THAT** subject always to the Companies Act, 2016 ("Act"), Constitution 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 of the Company."

   PLEASE REFER TO EXPLANATORY NOTE 2

6. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution.

BY ORDER OF THE BOARD,

MS WONG YOUN KIM (MAICSA 7018778)
Company Secretary

Kuala Lumpur
7 August 2020

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 Clause 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 17 September 2020. Only a depositor whose name appears on the Record of Depositors as at 17 September 2020 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

EXPLANATORY NOTES:

1. **Item 1 of the Agenda – Audited Financial Statements for the Financial Year Ended 31 March 2020**

   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 5 – Authority to Issue and Allot Shares pursuant to Section 76 of the Companies Act, 2016**

   The proposed Ordinary Resolution 5 is intended to renew the authority granted to the Directors of the Company at the Twenty-Fifth Annual General Meeting of the Company held on 25 September 2019 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting.

   The mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. This mandate is also meant for any possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment, working capital and/or acquisitions.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

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

   (a) Dato' Dr. Abu Talib Bin Bachik (Clause 97)
   (b) Haji Hussein Bin Ismail (Clause 97)

   The details of the above Directors seeking re-election are set out in the 'Board of Directors' section as disclosed on pages 12 to 14 of the Annual Report.

PROXY FORM

IRIS
Bringing Solutions to Life

IRIS Corporation Berhad
199401016552 (302232-X)
(Incorporated in Malaysia)

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-Sixth (26th) Annual General Meeting ("26th AGM") of the Company will be held at the Auditorium, 1st Floor, Lot 8 & 9, IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 23 September 2020 at 11.00 a.m. and any adjournment thereof:

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

NO.	RESOLUTIONS		FOR	AGAINST
1	Re-election of Dato' Dr. Abu Talib Bin Bachik	Ordinary Resolution 1		
2	Re-election of Haji Hussein Bin Ismail	Ordinary Resolution 2		
3	Approval of the Directors' fees and allowances of up to RM650,000.00 from 24 September 2020 until the next Annual General Meeting	Ordinary Resolution 3		
4	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 4		
5	Authority to allot and issue shares pursuant to Section 76 of the Companies Act, 2016	Ordinary Resolution 5		

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 ______________________________

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.
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   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 Clause 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 17 September 2020. Only a depositor whose name appears on the Record of Depositors as at 17 September 2020 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

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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

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