IRIS
Bringing Solutions to Life

IRIS Corporation Berhad
199401016552 (302232-X)

2021 Annual Report

IRIS Corporation Berhad
199401016552 (302232-X)

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COMPANY OVERVIEW

SUSTAINABILITY & CORPORATE GOVERNANCE

REPORTS AND FINANCIAL STATEMENTS & OTHER INFORMATION

ANNUAL GENERAL MEETING

PROXY FORM

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.

With 27 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 and other Trusted ID solutions that are highly reliable, secure and holistic.

Over the years, we have expanded our global footprint to 34 countries and we will continually strive to increase our international presence for diverse markets and customers. 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

EXECUTIVE DEPUTY CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS

Dear Stakeholders,

Financial Year 2021 (FY2021) has been extremely challenging for IRIS as both the Malaysian and global economies faced severe challenges including the unprecedented impact of COVID-19 pandemic, government fiscal stress, and policy uncertainties. According to the World Bank, the global pandemic plunged the world economy into a recessionary situation, affected most of our daily lives and forced us to adapt to "the new norm" in our work, life and social interactions.

The COVID-19 crisis which started end FY2020 and continued throughout FY2021, proved detrimental to both productivity and performance of many businesses. IRIS, like many companies around the world, faced a challenging and uncertain market. As mandatory lockdowns were enforced globally, our ability to remain productive became compromised as global trade and supply chains were disrupted.

Throughout this unprecedented global pandemic, the Group demonstrated resilience and put in place robust internal processes to adapt and mitigate risks while focusing on our top 3 priorities to:

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

As the impact of COVID-19 became apparent, we formed an internal COVID-19 core team to ensure that we are doing everything we can to protect the health and safety of our employees while addressing rising risks effectively to ensure delivery of our products to our customers in Malaysia and around the world.

The COVID-19 core team enforced mandatory Standard Operating Procedures (SOPs) including precautionary measures such as daily sanitisation, demarcation lines at workplace and temperature screening to ensure the health and safety of all employees, visitors and customers.

We also scheduled production operations in separate shifts and encouraged remote working whilst prioritising health and safety. Even while working from home, we further increased collaboration across the Group through various digital platforms. This ensured business continuity and close communication with our clients and business partners.

The measures implemented by governments around the world to limit the spread of COVID-19 resulted in a slump in economic activity and impacted the Group's production, project execution and supply chain. The Group's FY2021 financial performance was largely dictated by external macroeconomic factors driven by the pandemic, with lower operating income and weaker revenue.

Executive Deputy Chairman's Management Discussion and Analysis
continued

Consequently, we were cognisant of the potential liquidity stress that IRIS had to face and focused on managing cash flow by implementing prudent cost-saving measures. From 1 June 2020 – 31 March 2021, the Management implemented Group-wide austerity measures to rein in operating costs to ensure the long-term sustainability of our business. These measures include significant reduction in discretionary spending, hiring freeze and reducing remuneration for IRIS employees. The Board's directors also voluntarily took a 25% cut in director fees to support the austerity measures. I would like to thank my fellow Board of directors for this gesture of solidarity with IRIS employees.

Despite the unprecedented headwinds, thanks to strong individual efforts of our employees, synergistic teamwork and effective leadership from the Management, the Group secured two new major contracts. Awarded in September 2020, the first contract is to supply electronic contactless inlays required for the manufacture of Indian ePassport. The second contract won on 29 January 2021 via an open tender, requires IRIS to deliver the National Integrated Immigration System (NIISe) project for Jabatan Imigresen Malaysia (JIM).

In addition to these major contracts, IRIS was also awarded the ISO 194001:2015 Environmental Management System (EMS) certification in FY2021. Sustainability is important to ensure that Economic, Environmental and Social (EES) considerations are integrated into the Group's business strategies to deliver value to all our stakeholders.

GROUP FINANCIAL PERFORMANCE

The Group's FY2021 performance was impacted by the COVID-19 outbreak, as were most businesses worldwide. Against the backdrop of a detrimental global pandemic, the Group recorded a revenue RM106.6 million in FY2021 compared to RM229.6 million in FY2020.

For FY2021, the Group posted Loss Before Tax (LBT) of RM9.6 million as compared to FY2020 Profit Before Tax (PBT) of RM18.4 million. Movement restrictions and closure of borders throughout FY2021 affected operations and weakened demand for ePassports. Over the various phases of the Movement Control Orders (MCOs) in Malaysia since 18 March 2020, the Group either had to suspend our business operations or limit our production operations. These various MCOs significantly impacted the overall FY2021 profit due to high fixed overhead costs.

Trusted ID (Identification) posted a lower revenue of RM104.8 million in FY2021 as compared to FY2020 revenue of RM226.4 million due to the negative effects from the outbreak of the COVID-19 pandemic and lower delivery for both ePassports and smart cards. Profit After Tax (PAT) for the division decreased by 69% to RM11.8 million compared to PAT of RM38.5 million in FY2020.

The Sustainable Development division contributed a lower revenue of RM1.7 million in FY2021 compared to FY2020's RM3.1 million since most of the projects under this division have completed. This non-core business division recorded Loss After Tax (LAT) of RM7.0 million FY2021 compared to RM4.6 million in FY2020.

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 from our ePassport Inlay project in India and NIISe project in Malaysia. For the NIISe project, IRIS will develop a whole new integrated system for JIM to replace the current one that has been in existence for some time. It will include a host of the latest innovations in biometrics, Artificial Intelligence (AI) and big data analytics to modernize, digitize and bring best practices to our immigration operations. We are confident that NIISe will contribute positively to the earnings of IRIS during its tenure.

However, the COVID-19 crisis had affected both domestic and international economy with government restrictions, lockdown measures and supply chain disruptions. 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 FY2022. Moving forward, we aim to position the Group for sustainable growth over the long term by managing risks effectively, strengthening our competencies and optimising costs.

Executive Deputy Chairman's Management Discussion and Analysis
continued

SUMMARY OF FINANCIAL INFORMATION

		2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
REVENUE		106,618	229,587	229,237	334,692	429,310
(Loss)/Profit before taxation		(9,569)	18,393	40,816	(122,940)	(299,795)
(Loss)/Profit after taxation		(12,865)	9,974	37,507	(112,163)	(307,408)
Total Equity attributable to owners of the Company		317,731	286,165	272,581	179,743	274,082
Current assets		234,353	247,772	266,416	266,083	457,871
Non-current assets		233,140	240,155	249,247	271,330	293,154
Total assets		467,493	487,927	515,663	537,413	751,025
Current liabilities		152,957	193,154	231,072	334,091	406,010
Non-current liabilities		19,504	29,464	34,607	59,753	104,631
Total liabilities		172,461	222,618	265,679	393,844	510,641
Net assets		295,032	265,309	249,984	143,569	240,384
KEY RATIO	**BASIS**					
Pre-tax (loss)/profit margin	(%)	(8.98)	8.01	17.81	(36.73)	(69.83)
Post-tax (loss)/profit margin	(%)	(12.07)	4.34	16.36	(33.51)	(71.61)
Basic (loss)/earnings per share	(sen)	(0.37)	0.46	1.40	(5.12)	(12.28)
Net assets per share attributable to owners of the Company	(sen)	10.20	9.65	9.19	7.27	12.20
Total borrowings to equity ratio	(%)	5.90	10.92	19.80	58.14	66.26

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

Executive Deputy Chairman's Management Discussion and Analysis
continued

STRENGTHENING TRUSTED ID

We are further strengthening our Trusted ID business by targeting further increase in revenue by:

Expanding our **domestic market share** in Malaysia

Leveraging on our global footprint in **34 countries**

Increasing our **global market share**

For the domestic market, the Group secured the NIISe project with a total contract value of RM1.13 billion. This immigration project is important to Malaysia because NIISe will enable JIM to achieve these objectives:

- To own a new integrated and comprehensive back-end system
- To future-proof Malaysia's immigration system by using the latest technology and best practices
- To enhance the security and sovereignty of our borders
- To provide an effective, agile and innovative system at the best value for Government of Malaysia

Our NIISe team is now focused on delivering the project's scope of work which includes testing, designing, developing, supplying, delivery, assembly, integration, data migration and integrating the entire NIISe system.

In addition to delivering the NIISe project, we continue to supply various types of ID cards to Malaysia, Brunei, Canada, Tanzania, Bhutan, Senegal, Zanzibar and Sri Lanka. In June 2021, the Group received a contract extension for the supply of 3 Million new biometric National ID Card and Voter Card for Senegal.

According to the World Bank, more than one billion people in the world do not have legal means to prove their identity. United Nation's Sustainable Development Goal (SDG) Target 16.9 ("legal identity for all, including birth registration, by 2030") is key to advance the 2030 Agenda commitment to leave no one behind and provide a legal identity for all. IRIS' Trusted ID solutions, based on the most advanced biometric technologies, help governments provide their citizens with secure, unique and easy-to-deploy proof of legal identity.

Trusted ID is what IRIS does best. In 1998, IRIS launched the world's first ePassport in Malaysia. Since then, we have delivered more than 98 million pieces of ePassport and/or Inlay around the world. Although demand for ePassports were severely impacted by COVID-19 travel restrictions in FY2021, Allied Market Research highlighted that the global ePassport market size is projected to reach USD125.13 billion by 2028 compared to USD24.57 billion in 2019. This growth is mainly due to presence of advanced airport infrastructure in developing countries and increase in number of people travelling post COVID-19.

Executive Deputy Chairman's Management Discussion and Analysis
continued

STRENGTHENING TRUSTED ID (CONTINUED)

We continue to deliver ePassports / Inlays to Nigeria, Guinea, Solomon Islands and Senegal. The Group had in September 2020 expanded our global market share by securing a new contract for the supply of 15 million electronic contactless inlays (in 2ups) required for the manufacture of Indian ePassport.

In addition to growth in global ePassport market, Digital ID market is also projected to grow significantly. According to new research from Acuity Market Intelligence, COVID-driven acceleration of digital transformation has intensified the need for secure, reliable, and trusted Digital ID. Citizen and consumer embrace of "digital first" and "digital only" in the wake of pandemic safety concerns and restrictions has opened the floodgates of digitally enabled fraud. Biometric face verification and liveness detection are being widely deployed to address this unprecedented digital security threat quickly.

With global identity verification revenues projected to reach USD15 billion to USD18 billion annually by 2024, IRIS ID4Life solution is on the cusp of this Digital ID growth. Our Digital ID solution is an innovative platform for users to manage and share their Digital ID securely, conveniently and reliably online or via mobile.

CORPORATE DEVELOPMENTS

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

a) Private Placement exercise

The Company had on 23 June 2020 announced a proposed 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. Bursa Malaysia had on 7 July 2020 approved the listing and quotation of the Placement Shares to be issued pursuant to the proposed Private Placement exercise.

As of 31 March 2021, the Company had completed 3 tranches of Private Placement as follows:

DESCRIPTION	DATE OF PLACEMENT SHARES LISTED ON BURSA SECURITIES	NUMBER OF SHARES ISSUED (UNIT)	ISSUE PRICE (RM)	PLACEMENT PROCEEDS (RM)
1st tranche	6 November 2020	75,000,000	0.25240	18,930,000
2nd tranche	16 March 2021	60,000,000	0.31410	18,846,000
3rd tranche	26 March 2021	15,000,000	0.31410	4,711,500
Total		150,000,000	0.28325	42,487,500

b) Acquisition of remaining 49% equity interest of IRIS Koto (M) Sdn Bhd ("IKSB")

On 3 June 2021, the Company acquired 367,500 shares or 49% of the remaining issued and fully paid-up shares of RM1.00 each in IKSB for a total consideration of RM2.00. IKSB then become a wholly-owned subsidiary of the Company.

Executive Deputy Chairman's Management Discussion and Analysis
continued

NAVIGATING CHALLENGES AHEAD

After a challenging FY2021, the Board and Management are cautiously optimistic on the outlook for IRIS. Uncertainties stemming from the pandemic will continue into FY2022. It is challenging to quantify the financial impact of the COVID-19 crisis on the Group's financial statements. The impact will depend in particular on the scope, duration and depth of the crisis as it continues to unfold.

IRIS will continue to mitigate as much as possible the impacts on the business by navigating the very challenging environment prudently by continued adherence to SOPs to prevent COVID-19 infection in the workplace, curtailing unnecessary expenditures, and growing in targeted segments and markets with relevant solutions. This should ensure that the Group is well placed when economic activities normalise and the industry recovers.

Although the COVID-19 crisis will still pose challenges to the Group in FY2022, we are encouraged that the Malaysian government implemented a cohesive COVID-19 National Immunisation Programme (PICK) that will support the nation's recovery. We strongly support PICK and have advised all our employees to complete their vaccinations. In addition, we also donated IRIS MyKad readers together with the Software Development Kit (SDK) to Multimedia University (MMU)'s operation as an Integrated Mega Vaccine Delivery Centre (PPV).

We made sure that all our employees are able to get their vaccination by giving Paid Time Off for them to go to their vaccination appointments. Even as the virus continues to surge in many parts of the world, it's encouraging to see very high vaccination rates for our IRIS employees in Malaysia. Getting vaccinated is one of the most important ways to keep ourselves and our communities healthy. We will continue with our new ways of working and focus on the health and wellbeing of our employees while actively monitoring the risk landscape of COVID-19.

In the face of massive uncertainty and challenges in FY2022, our IRIS passionate and committed employees are the driving force of the company. Our dedicated employees are focused presently to deliver on the NIISe contract to the best of our abilities and in accordance to the requirements as set out in the contract. IRIS looks forward to playing our part in stimulating our nation's recovery with safer, secure and efficient border control.

With experience and expertise gained from NIISe project, IRIS aims to provide more governments around the world with an effective, agile and innovative immigration solution. At IRIS, it's our vision to support governments to make the world a safer place and building a better tomorrow together.

RESHAPE OUR TRUSTED ID SOLUTIONS PORTFOLIO

DEEPEN OUR SUSTAINABLE AND RESPONSIBLE BUSINESS FRAMEWORK

EMBRACE SUSTAINABILITY AS PART OF OUR DNA

Executive Deputy Chairman's Management Discussion and Analysis
continued

NAVIGATING CHALLENGES AHEAD (CONTINUED)

Across the Group, we will continuously focus on cost efficiency to reduce the cost of goods sold and to further strengthen our competitiveness. Our action plan includes an emphasis on productivity improvements, supply chain optimization and improving resource efficiency by reducing the consumption of materials, energy, water and waste in our production processes.

Due to the extremely challenging and disruptive operating environment, we will reassess our focus, growth priorities and reshape our Trusted ID solutions portfolio in order to increase cost efficiency and future-proof our business. In reshaping our Trusted ID solutions portfolio, we will drive growth in products and solutions where we have a clear and differentiated proposition and market opportunities. We will build an optimal mix of products and solutions that meet customer requirements and demands for safety, security and sustainability.

Trust is central to the way IRIS operates, and in these challenging times we deepened our sustainable, responsible business framework built on the tenets of good corporate governance. Guided by the MACC Act 2018, the Group 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. This enables us to partner with our stakeholders and deliver services to our customers credibly.

The Group have also embraced sustainability as part of our DNA as sustainability will be vital to economic and industrial development in the coming decades. We will continue to maintain our ISO EMS certification and implement responsible business practices. IRIS aims to design products and solutions in line with the needs of our customers while contributing to a more sustainable, safer and inclusive world.

Although there will still be challenging circumstances related to the pandemic that remains outside of our control, I hope we will continue to take care of each other, collaborate with our various stakeholders and help them navigate the current challenges. We aim to emerge stronger, more efficient and resilient as we transition into the post-COVID era.

THE BOARD AND KEY MANAGEMENT POSITIONS

I would like to formally welcome Shaiful Subhan and H'ng Boon Harng who joined as Non-Independent Executive Directors during the year. I am confident that we have a strong, multidisciplinary Board with the right balance of skills, experience and backgrounds to steer IRIS towards a new and brighter direction.

On behalf of the Board, I extend my thanks to Dato' Poh Yang Hong, the former President and Group Managing Director, for his contributions and leadership in laying a solid foundation for IRIS by charting a new strategic direction to strengthen our Trusted ID business and rationalising non-core businesses. His leadership and vision helped set the stage for IRIS' continued success.

NOTE OF APPRECIATION

On behalf of IRIS, I would like to express our deep appreciation to all frontliners in public services and in healthcare ecosystems who, despite the risks, continue to fulfil their responsibilities to keep all of us safe and healthy.

My heartfelt thanks to fellow Board members, to our shareholders and to our dedicated and resilient management team for their unwavering support and optimism. My deepest appreciation goes out to our clients and business partners from around the world for their trust, patience and loyalty during these unprecedented times. Together, we look forward to continuing the mutually rewarding relationship.

On behalf of the Board and Management, I would like to thank the COVID-19 core team who had worked tirelessly since March 2020 to monitor the risk landscape of COVID-19. In addition, the core team's timely communication to employees on SOPs and precautions needed, minimised the risk of infection and kept everyone working in IRIS safe.

NOTE OF APPRECIATION (CONTINUED)

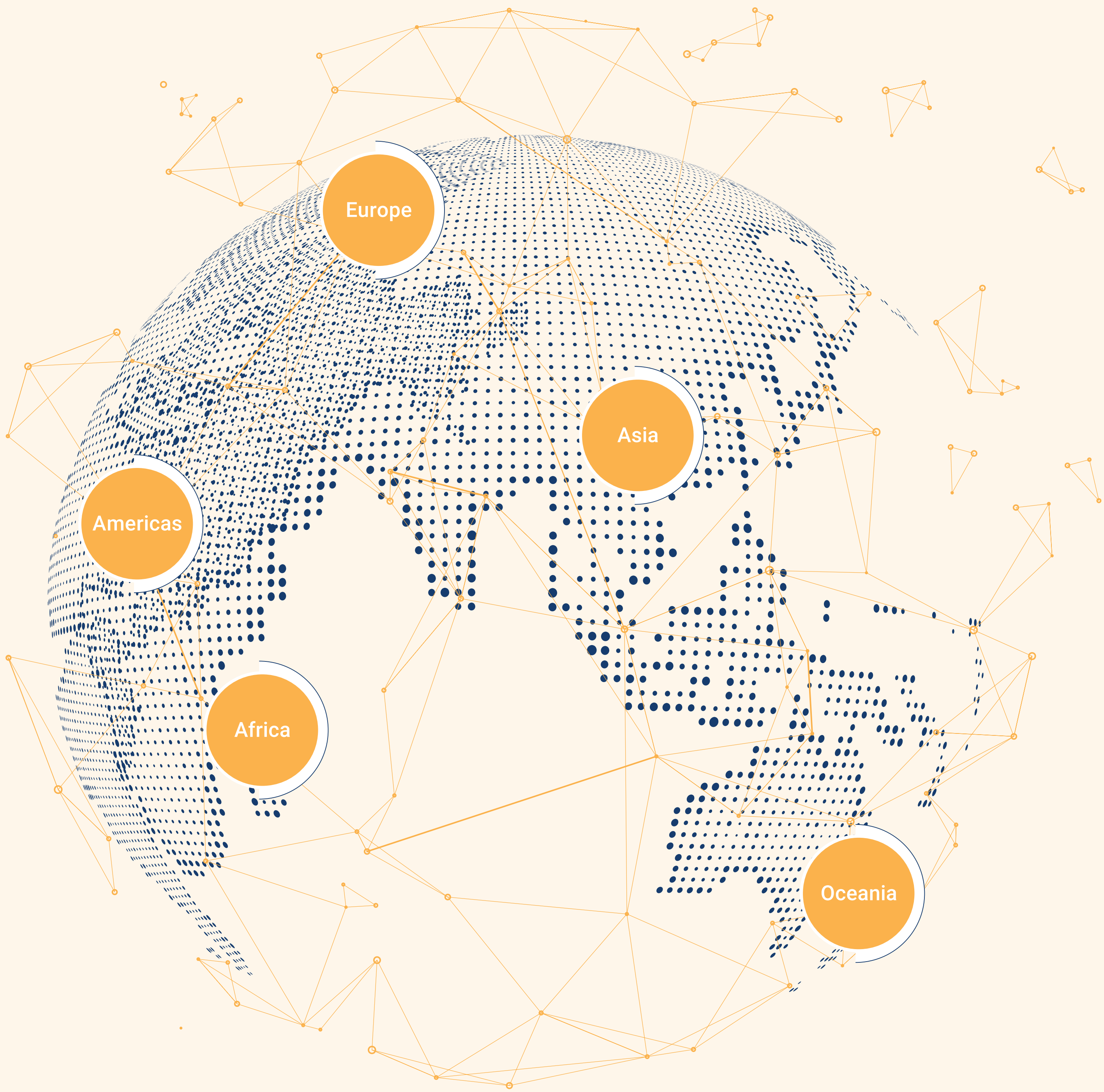
I express my appreciation to all IRIS employees for their commitment to continue delivering excellent customer service despite the numerous challenges faced during the COVID-19 pandemic.

We will all remember how this unprecedented global COVID-19 outbreak had radically changed our lives, the world, and our business. It has not been easy, but our fast response, teamwork and implemented measures will ensure that we emerge from this crisis as a stronger IRIS.

FY2022 offers renewed optimism for economic growth so let's embrace the challenges ahead together as we embark on a new journey of resilient and sustainable growth.

DR. POH SOON SIM
Executive Deputy Chairman

OUR TRUSTED ID FOOTPRINT



34 countries And Still Expanding

Over the years, we have expanded our global footprint to 34 countries and we will continually strive to increase our international presence for diverse markets and customers.

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 collaboration, integrity, innovation, trust and accountability.

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

OCEANIA

21 — New Zealand
22 — Solomon Islands

AFRICA

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

AMERICAS

29 — Bahamas
30 — Canada
31 — United States

EUROPE

32 — Italy
33 — Netherlands
34 — Norway

As of March 2021, we have delivered more than…

98 million pieces of ePassport and/or Inlay to 14 countries

165 million pieces of eID and/or card-based driving licenses

227 thousand contact / contactless card readers and devices sold to 28 countries

CORPORATE STRUCTURE

IRIS CORPORATION BERHAD

TRUSTED IDENTIFICATION DIVISION

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	100%
IRIS Tech Ventures Sdn Bhd	100%
IRIS Project Management Sdn Bhd (formerly known as IRIS Land Sdn Bhd)	100%
Multimedia Display Technologies Sdn Bhd	44.4%
Neuralogy Sdn Bhd	20%

SUSTAINABLE DEVELOPMENT DIVISION

IRIS AdvanceTech Sdn Bhd (formerly known as IRIS Agrotech Sdn Bhd)	100%
— Endah Farm Sdn Bhd	60%
— Ubud Tower Sdn Bhd	50%
Warisan Atlet (M) Sdn Bhd	49%
RB Biotech Sdn Bhd	66.67%
IRIS RK Sdn Bhd (formerly known as IRIS Rimbunan Kaseh Sdn Bhd)	100%
IRIS Koto (M) Sdn Bhd	100%
Plaman Resources Limited	51%
— Plaman Services (Australia) Pty Ltd	100%
— Plaman Services Corporation	100%
— Plaman Services Limited	100%

Subsidiaries of IRIS Group
Associated Companies of IRIS Group
Joint Venture Companies of IRIS Group

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Nik Mohamed Bin Nik Yaacob
Chairman,
Independent Non-Executive Director

Dr. Poh Soon Sim
Executive Deputy Chairman,
Non-Independent Executive Director

Dato' Mohamed Khadar Bin Merican
Independent Non-Executive Director

Dato' Dr. Abu Talib Bin Bachik
Senior Independent Non-Executive Director

Mr Ling Hee Keat
Independent Non-Executive Director

Haji Hussein Bin Ismail
Independent Non-Executive Director

Encik Shaiful Zahrin Bin Subhan
Group Chief Executive Officer,
Non-Independent Executive Director

Mr H'ng Boon Harng
Group Finance Director,
Non-Independent 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

Mr Ling Hee Keat
Haji Hussein Bin Ismail

REMUNERATION COMMITTEE

Tan Sri Nik Mohamed Bin Nik Yaacob
Chairman

Dato' Mohamed Khadar Bin Merican
Mr Ling Hee Keat

COMPANY SECRETARY

Ms Wong Youn Kim
(MAICSA 7018778)

AUDITORS

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SHARE REGISTRAR

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Fax: +603 2783 9222

PRINCIPAL BANKERS

- Standard Chartered Bank Malaysia Berhad
- OCBC Bank (Malaysia) Berhad
- Affin Bank Berhad
- Hong Leong Bank Berhad
- HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

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

BOARD OF DIRECTORS

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

Nationality: Malaysian
Age: 72
Appointed 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 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 the Remuneration Committee of the Company.

DR. POH SOON SIM
Executive Deputy Chairman,
Non-Independent Executive Director

Nationality: Malaysian
Age: 76
Appointed: 7 November 2018

Dr. Poh was re-designated as the Executive Deputy Chairman on 1 March 2021.

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 Nov 2017.

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

DATO' MOHAMED KHADAR BIN MERICAN
Independent Non-Executive Director

Nationality: Malaysian
Age: 65
Appointed: 28 November 2018

Dato' Mohamed Khadar is a Fellow of the Institute of Chartered Accountants in England and Wales and is also a Chartered Accountant 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 the then Pernas International Holdings Berhad, including as President and Chief Operating Officer. Dato' Mohamed Khadar was previously on the Board of RHB Capital Berhad, as its Independent Non-Executive Chairman, and on the Board of Astro Malaysia Holdings Berhad, as its Non-Independent Non-Executive Director.

Presently, he is also a director of AirAsia Group Berhad and BNP Paribas Malaysia Berhad.

Dato' Mohamed Khadar currently serves as the Chairman of the Audit and Risk Management Committee and is a member of the Remuneration Committee of the Company.

Board of Directors
continued

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

Nationality: Malaysian
Age: 72
Appointed: 7 November 2016

Dato' Dr. Abu Talib graduated with a BSc and MSc from the Louisiana State University, USA 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 the 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 the Audit and Risk Management Committee, and the Chairman of the Nomination Committee of the Company.

MR LING HEE KEAT
Independent Non-Executive Director

Nationality: Malaysian
Age: 49
Appointed: 7 November 2018

Mr Ling graduated with a Bachelor of Laws degree from the University of Bristol, England in 1994 and was awarded the Degree of an Utter Barrister from Lincoln's Inn in 1995. He 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 Deputy Chairman of that company, a position he held till December 2016.

In March 2019, he was appointed as an Independent Non-Executive Director of TrickleStar Limited, a company listed on the Catalyst Market in Singapore, a position he holds till today.

Mr Ling is currently a Senior Associate at Leong Partnership Advocates and Solicitors, a boutique law firm focusing on corporate work. He is also a Certified Mediator with the Malaysian Bar Association.

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

HAJI HUSSEIN BIN ISMAIL
Independent Non-Executive Director

Nationality: Malaysian
Age: 64
Appointed: 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 the Audit and Risk Management Committee and the Nomination Committee of the Company.

Board of Directors
continued

ENCIK SHAIFUL ZAHRIN BIN SUBHAN
Group Chief Executive Officer,
Non-Independent Executive Director

Nationality: Malaysian
Age: 45
Appointed: 1 March 2021

Encik Shaiful 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 Finance Director,
Non-Independent Executive Director

Nationality: Malaysian
Age: 48
Appointed: 1 March 2021

Mr H'ng Boon Harng was appointed to the Board as Group Finance Director on 1 March 2021. Prior to his appointment, he was appointed as Chief Financial Officer of IRIS Corporation Berhad on 16 August 2017 and subsequently re-designated as Group Chief Financial Officer on 26 June 2020.

He has over 20 years of extensive experience in accounting 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).

Family Relationship with any Director and/or Major Shareholder
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 2021
The details of the Directors' attendance at Board meetings are disclosed in the 'Corporate Governance Overview Statement' in this Annual Report.

KEY SENIOR MANAGEMENT TEAM

DR. POH SOON SIM
Executive Deputy Chairman,
Non-Independent Executive Director

Please refer to the Board of Directors' section for the profile of Dr. Poh Soon Sim

ENCIK SHAIFUL ZAHRIN BIN SUBHAN
Group Chief Executive Officer,
Non-Independent Executive Director

Please refer to the Board of Directors' section for the profile of Encik Shaiful Subhan

MR H'NG BOON HARNG
Group Finance Director,
Non-Independent Executive Director

Please refer to the Board of Directors' section for the profile of Mr H'ng Boon Harng

MR CHOONG CHOO HOCK
Chief Operating Officer

Nationality: Malaysian
Age: 59

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

Nationality: Malaysian
Age: 58

Dr. Ahmad Husni Johari joined the company as CEO of IRIS Sustainable Development Division on 1 November 2017 to manage the divestment of IRIS' non-core businesses. He was later re-designated as Chief Operating Officer, Sustainable Development & Domestic Sales and related government relation.

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 made the Country Manager for a listed company based in Jakarta overlooking investment, infrastructure and manufacturing activities. He was also the Vice President of TPM/CEO of TPM Biotech Sdn Bhd (an Agency under MOSTI).

He graduated with Bachelor of Science in Engineering from University of Nevada, USA in 1985 and later obtained his MBA from University of Bath, UK in 1994. He obtained his Doctorate from the Indian Institute of Alternative Medicine in 2008. A certified Trainer with HRDF, he is an Associate Fellow at Malaysian Institute of Management.

MR LEW YUNG SING
Chief Technology Officer

Nationality: Malaysian
Age: 51

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

Work together for a safer, more secure and sustainable world

INTRODUCTION

IRIS' Sustainability Statement covers efforts and activities carried out in FY2021 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.

Our Sustainability Statement declares our dedication to share our journey with our stakeholders as we work together for a safer, more secure and sustainable world.

The extensive and unprecedented global impact of the COVID-19 pandemic is now bringing additional emphasis on the sustainability imperative. Safety became as fundamental to human needs as food, water and shelter. The outbreak also demonstrated the interconnectedness of diverse stakeholder groups, such as our employees, customers, suppliers and local communities. It has also underscored the importance of integrating Economic, Environmental and Social (EES) risks and opportunities into IRIS' strategic roadmap and risk management to ensure responsible, ethical and long-term success.

The COVID-19 devastation continues to highlight the very issues that have been driving EES concerns such as managing resources, sustainability, and community impact and employee well-being. In response to the ongoing pandemic, we deepened our focus on occupational health and safety. To ensure a safe working environment, we established a dedicated COVID-19 core team to oversee and enforce health and safety measures in accordance with government directives and best practices.

Risk factors such as public health threats, supply chain disruptions, and Malaysia's Movement Control Order (MCO) restrictions continue to receive increasing attention. We are continuously mitigating these risks to minimize the disruption to business operations. When the pandemic struck, IRIS employees were immediately responsive by diligently self-assessing their health before entering IRIS premises, and by showing flexibility in transitioning to work from home due to MCO restrictions.

IRIS' resilience in weathering these challenges is proof that sustainability practices are not a luxury reserved only for good times. We discovered 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.

We know 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 and beyond.

Prosperity

Economic Sustainability – Sustaining Growth

MARKET DEVELOPMENT

CORPORATE GOVERNANCE & ETHICS

COMPLIANCE AND CERTIFICATION

IMPACTING COMMUNITIES

We are focused on responsibly progressing a prosperous and resilient future as we work to create solutions that catalyse change and help to preserve and secure living and working environments for people everywhere, especially in the new normal. We also recognise our responsibility for creating long-term shared value for all stakeholders by securing sustained growth by seizing opportunities in new and existing markets.

SUSTAINING GROWTH THROUGH MARKET DEVELOPMENT

In sustaining and growing market share, the technology, functionalities and benefits of our existing Trusted ID solutions are being updated, repurposed and expanded, leading to new solution offerings to benefit the markets locally and around the world.

In FY 2021, Malaysia's Ministry of Home Affairs and Immigration Department of Malaysia entrusted the creation of a new comprehensive and automated National Integrated Immigration System (also known as NIISe) to IRIS. We also introduced 4 new, palm sized, biometric smart card readers which are suitable for various industries.

For over 2 decades, Governments around the world trust our solutions to better protect their borders through smart immigration control solutions and to deliver secure identification ePassports or eIDs to their citizens. We will continue to collaborate with all our customers to develop new innovative solutions tailored to their needs.

SUSTAINING GROWTH WITH CORPORATE GOVERNANCE AND ETHICS

IRIS is committed to maintain an effective corporate governance structure with high ethical standards in addition to strict adherence to policies and guidelines set by Bursa Malaysia and other relevant authorities.

Sound governance principles ensure that we operate our business responsibly, ethically and in alignment with the long-term interests of our shareholders. This commitment, in turn, promotes and builds public trust in IRIS, and strengthens Board and management accountability.

To foster a culture of integrity within IRIS, the Board and management has clear zero-tolerance policies set in place namely Anti-Bribery and Anti-Corruption Policy, as well as a Whistleblowing Policy. Each policy serves as guidance and awareness to all employees for identifying, avoiding, refusing unethical or illegal activities, and also encourages employees to come forward with credible information on illegal practices or violations.

SUSTAINING GROWTH WITH COMPLIANCE AND CERTIFICATION

To deliver the latest innovative and secure solutions to our customers around the world, we consistently uphold the highest operational, service and delivery standards that are benchmarked to global standards and compliance.

Our commitment and focus on compliance and certification ensures the proper implementation of solid internal control systems, strengthens our risk management frameworks, and safeguards confidential information.

Our Certifications

- **ISO 9001:2015 Certification for Quality Management Systems**
- **ISO14001:2015 Certification for Environment Management Systems**
- **ISO 27001:2013 Certification for Information Security Management Systems**
- **ISO 14298:2013 (Intergraf) Certification for Security Management System for Secure Printing**
- **EMV (Europay, MasterCard & Visa) Certification to personalise credit and debit cards**
- **AMEX (American Express) Certification to personalise credit and debit cards**
- **MEPS (Malaysia Electronic Payment Scheme) Certification to personalise ATM cards**

SUSTAINING GROWTH TO IMPACT COMMUNITIES

We aim to positively impact local communities where we conduct business. We are paying greater attention to responsible procurement of materials and because there are environmental, social and economic impacts of adopting this practice. We continue to support available means of local procurement and adopt locally-sourced materials in our production process. This not only enables us to reduce the business impacts arising from the global lockdown due to the pandemic, but also allows us to support local stakeholder groups during difficult times.

In building local supply chains with the aim of doing ethical business, we take social and environmental factors into consideration alongside financial factors when making procurement and sourcing decisions.

Sustainability at IRIS
continued

Planet

Environmental Sustainability – Conservation and Stewardship

RESPONSIBLE WASTE DISPOSAL

RESPONSIBLE CONSUMPTION

We recognise that economic performance is intrinsically linked to the health of our environment and ecosystems. Our actions produce a ripple effect and we are committed to positively impacting our planet and to preserving prosperity for future generations.

Even amid the COVID-19 pandemic, the threats that come with climate change and global warming rage on, where globally, 2020 was the hottest year on record. To this end, we continue to pay great attention to climate risks and impacts, and seek to systematically reduce our environmental footprint by adhering to global standards and local environmental laws.

For ISO 14001:2015 EMS adherence and compliance, the following objectives and targets were set:

ENVIRONMENTAL OBJECTIVES	TARGETS	MEASUREMENT METHODS
To reduce generation of hazardous waste	>3% reduction on yearly waste generation	Total annual volume of scheduled waste (kg) over total production output
To achieve zero (0) major chemical spillage	Zero (0) case	No reported incident
To achieve zero (0) environment related fine or violation	Zero (0) case	Number of fines or notices from Department of Environment (DOE)

Our close observance to our environmental performance for atmospheric, noise and inland water pollution continue to be guided and bound by Malaysia's Environmental Quality Act 1974 and Environmental Quality Regulations 2009.

CONSERVATION AND STEWARDSHIP WITH RESPONSIBLE WASTE DISPOSAL

Due to the nature of our business and manufacturing operations, we generate waste materials such as plastic, metal, paper and chemicals during our production processes. To maximise the utilisation rate of raw materials and reduce waste, we collect waste materials at designated recycling bins for recycling and scheduled waste disposal. As a manufacturer and solutions integrator, the production of waste is inevitable. We are conscious about how we can separate, reuse, recycle, manage and dispose waste.

Our Quality and Environmental Management System (QEMS) policy, enforced and overseen by our Safety, Health and Environment (SHE) team, sets forth the proper procedures, coordination, approvals to separate, reuse, recycle, manage and dispose production waste. All waste materials are dispensed to and disposed by qualified waste treatment vendors contracted by IRIS.

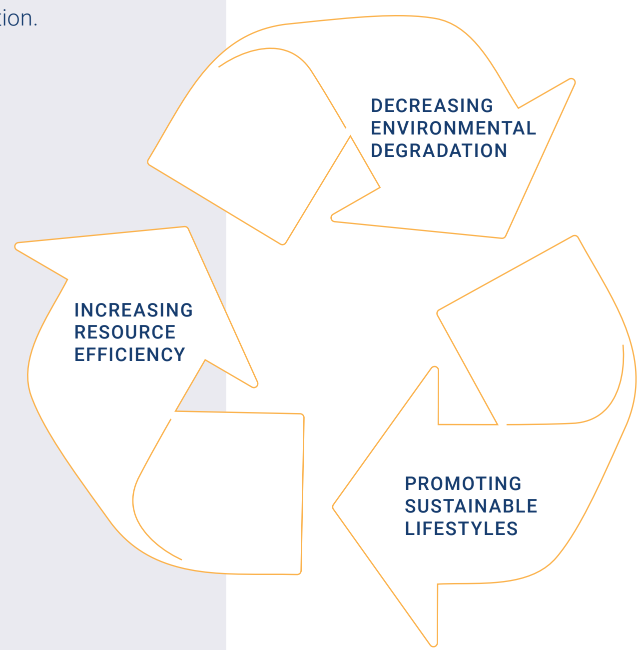
At the same time, all IRIS employees are encouraged to inculcate a culture of responsible waste management and disposal both while working in IRIS and while working from home.

CONSERVATION AND STEWARDSHIP THROUGH RESPONSIBLE CONSUMPTION

At IRIS, responsible consumption is about "doing more and better with less". This means decreasing environmental degradation as we grow economically, increasing resource efficiency and promoting sustainable lifestyles.

We consciously and deliberately work to relieve and avoid further pressure on our planet's finite resources in the following ways:

- Print only when necessary and in small quantities using recycled paper or Forestry Stewardship Council (FSC) paper sourced from responsibly managed forests;
- Closely monitor Energy Conservation Measures (ECM) with guidance from Suruhanjaya Tenaga (Energy Commission) of Malaysia for electricity consumption.



Sustainability at IRIS
continued

People

Social Sustainability – Responsibility to people

ECONOMIC SOCIAL RESPONSIBILITY

LEGAL & ETHICAL SOCIAL RESPONSIBILITY

DISCRETIONARY SOCIAL RESPONSIBILITY

Social sustainability is about understanding the impacts of our business behaviours, decisions and activities on people and society. Social sustainability performance issues include human rights, fair labour practices, living conditions, health, safety, wellness, diversity, equity, work-life balance, empowerment, community engagement, philanthropy, volunteerism, and more.

To fulfil the responsibility of affecting societal progress, we consider transparent and ethical business actions that are integrated throughout IRIS' policies and code of conduct, and practiced in its relationships. We diligently follow applicable laws and remain consistent with international norms of behaviour, while upholding the expectations of our stakeholders.

ECONOMIC SOCIAL RESPONSIBILITY TO PEOPLE

In order to give back to society and deliver value to our internal and external stakeholders, it is imperative for IRIS to grow, be profitable and be financially sustainable. Indicators of strong economic performance include making a profit for shareholders, compensating our Board, management and employees fairly, contributing to taxation and meeting other legal and financial disclosures and obligations.

LEGAL & ETHICAL SOCIAL RESPONSIBILITY TO PEOPLE

The IRIS name and brand is built on trust from all our stakeholders. Part of ensuring unbreakable trust is to abide by the laws and regulations of our business. We take pride in supporting employee fulfilment by ensuring legal and ethical workplace practices in accordance with Malaysian Labour Laws and guidelines from the International Labour Organisation (ILO).

Our business success depends on our people. As IRIS grows, our employees develop their skills, leading to greater enthusiasm in the workplace and personal growth. To encourage this positive cycle, we provide fair compensation and work environments where our employees can give their best efforts each work day while staying safe and healthy.

We acknowledge the importance of key areas such as equality, diversity and inclusion; employee learning and development; and employee safety and well-being. In FY2021, IRIS' workforce stood at 347.

In keeping up with an ever-evolving technology landscape, IRIS' Learning and Development team monitors all employees by managing, developing and improving their competency and skillsets through an annual Performance Management Review (PMR).

Employee Gender Distribution

EMPLOYEE GROUP	FEMALE	MALE
Non-executive	80	62
Executive	66	60
Manager	31	31
General Manager & above	6	11
Total	**183**	**164**

Employee Age Distribution

EMPLOYEE GROUP	AGES 21-30	AGES 31-40	AGES 41-50	AGES >50
Non-executive	26	66	37	13
Executive	27	71	20	8
Manager	0	12	30	20
General Manager & above	0	0	9	8
Total	**53**	**149**	**96**	**49**

Sustainability at IRIS
continued

3,634 hours
OF TRAINING

117
TRAINING PROGRAMMES

Conclusion

Continue to advance our goals

In FY2021, despite a raging pandemic, IRIS employees completed over 3,634 hours of training and upskilling both in person and online – a 50% decrease in training hours compared to FY2020. Over 117 training programmes, comprising internal, external and in-house trainings, were organised – a 20% decrease from 150 training programmes convened in FY2020. Our Learning and Development team was successful in defraying all allowable costs for retraining and skills upgrading programmes in FY2021, through the Human Resource Development Fund (HRDF).

In response to the COVID-19 pandemic, we deepened our focus on occupational health and safety. To ensure added safety in all working environments, IRIS has established a dedicated COVID-19 Core Team to develop health and safety measures in accordance with evolving local directives and best practices and to oversee and enforce pandemic prevention and control measures.

Some examples of new safety measures include mandatory wearing of protective masks and other protective equipment in the workplace at all times, temperature screenings upon entry, observance of safe physical distancing and adherence to medical testing and quarantine directives. Office premises and production sites are disinfected regularly and adequate ventilation is ensured. In person, physical meetings have been minimised, with virtual meetings becoming the de facto mode of communication.

DISCRETIONARY SOCIAL RESPONSIBILITY TO PEOPLE

Discretionary Social Responsibility are responsibilities voluntarily assumed by IRIS such as good corporate citizenship and corporate social responsibility.

In support of Malaysia's National COVID-19 Immunisation Programme, we sponsored IRIS MyKad readers together with the Software Development Kit (SDK) to Multimedia University (MMU)'s operation as an Integrated Mega Vaccine Delivery Centre (PPV). MMU Integrated Mega PPV will be the first PPV to automate the manual PPV process of keying MyKad information to MyVAS. With the SDK, MMU's team can customise the software to integrate with MyVAS for automation.

The Integrated Mega PPV can accommodate the administration of 3,000 doses of vaccine per day. IRIS is committed to support the programme to achieve its goals, flatten the pandemic curve and achieve herd immunity for Malaysia.

CONCLUSION

The global pandemic has amplified our path towards sustainability by reinforcing the relevance of our corporate vision, mission and core values; increasing the depth of our technological expertise; and deepening the tenacity and dedication of our employees.

With new challenges and opportunities in sight, we continue to scale and advance our sustainability goals across our business, as we collectively take IRIS to greater heights.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of IRIS Corporation Berhad ("IRIS" or "the Company") is fully dedicated 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" or "the Code"). The details of the Group's application for each practice set out in the MCCG 2017 during the financial year 2021 are disclosed in the Corporate Governance Report ("CG Report"). A copy of the CG Report 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 address 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.

Corporate Governance Overview Statement
continued

Principle A:
Board Leadership and Effectiveness (continued)

1. BOARD RESPONSIBILITIES (continued)

Established Clear Functions Reserved for the Board and Those Delegated to Management (continued)
To ensure the effective discharge of its function and responsibilities, the Board delegates the day-to-day management of the Group to the Executive Deputy Chairman, representing the Management. The day-to-day operations of the Group, within the authorities delegated by the Board, are further distributed under the approved Limits of Authority ("LOA") to key management team, comprising Executive Deputy Chairman, Group Chief Executive Officer, Group Finance Director, and Chief Operating Officers of respective segments and divisions. The principal responsibilities of the management team are as follows:

- Develop, coordinate and implement business and corporate strategies for the approval of the Board;
- Overseeing the day-to-day operations of the Group; and
- Provide the Board with relevant information, report, clarifications as and when required by the Board, to enable the Board to arrive at a decision.

The Board also delegates some of its stewardship responsibilities and risk management controls to properly constituted Board Committees, namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee, with a clearly defined terms of reference. By empowering these Committees to make recommendations on matters within their respective terms of reference, the Board is able to achieve operational efficiency and maintain control over major policies and decisions.

The functions of the Board Committees are as follow:

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 principal officers.
Remuneration Committee	To assess, review and recommend to the Board the Directors' and principal officers' remuneration and benefits package.

Corporate Governance Overview Statement
continued

Principle A:
Board Leadership and Effectiveness (continued)

1. BOARD RESPONSIBILITIES (continued)

Reviewing and Adopting the Company's Strategic Plans

Together with the Management, the Board collectively bring a diverse range of skills and expertise to discharge their responsibilities effectively towards achieving the Group's business strategies and corporate goals, as well as providing advice and judgement for the benefit of the Group and its shareholders. The Board plays an active role in reviewing and adopting the Company's strategic plans by assessing, deliberating, and approving the Management's proposal on a strategic plan for the Group. In this regard, the Management will prepare and present to the Board 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 the Company and the Group via the discussion and updates at the Board meeting. The Board would also 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 Group and its business. The Management is also required to present and brief the Board on the quarterly report of the Group's financial performance.

Qualified and Competent Company Secretary

The Board is assisted by a qualified secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as Company Secretary under the Companies Act 2016. The Company Secretary facilitates the Board on the administration and compliance of the Company's matters within the framework of relevant laws and regulations.

As a practicing company secretary, the Company Secretary also attended continuous professional development programmes as required by MAICSA and the Companies Commission Malaysia.

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

Board Charter

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

Corporate Governance Overview Statement
continued

Principle A:
Board Leadership and Effectiveness (continued)

1. BOARD RESPONSIBILITIES (continued)

Whistleblowing Policy
The Board has formalized a Whistleblowing Policy 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. This Policy aims to provide a framework to promote responsibility and secure whistleblowing without fear of adverse consequences. The Policy is available on the Company's website at https://www.iris.com.my.

Anti-Bribery and Anti-Corruption Policy
The Board has further strengthening the integrity, governance and anti-corruption framework of the Group by adopting and implementing the Anti-Bribery and Anti-Corruption Policy during the financial year under review.

2. BOARD COMPOSITION

The Board has eight (8) directors, comprising three (3) Non-Independent Executive Directors and five (5) Independent Non-Executive Directors. 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 three (3) Independent Non-Executive Directors.

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 requirement for skill mix, experience and other relevant qualities including core competencies which Non-Executive Directors should bring to the Board;
iv. To perform annual assessments 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 met twice in the financial year ended 31 Mar 2021.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.

Corporate Governance Overview Statement
continued

Principle A:
Board Leadership and Effectiveness (continued)

2. BOARD COMPOSITION (continued)

Develop, maintain and review the criteria for recruitment and annual assessment of Directors (continued)
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 accountability, 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 the decision-making process;
iii. Non-Executives Directors and Executive Directors performance review based on their contributions and performance;
iv. Assessment on independence of Independent Directors; and
v. Rotation and re-election of Directors.

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

The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. The NC strictly adheres 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 with 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 following their appointments. The Constitution further provides that in every subsequent year, one-third of the Directors shall retire and be eligible for re-election, provided always that all Directors, except for a Managing Director (if any) appointed for a fixed period pursuant to the Constitution, shall retire once at least in every three (3) years but shall be eligible for re-election.

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.

Corporate Governance Overview Statement
continued

Principle A:
Board Leadership and Effectiveness (continued)

2. BOARD COMPOSITION (continued)

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.

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 the term is exceeded, has justification or reasons as to 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 an 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 Chairman and the Executive Deputy Chairman have been clearly segregated to ensure that there is 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.

Corporate Governance Overview Statement
continued

Principle A:
Board Leadership and Effectiveness (continued)

2. BOARD COMPOSITION (continued)

Time commitments
The directors dedicated sufficient time to carry out their responsibilities.

During the financial year ended 31 March 2021, the Board met seven (7) times, where it deliberated and considered various matters affecting the Group's operations including the Group's financial results, business and investment plans, the Group's budget and the Group's strategic direction.

Details of attendance of each Director who held office during the financial year ended 31 March 2021 are as follows:

NAME OF DIRECTORS	TOTAL MEETINGS ATTENDED BY DIRECTORS
Tan Sri Nik Mohamed Bin Nik Yaacob	7/7
Dr. Poh Soon Sim	6/7
Dato' Mohamed Khadar Bin Merican	7/7
Dato' Dr. Abu Talib Bin Bachik	7/7
Mr Ling Hee Keat	7/7
Haji Hussein Bin Ismail	7/7
Dato' Poh Yang Hong (Resigned on 1 March 2021)	6/7
Encik Shaiful Zahrin Bin Subhan (Appointed on 1 March 2021)	7/7 (Attended as Group Chief Executive Officer prior to his appointment as Executive Director)
Mr H'ng Boon Harng (Appointed on 1 March 2021)	7/7 (Attended as Group Chief Financial Officer prior to his appointment as Executive Director)

Corporate Governance Overview Statement
continued

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 numbers and types of training programme each year, the Directors, however, are encouraged to attend briefings, 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 2021 were as follows:

NAME OF DIRECTOR	COURSE ATTENDED/PARTICIPATED
Tan Sri Nik Mohamed Bin Nik Yaacob	■ Training programme: Technology Roadmap
Dr. Poh Soon Sim	■ Training programme: Technology Roadmap
Dato' Mohamed Khadar Bin Merican	■ Training programme: Technology Roadmap ■ Building security in an unsecured world: by Asian Business School ■ Flattening the curve: by Asian Business School
Dato' Dr. Abu Talib Bin Bachik	■ Training programme: Technology Roadmap
Mr Ling Hee Keat	■ Training programme: Technology Roadmap ■ Intellectual Property Identification and Education: by IDEAS (IPOS & EverEdge) ■ Post Covid19 Strategy - A Strong and Resilient Tomorrow: by SID ■ Report findings on TrickleStar's key intangible assets and how to drive enterprise growth: by IDEAS (IPOS & EverEdge)
Haji Hussein Bin Ismail	■ Training programme: Technology Roadmap ■ Briefing on Corporate Liability, Adequate Procedures and ISO 37001: by Trident Integrity Solutions Sdn Bhd ■ Cyber Security: How to mitigate the impact of cybercrime on your business: by Suruhanjaya Syarikat Malaysia ■ MBRS for Preparers (Financial statements): by Suruhanjaya Syarikat Malaysia
Encik Shaiful Zahrin Bin Subhan	■ Training programme: Technology Roadmap
Mr H'ng Boon Harng	■ Training programme: Technology Roadmap

Principle A:
Board Leadership and Effectiveness (continued)

3. REMUNERATION

The Remuneration Committee ("RC") consists of three (3) Independent Non-Executive Directors. 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 practice 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 contributions 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. The RC met twice in the financial year ended 31 Mar 2021.

Remuneration Package

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

Corporate Governance Overview Statement
continued

Principle A:
Board Leadership and Effectiveness (continued)

3. REMUNERATION (continued)

Remuneration Package (continued)
The aggregate remuneration of Directors' for the financial year ended 31 March 2021 are as follows:

CATEGORY	SALARIES & BONUSES RM	DEFINED CONTRIBUTION PLANS AND SOCSO RM	BENEFIT IN KIND RM	DIRECTOR FEES RM	MEETING ALLOWANCES RM	TOTAL RM
GROUP AND COMPANY						
Executive Directors						
Dr. Poh Soon Sim[a]	65,850	2,683	–	44,125	5,000	117,658
Encik Shaiful Zahrin Bin Subhan[b]	376,850^	46,593^	23,541	1,250	500	448,734
Mr H'ng Boon Harng[c]	342,197#	41,890#	7,591	1,250	500	393,428
Dato' Poh Yang Hong[d]	503,223	61,153	31,586	14,583	3,500	614,045
Non-Executive Directors						
Tan Sri Nik Mohamed Bin Nik Yaacob	–	–	–	63,650	5,000	68,650
Dato' Mohamed Khadar Bin Merican	–	–	–	67,025	6,500	73,525
Dato' Dr. Abu Talib Bin Bachik	–	–	–	73,150	7,500	80,650
Mr Ling Hee Keat	–	–	–	79,800	8,500	88,300
Haji Hussein Bin Ismail	–	–	–	67,025	6,500	73,525
Total	**1,288,120**	**152,319**	**62,718**	**411,858**	**43,500**	**1,958,515**

Notes:
a Dr. Poh Soon Sim was re-designated as the Executive Deputy Chairman on 1 March 2021.
b Encik Shaiful Zahrin Bin Subhan was appointed as Executive Director effective from 1 March 2021.
c Mr H'ng Boon Harng was appointed as Executive Director effective from 1 March 2021.
d Dato' Poh Yang Hong resigned as President & Group Managing Director on 1 March 2021.
^ The salary of Encik Shaiful Zahrin Bin Subhan disclosed above included the position as Group Chief Executive Officer and Executive Director for the whole financial year ended 31 March 2021.
# The salary of Mr H'ng Boon Harng disclosed above included the position as Group Chief Financial Officer and Executive Director for the whole financial year ended 31 March 2021.

Analysis of Remuneration Bands

RANGE OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
RM1 – RM50,000	–	–
RM50,001 – RM100,000	–	5
RM100,001 and above	3	–

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 matters 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 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 party 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.

The composition and summary of activities during the financial year under review is set out in the 'Audit and Risk Management Committee Report' in this Annual Report.

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.

Corporate Governance Overview Statement
continued

Principle B:
Effective Audit and Risk Management (continued)

1. AUDIT AND RISK MANAGEMENT COMMITTEE (continued)

Assessment of External Auditors (continued)
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.

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 framework 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 in reviewing the adequacy as well as effectiveness of the Group's risk management and internal control systems.

Details of the internal audit function 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 Executive Deputy Chairman, Group Chief Executive Officer and Group Finance Director will brief shareholders on financial and operations performance of the Group prior to tabling the motion on 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 ("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 18 August 2021.

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 were 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 2020 to 31 March 2021. 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	5/5

The Company Secretaries, or their representative, were in attendance during the meetings. By invitation, the Senior Management, Internal Auditors, External Auditors and other key personnel where necessary, were in the meetings to deliberate on matters within their purview.

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 briefs the Board on the proceedings of the ARMC.

Audit and Risk Management Committee Report
continued

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 unaudited quarterly interim financial report of the Group before recommending to the Board for Board's approval and authorization for the release of the unaudited quarterly interim financial report announcement to Bursa Securities.

   b. Reviewed the audited financial statements for the financial year ended 31st March 2021 before recommending to the Board for approval.

   c. Reviewed and discussed significant matters raised by Messrs. Baker Tilly Monteiro Heng PLT ("External Auditors"), including financial reporting issues and significant areas of judgement and estimations 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 Committee Memorandum for the financial year ended 31 March 2021. 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 Executive Directors and 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 internal audit plan as proposed by the outsourced internal auditors, Messrs. Deloitte Enterprise Risk Services Sdn Bhd ("Internal Auditors"), for the financial year of 2021 of the Group and the Company to ensure the adequacy of the scope and coverage of the work.

   b. Reviewed the internal audit reports presented by the Internal Auditors on their findings and recommendations.

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

Audit and Risk Management Committee Report
continued

3. Internal Audit (continued)

d. Reviewed the status of outstanding audit recommendations as presented by the Internal Auditors.

e. Obtained confirmation on independence and objectivity from the Internal Auditors that the audit personnel were free from any relationship or conflicts of interest with the Group during the audit for the financial year under review.

4. Risk Management

a. Reviewed the adequacy of the risk management framework and recommended to the Board for approval.

b. Reviewed the risk and impact of COVID-19 pandemic to the Group and to ensure that appropriate COVID-19 standard operating procedures are in place and mitigation measures are undertaken.

c. Reviewed the framework for the Anti-Bribery and Anti-Corruption Policy and the necessary procedures under Section 17A (5) of the Malaysian Anti-Corruption Act 2009.

d. Reviewed the framework and necessary procedures for the Whistleblowing Policy of the Group.

e. Reviewed and communicated the risk assessment results together with actions plan to manage and/or mitigate these risks to the Board.

5. Others

a. Reviewed the updated Limits of Authority (“LOA”).

b. Reviewed the Audit and Risk Management Committee Report, Corporate Governance Overview Statement, 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 Sales & Marketing Planning and Management, Project Management (Pre and Post Project), Bid and Tender Management, Sales Order Processing and Sales Delivery, and Credit Control 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 2021 was approximately RM109,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") of IRIS Corporation Berhad is committed to maintaining sound systems of risk management and internal control 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 2021.

BOARD'S RESPONSIBILITY

The board acknowledges its overall responsibility in maintaining a sound risk management and internal control systems for the group as a matter of good corporate governance. The risk management and internal control systems cover, inter alia, strategy, financial, operational, compliance controls and risk management procedures.

The Board has delegated the responsibility to review the adequacy and integrity of the Group's risk management and internal control system to the Audit and Risk Management Committee ("ARMC").

By its nature, the risk management and internal control system have limitations in assuring the Group from material misstatement and loss. In this regards, the ARMC together with the internal auditors, continuously review the Group's risk management and internal control systems 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 on the boards of associate companies or joint ventures will oversee the business and operational activities, and to update key matters and significant information to the Board.

Statement on Risk Management and Internal Control
continued

RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the Group's business operations and has established an Enterprise Risk Management ("ERM") framework.

The ERM framework involves a systematic approach in identifying, assessing, monitoring, mitigating and managing risks that may affect the Group's achievement of its business objectives and strategies. On a day to day basis, the respective heads of departments in the Group is responsible for the timely identification, assessment, reporting and management of identified risks.

An Enterprise Risk Management Committee ("ERMC") is formed to assist the ARMC in risk management. The ERMC, comprising senior management and heads of departments meet regularly and is tasked with carrying the risk management activities. The activities of the ERMC are reported to the ARMC on a quarterly basis.

INTERNAL CONTROL SYSTEM

The key elements of the system of internal controls are set out below:

- In order to avoid conflicts of interest, the Group implements segregation of duties through clear delegation of responsibilities and authority among Board Committees and the Management.

- Departmental units are required to prepare annual budgets. 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 appropriate remedial action plans are formulated to address the significant 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 respective Standard Operating Procedures to ensure compliance with internal control.

- Periodic management meeting are carried out 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.

- A Limits of Authority matrix 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 conduct of the Board members and all employees.

- The Group has adopted a Whistle-Blowing Policy which serves as an avenue for all employees, directors, stakeholders and/or any party with a business relationship with the Group, 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-Bribery and 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.

Statement on Risk Management and Internal Control
continued

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 plan and reports 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 the 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 Group'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.

The ARMC reviews the risk monitoring and compliance procedures on a quarterly basis, and ensures 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.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The Company's External Auditors, Messrs. Baker Tilly Monteiro Heng PLT, has reviewed this Statement on Risk Management and Internal Control. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is inconsistent with their understanding of the processes that the Board has adopted in the review of the 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 systems are operating adequately and effectively in all material aspects to enable the Group to achieve its business objectives. There were no significant internal control weaknesses that have not been reported in this section, which led to material losses, contingencies or uncertainties that would require a separate disclosure in the Annual Report.

The Board has received assurance from the Executive Deputy Chairman and the Group Finance Director 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 18 August 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible for the preparation of financial statements of the Group and of the Company, as at the end of each financial year, 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 ("Act") in Malaysia.

In preparation of the financial statements for financial year ended 31 March 2021, the Directors have:

- considered appropriate applicable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- prepared the financial statements on a going concern basis, with reasonable expectation that the Group and the 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 Act in Malaysia.

The Directors have general responsibility 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.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities') for ACE Market.

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company had on 23 June 2020 announced a proposed 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. Bursa Malaysia had on 7 July 2020 approved the listing and quotation of the Placement Shares to be issued pursuant to the proposed Private Placement exercise.

As of 31 March 2021, the Company had completed 3 tranches of Private Placement as follows:

DESCRIPTION	DATE OF PLACEMENT SHARES LISTED ON BURSA SECURITIES	NUMBER OF SHARES ISSUED (UNIT)	ISSUE PRICE (RM)	PLACEMENT PROCEEDS (RM)
1st tranche	6 November 2020	75,000,000	0.25240	18,930,000
2nd tranche	16 March 2021	60,000,000	0.31410	18,846,000
3rd tranche	26 March 2021	15,000,000	0.31410	4,711,500
Total		**150,000,000**	**0.28325**	**42,487,500**

The utilisation of the above Private Placement proceeds up to 19 July 2021 are as follows:

DESCRIPTION	PROPOSED UTILISATION (RM'000)	ACTUAL UTILISATION (RM'000)	BALANCE TO BE UTILISED (RM'000)	INTENDED TIMEFRAME FOR UTILISATION
Working capital of ICB Group	42,392	(33,503)	8,889	Within 18 months
Estimated expenses in relation to the Private Placement	96	(96)	–	Immediate
Total	**42,488**	**(33,599)**	**8,889**	

Additional Compliance Information
continued

2. NON-AUDIT FEES

The detail of the audit and non-audit fees paid/payable for the financial year ended 31 March 2021 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	425	320
Non-audit fees	10	10

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS'

For the financial year ended 31 March 2021, 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 2021, 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)	24	17 July 1995	78,302

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 2021. 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 2021.

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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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 2021.

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 the activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Loss for the financial year, net of tax	(12,865)	(1,224)
Attributable to:		
Owners of the Company	(11,022)	(1,224)
Non-controlling interests	(1,843)	–
	(12,865)	(1,224)

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 2021.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

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 other than the effects of COVID-19 outbreak as disclosed in Note 32 to the financial statements; 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.

Directors' Report
continued

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 150,000,000 new ordinary shares pursuant to private placement exercises to eligible investors at an average issue price of RM0.28325 per ordinary share for working capital purposes.

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

During the financial year, no new issue of debentures was 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' Mohamed Khadar Bin Merican	
Dato' Dr. Abu Talib Bin Bachik	
Dr. Poh Soon Sim *	
Ling Hee Keat	
Hussein Bin Ismail	
Shaiful Zahrin Bin Subhan *	(Appointed on 1 March 2021)
H'ng Boon Harng	(Appointed on 1 March 2021)
Dato' Poh Yang Hong *	(Resigned on 1 March 2021)

* *Directors of the Company and certain subsidiaries*

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES			
	AT DATE OF APPOINTMENT/ 1.4.2020	BOUGHT	SOLD	AT 31.3.2021
Direct interests:				
Dr. Poh Soon Sim	23,755,000	12,245,000	–	36,000,000
Ling Hee Keat	102,800,000	4,000,000	–	106,800,000
Shaiful Zahrin Bin Subhan	9,500,000	–	–	9,500,000
H'ng Boon Harng	1,000,000	–	–	1,000,000
Indirect interests:				
Dr. Poh Soon Sim *	346,790,200	800,000	–	347,590,200
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 Poh Associates Sdn. Bhd. and Orientalgold Equity Sdn. Bhd. and by virtue of his son's direct shareholdings under Section 59 of the Companies Act 2016 in Malaysia.*

** *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 22 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 28 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 Company and the subsidiaries were RM5,000,000 and RM45,000 respectively.

Directors' Report
continued

SUBSIDIARIES

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 32 to the financial statements.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 22 to the financial statements.

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

DR. POH SOON SIM
Director

Date: 18 August 2021

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2021

		GROUP		COMPANY		
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)	01.04.2019 RM'000 (RESTATED)
ASSETS						
Non-current assets						
Property, plant and equipment	5	88,276	92,965	87,808	92,347	88,237
Intangible assets	6	131,110	132,342	2,842	4,074	9,402
Operating financial assets	7	9,290	10,398	9,290	10,398	11,427
Investment in subsidiaries	8	–	–	77,865	77,865	74,865
Investment in associates	9	4,464	4,450	5,000	5,000	5,000
Investment in joint ventures	10	–	–	–	–	–
Total non-current assets		233,140	240,155	182,805	189,684	188,931
Current assets						
Inventories	11	20,292	15,826	20,070	15,826	18,595
Operating financial assets	7	1,107	1,029	1,107	1,029	956
Trade and other receivables	12	85,181	146,416	96,733	149,741	109,856
Prepayments		2,155	313	1,430	304	1,526
Contract assets	13	7,416	6,491	7,354	6,468	7,267
Current tax assets		929	947	929	774	7,465
Cash and short-term deposits	14	117,273	76,750	80,060	52,168	94,467
Total current assets		234,353	247,772	207,683	226,310	240,132
TOTAL ASSETS		467,493	487,927	390,488	415,994	429,063

Statements of Financial Position

As At 31 March 2021
continued

		GROUP		COMPANY		
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)	01.04.2019 RM'000 (RESTATED)
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital	15	582,090	539,602	582,090	539,602	539,602
Other reserves	16	32,247	33,110	9,417	9,699	9,983
Accumulated losses		(296,606)	(286,547)	(444,148)	(443,206)	(444,285)
		317,731	286,165	147,359	106,095	105,300
Non-controlling interests	8(d)	(22,699)	(20,856)	–	–	–
TOTAL EQUITY		295,032	265,309	147,359	106,095	105,300
Non-current liabilities						
Loans and borrowings	17	6,250	18,750	6,250	18,750	31,250
Deferred tax liabilities	18	13,254	10,714	13,254	10,714	3,274
Total non-current liabilities		19,504	29,464	19,504	29,464	34,524
Current liabilities						
Loans and borrowings	17	12,500	12,500	12,500	12,500	22,500
Current tax liabilities		778	4	–	–	–
Trade and other payables	19	139,664	176,748	211,112	264,033	262,880
Contract liabilities	13	15	3,902	13	3,902	3,859
Total current liabilities		152,957	193,154	223,625	280,435	289,239
TOTAL LIABILITIES		172,461	222,618	243,129	309,899	323,763
TOTAL EQUITY AND LIABILITIES		467,493	487,927	390,488	415,994	429,063

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

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2021

	NOTE	GROUP 31.03.2021 RM'000	GROUP 31.03.2020 RM'000	COMPANY 31.03.2021 RM'000	COMPANY 31.03.2020 RM'000 (RESTATED)
Continuing operations					
Revenue	20	106,618	229,587	100,860	222,325
Cost of sales		(93,688)	(181,013)	(84,141)	(177,000)
Gross profit		12,930	48,574	16,719	45,325
Other income		18,218	12,118	16,423	10,412
Administrative expenses		(31,682)	(27,120)	(24,035)	(25,876)
Net impairment losses on financial instruments		(3,754)	(5,935)	(2,628)	(13,532)
Other expenses		(3,091)	(5,849)	(3,012)	(4,117)
Operating (loss)/profit		(7,379)	21,788	3,467	12,212
Finance costs	21	(2,204)	(3,399)	(1,999)	(3,335)
Share of results of associates, net of tax		14	4	–	–
(Loss)/Profit before tax	22	(9,569)	18,393	1,468	8,877
Income tax expense	23	(3,296)	(8,419)	(2,692)	(8,082)
(Loss)/Profit for the financial year from continuing operations		(12,865)	9,974	(1,224)	795
Discontinued operation					
Profit for the financial year from discontinued operation, net of tax	24	–	5,479	–	–
(Loss)/Profit for the financial year		(12,865)	15,453	(1,224)	795
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		100	(128)	–	–
Other comprehensive income/(loss) for the financial year		100	(128)	–	–
Total comprehensive (loss)/income for the financial year		(12,765)	15,325	(1,224)	795

Statements of Comprehensive Income

For The Financial Year Ended 31 March 2021
continued

	NOTE	GROUP 31.03.2021 RM'000	GROUP 31.03.2020 RM'000	COMPANY 31.03.2021 RM'000	COMPANY 31.03.2020 RM'000 (RESTATED)
(Loss)/Profit attributable to:					
Owners of the Company					
- From continuing operations		(11,022)	8,233	(1,224)	795
- From discontinued operation		–	5,479	–	–
		(11,022)	13,712	(1,224)	795
Non-controlling interests	8(d)	(1,843)	1,741	–	–
		(12,865)	15,453	(1,224)	795
Total comprehensive (loss)/ income attributable to:					
Owners of the Company					
- From continuing operations		(10,922)	8,105	(1,224)	795
- From discontinued operation		–	5,479	–	–
		(10,922)	13,584	(1,224)	795
Non-controlling interests	8(d)	(1,843)	1,741	–	–
		(12,765)	15,325	(1,224)	795
(Loss)/Earnings per share attributable to owners of the Company (sen per share)					
Basic	25(a)				
- From continuing operations		(0.37)	0.28		
- From discontinued operation		–	0.18		
		(0.37)	0.46		
Diluted	25(b)				
- From continuing operations		(0.37)	0.28		
- From discontinued operation		–	0.18		
		(0.37)	0.46		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2021

GROUP	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
		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						
At 1 April 2020		539,602	30	33,080	(286,547)	286,165	(20,856)	265,309
Total comprehensive (loss)/income for the financial year								
Loss for the financial year		–	–	–	(11,022)	(11,022)	(1,843)	(12,865)
Other comprehensive income for the financial year		–	100	–	–	100	–	100
Total comprehensive income/(loss)		–	100	–	(11,022)	(10,922)	(1,843)	(12,765)
Transactions with owners								
Issue of ordinary shares	15	42,488	–	–	–	42,488	–	42,488
Total transaction with owners		42,488	–	–	–	42,488	–	42,488
Realisation of revaluation reserve	16	–	–	(963)	963	–	–	–
At 31 March 2021		582,090	130	32,117	(296,606)	317,731	(22,699)	295,032

Statements of Changes In Equity

For The Financial Year Ended 31 March 2021
continued

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						
GROUP	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
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	16	–	–	(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 2021
continued

COMPANY	NOTE	ATTRIBUTABLE TO THE OWNERS OF THE COMPANY SHARE CAPITAL RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
At 1 April 2019					
- As previously reported		539,602	9,983	(439,084)	110,501
- Retrospective restatement	33	–	–	(5,201)	(5,201)
Restated balance at 1 April 2019		539,602	9,983	(444,285)	105,300
Total comprehensive income for the financial year					
Profit for the financial year		–	–	795	795
Total comprehensive income		–	–	795	795
Realisation of revaluation reserve	16	–	(284)	284	–
At 31 March 2020		539,602	9,699	(443,206)	106,095
At 31 March 2020					
- As previously reported		539,602	9,699	(436,705)	112,596
- Retrospective restatement	33	–	–	(6,501)	(6,501)
Restated balance at 1 April 2020		539,602	9,699	(443,206)	106,095
Total comprehensive loss for the financial year					
Loss for the financial year		–	–	(1,224)	(1,224)
Total comprehensive loss		–	–	(1,224)	(1,224)
Transactions with owners					
Issue of ordinary shares	15	42,488	–	–	42,488
Total transaction with owners		42,488	–	–	42,488
Realisation of revaluation reserve	16	–	(282)	282	–
At 31 March 2021		582,090	9,417	(444,148)	147,359

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 March 2021

	NOTE	GROUP 31.03.2021 RM'000	GROUP 31.03.2020 RM'000 (RESTATED)	COMPANY 31.03.2021 RM'000	COMPANY 31.03.2020 RM'000 (RESTATED)
Cash flows from operating activities					
(Loss)/Profit before tax					
- Continuing operations		(9,569)	18,393	1,468	8,877
- Discontinued operation		–	5,479	–	–
		(9,569)	23,872	1,468	8,877
Adjustments for:					
Amortisation of intangible assets		1,409	5,359	1,409	5,359
Bad debts written off		51	158	42	5
Depreciation of property, plant and equipment		5,310	4,840	5,049	4,538
Effect of accretion of interest on operating financial assets		(866)	(939)	(866)	(939)
Finance costs		2,204	3,399	1,999	3,335
Gain on capital reduction in investment in an associate		–	(580)	–	–
Gain on disposal of investment in subsidiaries		–	(5,479)	–	–
Gain on disposal of property, plant and equipment		(143)	(607)	(100)	(185)
Impairment loss on trade and other receivables		12,918	6,776	8,599	22,401
Interest income		(1,351)	(2,979)	(824)	(2,252)
Reversal of inventories written down		(1,215)	(5,226)	(1,099)	(4,682)
Property, plant and equipment written off		–	32	–	1
Reversal of impairment loss on trade and other receivables		(9,164)	(841)	(5,971)	(8,869)
Operating (loss)/profit before changes in working capital, carried forward		(416)	27,785	9,706	27,589

Statements of Cash Flows

For The Financial Year Ended 31 March 2021
continued

		GROUP		COMPANY	
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)
Operating (loss)/profit before changes in working capital, brought forward		(416)	27,785	9,706	27,589
Adjustments for:					
Share of results of associates		(14)	(4)	–	–
Unrealised (gain)/loss on foreign exchange		(2,125)	21	(2,049)	(1,638)
		(2,555)	27,802	7,657	25,951
Changes in working capital:					
Contract assets/(liabilities)		(4,812)	819	(4,775)	842
Inventories		(3,251)	7,995	(3,145)	7,451
Operating financial assets		1,896	1,895	1,896	1,895
Trade and other payables		(31,116)	(45,619)	(34,681)	(36,405)
Trade and other receivables		53,030	(16,523)	33,105	(14,226)
Prepayments		(1,842)	1,232	(1,126)	1,222
Net cash from/(used in) operations		11,350	(22,399)	(1,069)	(13,270)
Interest paid		(2,204)	(3,399)	(1,999)	(3,335)
Interest received		1,351	2,979	824	2,252
Income tax (paid)/refunded		(449)	5,848	(307)	6,049
Net cash from/(used in) operating activities		10,048	(16,971)	(2,551)	(8,304)
Cash flows from investing activities					
Addition in investment in subsidiaries		–	–	–	(3,000)
Acquisition of development expenditure		(177)	(31)	(177)	(31)
Proceeds from capital reduction of an associate		–	7,034	–	–
Proceeds from disposal of plant and equipment		143	818	100	389
Purchase of plant and equipment		(621)	(8,798)	(510)	(8,853)
Net cash used in investing activities		(655)	(977)	(587)	(11,495)

Statements of Cash Flows

For The Financial Year Ended 31 March 2021
continued

	NOTE	GROUP 31.03.2021 RM'000	GROUP 31.03.2020 RM'000 (RESTATED)	COMPANY 31.03.2021 RM'000	COMPANY 31.03.2020 RM'000 (RESTATED)
Cash flows from financing activities					
Payment of hire purchase and lease obligations	(a)	–	(210)	–	–
Proceeds from issuance of new shares		42,488	–	42,488	–
Repayment of revolving loans	(a)	–	(10,000)	–	(10,000)
Repayment of term loans	(a)	(12,500)	(12,500)	(12,500)	(12,500)
Net cash from/(used in) financing activities		29,988	(22,710)	29,988	(22,500)
Net increase/(decrease) in cash and cash equivalents		39,381	(40,658)	26,850	(42,299)
Cash and cash equivalents at the beginning of the financial year		76,750	117,408	52,168	94,467
Effect of exchange rate changes on cash and cash equivalents		1,142	–	1,042	–
Cash and cash equivalents at the end of the financial year	14(a)	117,273	76,750	80,060	52,168

* *Represent amount less than RM1,000*

(a) Reconciliation of liabilities arising from financing activities:

GROUP	01.04.2020 RM'000	CASH FLOWS RM'000	31.03.2021 RM'000
Term loans	31,250	(12,500)	18,750

GROUP	01.04.2019 RM'000	CASH FLOWS RM'000	31.03.2020 RM'000
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

Statements of Cash Flows

For The Financial Year Ended 31 March 2021
continued

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

COMPANY	01.04.2020 RM'000	CASH FLOWS RM'000	31.03.2021 RM'000
Term loans	31,250	(12,500)	18,750

COMPANY	01.04.2019 RM'000	CASH FLOWS RM'000	31.03.2020 RM'000
Term loans	43,750	(12,500)	31,250
Revolving loans	10,000	(10,000)	–
	53,750	(22,500)	31,250

(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 RM235,000 and RM163,000 (31.03.2020: 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 the 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 18 August 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs	
MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases *
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

* *Early adopted the amendments to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 5 June 2020 or/and 6 April 2021.*

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments/improvements to MFRSs (continued)

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

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

(a) 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 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statement of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023

Notes to the Financial Statements
continued

2. BASIS OF PREPARATION (CONTINUED)

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

(a) 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 (continued):

		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
Amendments/Improvements to MFRSs (continued)		
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018 - 2020*
\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

(b) 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.

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.

2. BASIS OF PREPARATION (CONTINUED)

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

(b) 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 (continued).

Amendments to MFRS 101 Presentation of Financial Statements (continued)

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

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.

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.

(c) 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.

Notes to the Financial Statements
continued

2. BASIS OF PREPARATION (CONTINUED)

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.

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 date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (continued)

(a) Subsidiaries and business combination (continued)

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

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

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

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

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (continued)

(c) Associates (continued)

Under the equity method, the investment in associates is 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (continued)

(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.

3.3 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations (continued)

(a) Translation of foreign currency transactions (continued)

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

(b) Translation of foreign operations

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

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

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

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the 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 *Revenue from Contracts with Customers*.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

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.

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.

Notes to the Financial Statements
continued

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 (continued)

- **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 *Financial Instruments* 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.

Notes to the Financial Statements
continued

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 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 results 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.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (continued)

(a) Recognition and measurement (continued)

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

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

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

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

(b) Subsequent costs

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

(c) Depreciation

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

	USEFUL LIVES (YEARS)
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

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 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 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.

(b) Lessee accounting

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 arrangements 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 to the financial statements.

<u>Right-of-use asset</u>

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.

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.

<u>Lease liability</u>

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.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Lease liability (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(c) Lessor accounting

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) to the financial statements, then it classifies the sub-lease as an operating 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 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

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.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Goodwill and other intangible assets (continued)

(b) Development costs (continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Service concession arrangements (continued)

(b) Intangible asset model (continued)

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.

3.10 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.

3.11 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 *Financial Instruments* 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

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

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.

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

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

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

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

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

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 considered. 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 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.

Notes to the Financial Statements
continued

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 expected cost-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.

Financing components

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.

Based on the terms of the contracts with certain customers, it is the Group's and the Company's obligation to repair or replace for faulty products under different warranty terms to customers.

(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 expected cost-plus-margin approach.

Based on 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.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (continued)

(d) Rental income

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

(e) 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.

Based on the terms of the contracts with certain customers, defect liability period are usually 24 months from the date of certificate of practical completion as provided in the contracts with customers.

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.

Notes to the Financial Statements
continued

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Executive Deputy Chairman, Group's Chief Executive Officer and the Group's Finance Director, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the chief operating decision-makers that make strategic decisions.

3.20 Fair value measurements

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

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

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

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

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

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Contingencies (continued)

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

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

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

3.23 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

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 the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(ii) 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
(iii) 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 losses are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(i) 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

(ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Contract costs (continued)

(c) Impairment (continued)

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.

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

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 that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(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, near-term impact of COVID-19 pandemic, inflation rates and gross profit margins.

The economic uncertainties from COVID-19 pandemic may result in higher level of estimation uncertainty to the inputs and assumptions used in the value-in-use calculation. 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 cash-generating unit, including sensitivity analysis, are disclosed in Note 6(a) to the financial statements.

Notes to the Financial Statements
continued

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

(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 history, existing market conditions as well as forward-looking estimates including the possible impact of COVID-19 pandemic 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 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 26(b)(i) to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

GROUP	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	RIGHT-OF-USE ASSETS RM'000 (AT VALUATION)	TOTAL RM'000
Cost/Valuation						
At 1 April 2020	67,000	24,206	3,312	70,113	16,000	180,631
Additions	–	596	–	25	–	621
Disposals	–	–	(1,723)	–	–	(1,723)
Written off	–	(511)	–	–	–	(511)
Exchange differences	–	(1)	–	–	–	(1)
At 31 March 2021	67,000	24,290	1,589	70,138	16,000	179,017
Accumulated depreciation and impairment loss						
At 1 April 2020	1,896	21,913	2,467	60,937	453	87,666
Depreciation charge for the financial year	1,896	858	228	1,875	453	5,310
Disposals	–	–	(1,723)	–	–	(1,723)
Written off	–	(511)	–	–	–	(511)
Exchange differences	–	(1)	–	–	–	(1)
At 31 March 2021	3,792	22,259	972	62,812	906	90,741
Carrying amounts						
At 31 March 2021	63,208	2,031	617	7,326	15,094	88,276

Notes to the Financial Statements
continued

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	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 (AT VALUATION)	TOTAL RM'000
Cost/Valuation							
At 1 April 2019	67,000	6,606	27,786	5,405	71,795	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	–	24,206	3,312	70,113	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	–	2,293	845	9,176	15,547	92,965

Notes to the Financial Statements
continued

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	RIGHT-OF-USE ASSETS RM'000 (AT VALUATION)	TOTAL RM'000
Cost/Valuation						
At 1 April 2020	67,000	22,695	2,894	70,095	16,000	178,684
Additions	–	485	–	25	–	510
Disposals	–	–	(1,646)	–	–	(1,646)
Written off	–	(1)	–	–	–	(1)
At 31 March 2021	67,000	23,179	1,248	70,120	16,000	177,547
Accumulated depreciation and impairment loss						
At 1 April 2020	1,896	20,983	2,090	60,915	453	86,337
Depreciation charge for the financial year	1,896	648	177	1,875	453	5,049
Disposals	–	–	(1,646)	–	–	(1,646)
Written off	–	(1)	–	–	–	(1)
At 31 March 2021	3,792	21,630	621	62,790	906	89,739
Carrying amounts						
At 31 March 2021	63,208	1,549	627	7,330	15,094	87,808

Notes to the Financial Statements
continued

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	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 (AT VALUATION)	TOTAL RM'000
Cost/Valuation							
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

Notes to the Financial Statements
continued

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Assets pledged as security

Property plant and equipment with net carrying amount of RM78,302,000 (31.03.2020: RM80,651,100) of the Group and of the Company have been pledged to a financial institution as security for banking facilities as disclosed in Note 17 to the financial statements.

(b) Revaluation on right-of-use assets and leasehold buildings

Had the revalued right-of-use assets and leasehold buildings been carried at historical cost less accumulated depreciation, the net carrying amount of the leasehold 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	
	31.03.2021 RM'000	31.03.2020 RM'000
Leasehold buildings		
Right-of-use assets	25,048	26,223
- Leasehold land	7,775	8,085

Fair value information

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
Level 3		
Right-of-use assets and leasehold buildings	83,000	83,000

There is no transfer between the levels of fair value hierarchy during the financial year ended 31 March 2021.

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
Right-of-use assets and leasehold 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

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Revaluation on right-of-use assets and leasehold buildings (continued)

Valuation process applied by the Group and the Company

The fair value of right-of-use assets and leasehold 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 right-of-use assets and leasehold buildings, the highest and best use of the right-of-use assets and buildings is their current use.

(c) 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 34 years (31.03.2020: 35 years).

Notes to the Financial Statements
continued

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 2020	129,689	16,274	40,391	19,581	205,935
Additions	–	177	–	–	177
At 31 March 2021	129,689	16,451	40,391	19,581	206,112
Accumulated amortisation and impairment loss					
At 1 April 2020	1,421	16,238	36,353	19,581	73,593
Amortisation charge for the financial year	–	23	1,386	–	1,409
At 31 March 2021	1,421	16,261	37,739	19,581	75,002
Carrying amounts					
At 31 March 2021	128,268	190	2,652	–	131,110
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

6. INTANGIBLE ASSETS (CONTINUED)

COMPANY	DEVELOPMENT COSTS RM'000	INTELLECTUAL PROPERTIES RM'000	CONCESSION ASSET RM'000	TOTAL RM'000
Cost				
At 1 April 2020	16,274	40,391	19,581	76,246
Additions	177	–	–	177
At 31 March 2021	16,451	40,391	19,581	76,423
Accumulated amortisation				
At 1 April 2020	16,238	36,353	19,581	72,172
Amortisation charge for the financial year	23	1,386	–	1,409
At 31 March 2021	16,261	37,739	19,581	73,581
Carrying amounts				
At 31 March 2021	190	2,652	–	2,842
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

(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.

Notes to the Financial Statements
continued

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	
	31.03.2021 RM'000	31.03.2020 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:

	CGU
31.03.2021	
Average gross margin	21%
Discount rate	17%

	CGU
31.03.2020	
Average gross margin	24%
Discount rate	16%

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).

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:

- Sales volume is based on the forecasted unbilled orders and annual growth rate over the ten-year projection period. It is based on the average growth levels experienced over the past ten years.
- Sales price is based on the contracted price with customers and the forecasted annual growth rate over the ten-year projection period.
- 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 in previous financial year and the concession period on the maintenance work and other services was ended on 2 May 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.

Notes to the Financial Statements
continued

7. OPERATING FINANCIAL ASSETS

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
At the beginning of the financial year	11,427	12,383
Add: Effect on accretion of interest from discounting	866	939
Less: Payment received	(1,896)	(1,895)
At the end of the financial year	10,397	11,427
Non-current	9,290	10,398
Current	1,107	1,029
	10,397	11,427

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 ranging from 7.41% to 7.63% (31.03.2020: 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	
	31.03.2021 RM'000	31.03.2020 RM'000
At cost		
Unquoted shares		
At the beginning of the financial year	231,091	228,091
Add: Additions during the financial year	–	3,000
At the end of the financial year	231,091	231,091
Less: Accumulated impairment losses		
At the beginning/end of the financial year	153,226	153,226
Carrying amounts		
At the end of the financial year	77,865	77,865

(a) Details of the subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 31.03.2021 %	OWNERSHIP INTEREST 31.03.2020 %	PRINCIPAL ACTIVITIES
IRIS Technologies (M) Sdn. Bhd.	Malaysia	100	100	Dormant.
IRIS AMS Sdn. Bhd.	Malaysia	100	100	Provision of attendance management solution and other trusted identification related products.
IRIS Information Technology Systems Sdn. Bhd.	Malaysia	100	100	Maintaining and servicing autogate, image retrieval identification system (I.R.I.S.) and marketing of contact and contactless smart technology based products.
IRIS Advancetech Sdn. Bhd. *(formerly known as 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.

Notes to the Financial Statements
continued

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 31.03.2021 %	OWNERSHIP INTEREST 31.03.2020 %	PRINCIPAL ACTIVITIES
IRIS Koto (M) Sdn. Bhd.	Malaysia	51	51	Manufacture and supply of intergrated building system ("IBS") and building material.
IRIS Project Management Sdn. Bhd. *(formerly known as IRIS Land Sdn. Bhd.)*	Malaysia	100	100	Provision of trusted identification related products, services, maintenance and business solution.
IRIS eServices Sdn. Bhd.	Malaysia	100	100	Investment holding.
Warisan Atlet (M) Sdn. Bhd. ^	Malaysia	49	49	Dormant.
IRIS RK Sdn. Bhd. *(formerly known as 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.	Malaysia	100	100	Dormant.
Subsidiary of IRIS Advancetech Sdn. Bhd.				
Endah Farm Sdn. Bhd.	Malaysia	60	60	Dormant.

* *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.*

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

In the previous financial year, 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.

(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 were as follows:

	31.03.2020 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*

Notes to the Financial Statements
continued

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	
		31.03.2021 %	31.03.2020 %
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	31.03.2021 RM'000	31.03.2020 RM'000
IRIS Koto	(20,854)	(18,703)
Other subsidiaries	(1,845)	(2,153)
	(22,699)	(20,856)

Profit or loss allocated to material non-controlling interests:

NAME OF COMPANY	31.03.2021 RM'000	31.03.2020 RM'000
IRIS Koto	(2,151)	1,748
Other subsidiaries	308	(7)
	(1,843)	1,741

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:

	31.03.2021 RM'000	31.03.2020 RM'000
IRIS Koto Sdn. Bhd.		
Summarised statement of financial position		
As at 31 March		
Current assets	152	4,600
Current liabilities	(22,711)	(22,770)
Net liabilities	(22,559)	(18,170)
Summarised statement of comprehensive income		
Financial year ended 31 March		
Revenue	–	–
(Loss)/profit for the financial year	(4,389)	3,567
Total comprehensive (loss)/income	(4,389)	3,567
Summarised statement of cash flows information		
Financial year ended 31 March		
Cash flows used in operating activities	(88)	(89)
Cash flows from investing activities	–	–
Cash flows from financing activities	90	71
Net increase/(decrease) in cash and cash equivalents	2	(18)

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

<u>For the financial year ended 31 March 2020</u>

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.

Notes to the Financial Statements
continued

9. INVESTMENT IN ASSOCIATES

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
At cost				
Unquoted shares	5,500	5,500	5,500	5,500
Share of post-acquisition reserves, net of dividend received	(536)	(550)	–	–
	4,964	4,950	5,500	5,500
Less: Impairment losses	(500)	(500)	(500)	(500)
	4,464	4,450	5,000	5,000

Details of associates are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 31.03.2021 %	OWNERSHIP INTEREST 31.03.2020 %	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 Advancetech Sdn. Bhd.				
Ubud Tower Sdn. Bhd.	Malaysia	50	50	Dormant.

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

* *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 2021 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.*

Notes to the Financial Statements
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9. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate

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

	GROUP	
	31.03.2021 RM'000	31.03.2020 RM'000
MDT		
Assets and liabilities:		
Current assets	7,170	7,093
Non-current assets	1,218	1,221
Current liabilities	(586)	(544)
Net assets	7,802	7,770
Results:		
Profit from continuing operations	31	10
Other comprehensive income	–	–
Total comprehensive income	31	10
Included in the total comprehensive income is:		
Revenue	799	841
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	(536)	(550)
	4,464	4,450
Less: Accumulated impairment loss	–	–
Carrying amount in the statements of financial statements	4,464	4,450
Group's share of results		
Group's share of profit or loss during the financial year from:		
- Continuing operations	14	4
Group's share of other comprehensive income	–	–
Group's share of total comprehensive income	14	4

Notes to the Financial Statements
continued

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 RM3,501 (31.03.2020: RM1,313) 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 RM419,831 (31.03.2020: RM416,330).

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

For the financial year ended 31 March 2020

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
	31.03.2020 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	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 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	–	–
	–	–	–	–

Details of joint ventures are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 31.03.2021 %	OWNERSHIP INTEREST 31.03.2020 %	PRINCIPAL ACTIVITIES
Plaman Resources Limited ("Plaman") +	New Zealand	51	51	In liquidation.
Subsidiary of Plaman Resources Limited				
Plaman Services Limited + #	New Zealand	100	100	In liquidation.
Plaman Services (Australia) Pty Ltd. + #	Australia	100	100	In liquidation.
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 years and the Company does not provide any corporate guarantee to Plaman.

Notes to the Financial Statements
continued

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

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.

11. INVENTORIES

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
At cost:				
Raw materials	9,822	6,572	9,822	6,572
Work-in-progress	4,668	4,307	4,668	4,307
Finished goods	5,802	4,947	5,580	4,947
	20,292	15,826	20,070	15,826

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 RM23,741,647 (31.03.2020: RM58,410,906) and RM21,141,931 (31.03.2020: RM49,111,116) respectively.

The cost of inventories of the Group and of the Company recognised as income in cost of sales in respect of reversal of written down of inventories to net realisable value are RM(1,215,493) (31.03.2020: RM(5,225,791)) and RM(1,099,328) (31.03.2020: RM(4,682,134)) respectively as results of technology obsolescence on certain products in trusted identification segment and decreased in sales price in certain markets.

12. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 31.03.2021 RM'000	GROUP 31.03.2020 RM'000	COMPANY 31.03.2021 RM'000	COMPANY 31.03.2020 RM'000 (RESTATED)	COMPANY 01.04.2019 RM'000 (RESTATED)
Current:						
Trade						
Third parties	(a)	94,633	155,761	82,373	131,628	81,606
Less: Accumulated impairment losses		(21,777)	(28,188)	(10,451)	(15,137)	(13,958)
		72,856	127,573	71,922	116,491	67,648
Non-trade						
Other receivables	(b)	22,580	23,016	18,197	13,922	22,495
Goods and service tax and value added tax refundable		3,064	3,484	2,807	3,140	3,135
Withholding tax refundable		2,765	5,544	2,765	5,544	5,544
Deposits	(b)	19,516	20,789	13,374	14,282	15,799
Advances to suppliers		6,132	5,192	6,132	5,192	5,063
Amount owing by subsidiaries	(b)	–	–	198,938	201,953	188,909
Amount owing by associates	(b)	40	33	40	33	19
		54,097	58,058	242,253	244,066	240,964
Less: Accumulated impairment losses						
- other receivables	(b)	(18,826)	(18,895)	(14,550)	(10,550)	(7,059)
- Goods and service tax and value added tax refundable		(2,596)	(2,596)	(2,596)	(2,596)	(1,742)
- withholding tax refundable		(2,765)	(146)	(2,765)	(146)	–
- deposits	(b)	(17,545)	(17,545)	(11,684)	(11,684)	(11,684)
- amount owing by subsidiaries	(b)	–	–	(185,807)	(185,807)	(178,271)
- amount owing by associates	(b)	(40)	(33)	(40)	(33)	–
		(41,772)	(39,215)	(217,442)	(210,816)	(198,756)
		12,325	18,843	24,811	33,250	42,208
Total trade and other receivables		85,181	146,416	96,733	149,741	109,856

(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 (31.03.2020: 30 to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements
continued

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

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	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
At 1 April	28,188	30,332	15,137	13,958
Charge for the financial year				
- Individually assessed	6,292	1,228	1,973	1,227
Reversal of impairment losses				
- Individually assessed	(7,055)	(473)	(5,971)	(458)
Written off for the financial year	(4,960)	(3,309)	–	–
Exchange differences	(688)	410	(688)	410
At 31 March	21,777	28,188	10,451	15,137

Included in trade receivables is an amount owing of RM48,364,726 (31.03.2020: RM50,210,001) owing by a contract customer of which credit enhanced by a security deposit received as disclosed in Note 19(c) to the financial statements.

The information about the credit exposures is disclosed in Note 26(b)(i) to the financial statements.

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

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

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	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
At 1 April	39,215	58,222	210,816	198,756
Charge for the financial year	6,626	5,548	6,626	21,174
Reversal for the financial year	(2,109)	(368)	–	(8,411)
Written off for the financial year	(1,960)	(24,187)	–	(703)
At 31 March	41,772	39,215	217,442	210,816

13. CONTRACT ASSETS/(LIABILITIES)

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Contract assets relating to contract works with customers	7,416	6,491	7,354	6,468
Contract liabilities relating to contract works with customers	(15)	(3,902)	(13)	(3,902)

(a) Significant changes in contract balances

	31.03.2021		31.03.2020	
	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	–	3,902	–	870
Increases due to consideration received from customers, but revenue not recognised	–	(15)	–	(913)
Increases due to unbilled revenue recognised	4,991	–	4,038	–
Transfers from contract assets recognised at the beginning of the period to receivables	(4,066)	–	(4,814)	–
COMPANY				
Revenue recognised that was included in contract liability at the beginning of the financial year	–	3,902	–	870
Increases due to consideration received from customers, but revenue not recognised	–	(13)	–	(913)
Increases due to unbilled revenue recognised	4,915	–	4,015	–
Transfers from contract assets recognised at the beginning of the period to receivables	(4,029)	–	(4,814)	–

Notes to the Financial Statements
continued

13. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(b) Revenue recognised in relation to contract balances

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	3,902	870	3,902	870

14. CASH AND SHORT-TERM DEPOSITS

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

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)
Cash and bank balances	21,382	24,796	5,218	6,932
Short-term deposits placed with licensed banks	95,891	51,954	74,842	45,236
	117,273	76,750	80,060	52,168

(b) Included in cash and bank balances and short-term deposits placed with licensed banks of the Group and of the Company are amounts of RM38,653,491 and RM22,273,013 respectively (31.03.2020: RM13,523,828 and RM13,523,828) pledged to licensed banks for bank guarantee facilities and credit facilities granted to the Group and the Company as disclosed in Note 17 to the financial statements and hence, are not available for general use.

(c) The weighted average effective interest rates of the short-term deposits at the end of the reporting date ranged from 1.35% to 5.50% (31.03.2020: 2.30% to 7.00%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 days (31.03.2020: 30 days).

15. SHARE CAPITAL

	GROUP AND COMPANY			
	NUMBER OF ORDINARY SHARES		AMOUNT	
	31.03.2021 UNIT'000	31.03.2020 UNIT'000	31.03.2021 RM'000	31.03.2020 RM'000
Ordinary shares				
Issued and fully paid up:				
At 1 April	2,966,282	2,966,282	539,602	539,602
Issued during the financial year	150,000	–	42,488	–
At 31 March	3,116,282	2,966,282	582,090	539,602

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

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 regards to the Company's residual assets.

During the financial year, the Company issued 150,000,000 new ordinary shares pursuant to private placement exercises at average issue price of RM0.28325 per ordinary share for working capital purposes.

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

16. OTHER RESERVES

		GROUP		COMPANY	
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Foreign exchange translation reserve	(a)	130	30	–	–
Revaluation reserve	(b)	32,117	33,080	9,417	9,699
		32,247	33,110	9,417	9,699

(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.

Notes to the Financial Statements
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17. LOANS AND BORROWINGS

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
Non-current:		
Secured		
Term loan	6,250	18,750
Current:		
Secured		
Term loan	12,500	12,500
Total loans and borrowings	18,750	31,250

Term loan of RM18,750,000 (31.03.2020: RM31,250,000) bears interest at 7.00% (31.03.2020: 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. DEFERRED TAX LIABILITIES

Deferred tax relates to the following:

GROUP AND COMPANY	AT 1 APRIL 2020 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT 31 MARCH 2021 RM'000
Deferred tax liabilities:			
Property, plant and equipment	(14,812)	(1,159)	(15,971)
Deferred tax assets:			
Unutilised tax losses	2,862	(1,639)	1,223
Other items	1,236	258	1,494
	4,098	(1,381)	2,717
	(10,714)	(2,540)	(13,254)

GROUP AND COMPANY	AT 1 APRIL 2019 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT 31 MARCH 2020 RM'000
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)

Notes to the Financial Statements
continued

18. DEFERRED TAX LIABILITIES (CONTINUED)

Presented after appropriate offsetting as follows:

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
Deferred tax liabilities	(13,254)	(10,714)

Unrecognised deferred tax assets

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

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Temporary differences on property, plant and equipment	780	(81)	–	–
Unabsorbed capital allowances	25,966	25,519	–	–
Unutilised tax losses	114,346	109,325	–	–
Impairment loss for trade receivables	10,451	15,137	10,451	15,137
Other items	21,416	22,515	21,416	22,515
	172,959	172,415	31,867	37,652
Potential deferred tax assets not recognised at 24% (31.03.2020: 24%)	41,510	41,380	7,648	9,036

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

	GROUP	
	31.03.2021 RM'000	31.03.2020 RM'000
2026	97,400	97,433
2027	10,933	10,933
2028	959	959
2029	5,054	–
	114,346	109,325

Notes to the Financial Statements
continued

19. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Current:					
Trade					
Third parties	(a)	40,527	62,711	27,721	49,595
Amount owing to subsidiaries	(b)	–	–	17,325	30,134
		40,527	62,711	45,046	79,729
Non-trade					
Other payables		5,674	4,250	3,676	1,583
Goods and services tax, sales and services tax and value added tax payable		211	1,617	131	1,541
Deposits	(c)	51,672	53,687	50,936	52,973
Accruals		41,580	54,483	31,953	48,813
Amount owing to subsidiaries	(b)	–	–	79,370	79,394
		99,137	114,037	166,066	184,304
Total trade and other payables		139,664	176,748	211,112	264,033

(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 (31.03.2020: 30 to 120 days).

(b) Amount owing to subsidiaries

The trade amount owing is subject to the normal trade credit terms ranging from 30 to 90 days (31.03.2020: 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 RM50,875,957 (31.03.2020: RM52,925,221) 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 26(b)(ii) to the financial statements.

20. REVENUE

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Continuing operations				
Revenue from contract customers:				
Sales of goods	66,786	116,757	64,839	113,263
Maintenance and services	11,374	12,441	7,563	8,673
Construction contracts	1,689	2,927	1,689	2,927
Concession arrangements *	26,769	97,462	26,769	97,462
	106,618	229,587	100,860	222,325

* *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.*

(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 30 to the financial statements.

	TRUSTED IDENTIFICATION RM'000	SUSTAINABLE DEVELOPMENT RM'000	TOTAL RM'000
Group			
31.03.2021			
Major goods or services:			
Sale of goods	66,701	85	66,786
Maintenance and services	11,374	–	11,374
Construction contracts	–	1,689	1,689
Concession arrangements	26,769	–	26,769
	104,844	1,774	106,618
Timing of revenue recognition:			
At a point in time	66,701	85	66,786
Over time	38,143	1,689	39,832
	104,844	1,774	106,618

Notes to the Financial Statements
continued

20. REVENUE (CONTINUED)

(a) Disaggregation of revenue (continued)

	TRUSTED IDENTIFICATION RM'000	SUSTAINABLE DEVELOPMENT RM'000	TOTAL RM'000
Group			
31.03.2020			
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
Company			
31.03.2021			
Major goods or services:			
Sale of goods	64,839	–	64,839
Maintenance and services	7,563	–	7,563
Construction contracts	–	1,689	1,689
Concession arrangements	26,769	–	26,769
	99,171	1,689	100,860
Timing of revenue recognition:			
At a point in time	64,839	–	64,839
Over time	34,332	1,689	36,021
	99,171	1,689	100,860
31.03.2020			
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

(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. Also, Group and the Company do not disclose information about remaining performance obligations that have original expected durations of more than one year as it is impractical to disclose.

21. FINANCE COSTS

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Continuing operations				
Interest expense on:				
- hire purchase and lease liabilities	–	6	–	–
- term loans	1,787	2,669	1,787	2,669
- revolving loans	–	401	–	401
- others	417	323	212	265
	2,204	3,399	1,999	3,335

22. (LOSS)/PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Continuing operations				
Auditors' remuneration:				
- audit services				
- current year	425	439	320	324
- prior year	30	25	(7)	25
- other services	10	10	10	10
Amortisation of intangible assets	1,409	5,359	1,409	5,359
Bad debts written off	51	158	42	5
Depreciation of property, plant and equipment	5,310	4,840	5,049	4,538
Directors' fee	412	457	412	457
Directors' remuneration:				
- salaries and other remuneration	1,288	1,048	1,288	1,048
- defined contribution plans	152	126	152	126
- others	5	3	5	3
Effect of accretion of interest on operating financial assets	(866)	(939)	(866)	(939)
Expenses relating to short-term leases	219	425	147	337
Expenses relating to lease of low value assets	16	27	16	27
Gain on capital reduction in investment in an associate	–	(580)	–	–
Gain on disposal of investment in subsidiaries	–	(5,479)	–	–*
Gain on disposal of property, plant and equipment	(143)	(607)	(100)	(185)

Notes to the Financial Statements
continued

22. (LOSS)/PROFIT BEFORE TAX (CONTINUED)

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

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Continuing operations				
Impairment loss on trade and other receivables	12,918	6,776	8,599	22,401
Interest income	(1,351)	(2,979)	(824)	(2,252)
Loss/(gain) on foreign exchange:				
- realised	56	464	52	466
- unrealised	(2,125)	21	(2,049)	(1,638)
Net reversal of inventories written down	(1,215)	(5,226)	(1,099)	(4,682)
Property, plant and equipment written off	–	32	–	1
Reversal of impairment loss on trade and other receivables	(9,164)	(841)	(5,971)	(8,869)
Staff costs:				
- salaries and other remuneration	21,991	25,107	20,095	21,868
- defined contribution plans	2,323	3,235	2,132	2,888

* *Represent amount less than RM1,000*

23. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 March 2021 and 31 March 2020 are as follows:

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Statements of comprehensive income				
Continuing operations				
Current income tax:				
- current year	795	803	200	506
- prior years	(39)	176	(48)	136
	756	979	152	642
Deferred tax:				
Origination of temporary differences	2,540	7,440	2,540	7,440
	2,540	7,440	2,540	7,440
Income tax expense recognised in profit or loss	3,296	8,419	2,692	8,082

23. INCOME TAX EXPENSE (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (31.03.2020: 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	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)
(Loss)/Profit before tax				
- Continuing operations	(9,569)	18,393	1,468	8,877
- Discontinued operation	–	5,479	–	–
	(9,569)	23,872	1,468	8,877
Tax at Malaysian statutory income tax rate of 24% (31.03.2020: 24%)	(2,297)	5,729	352	2,130
Adjustments:				
Income not subject to tax	(1,287)	(1,959)	(332)	(1,755)
Non-deductible expenses	5,325	2,451	2,231	5,850
Deferred tax not recognised on tax losses and temporary differences	130	(855)	(1,388)	(841)
Tax effect on share of results of associates	(3)	(1)	–	–
Utilisation of previously unrecognised tax losses	33	531	–	–
Adjustment in respect of income tax of prior years	(39)	176	(48)	136
Adjustment in respect of deferred tax of prior years	1,966	2,651	1,966	2,651
Adjustment in respect of revaluation reserves	(304)	(304)	(89)	(89)
Effect of changes in tax rate	(228)	–	–	–
Income tax expense	3,296	8,419	2,692	8,082

Notes to the Financial Statements
continued

24. DISCOUNTINUED OPERATION

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.

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

	GROUP 31.03.2020 RM'000
Gain on disposal of subsidiary (Note 8(c))	(5,479)
Loss after tax for the financial year from discontinued operation, net of tax	(5,479)

25. (LOSS)/EARNINGS PER SHARE

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

Basic (loss)/earnings per share are based on the (loss)/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	
	31.03.2021 RM'000	31.03.2020 RM'000
(Loss)/Profit attributable to owners of the Company:		
- Continuing operations	(11,022)	8,233
- Discontinued operation	–	5,479
	(11,022)	13,712
	UNIT'000	UNIT'000
Weighted average number of ordinary shares for basic (loss)/ earnings per share	2,998,749	2,966,282
Basic (loss)/earnings per ordinary share (sen):		
- Continuing operations	(0.37)	0.28
- Discontinued operation	-	0.18
	(0.37)	0.46

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

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

Notes to the Financial Statements
continued

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	CARRYING AMOUNT RM'000	AMORTISED COST RM'000
As 31 March 2021		
Financial assets		
Group		
Operating financial assets	10,397	10,397
Trade and other receivables #	78,581	78,581
Cash and short-term deposits	117,273	117,273
	206,251	206,251
Company		
Operating financial assets	10,397	10,397
Trade and other receivables #	90,390	90,390
Cash and short-term deposits	80,060	80,060
	180,847	180,847
As 31 March 2021		
Financial liabilities		
Group		
Loans and borrowings	(18,750)	(18,750)
Trade and other payables *	(139,453)	(139,453)
	(158,203)	(158,203)
Company		
Loans and borrowings	(18,750)	(18,750)
Trade and other payables *	(210,981)	(210,981)
	(229,731)	(229,731)

Notes to the Financial Statements
continued

26. 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	AMORTISED COST 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 #	138,607	138,607
Cash and short-term deposits	52,168	52,168
	202,202	202,202
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)

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.*

26. 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.

Notes to the Financial Statements
continued

26. 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			
	31.03.2021		31.03.2020	
	RM'000	%	RM'000	%
Trade receivables				
Trusted identification, payment and transportation	66,500	83	113,122	84
Others	6,356	8	14,451	11
	72,856	91	127,573	95
Contract assets				
Trusted identification, payment and transportation	7,416	9	6,491	5
	80,272	100	134,064	100

	COMPANY			
	31.03.2021		31.03.2020	
	RM'000	%	RM'000	%
Trade receivables				
Trusted identification, payment and transportation	65,566	83	106,481	87
Others	6,356	8	10,010	8
	71,922	91	116,491	95
Contract assets				
Trusted identification, payment and transportation	7,354	9	6,468	5
	79,276	100	122,959	100

26. 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 *Financial Instruments*, 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 2021			
Group			
Contract assets	7,416	–	7,416
Trade receivables			
Current (not past due)	9,397	–	9,397
1 - 90 days past due	8,409	–	8,409
91 - 180 days past due	76	–	76
More than 181 days past due	54,974	–	54,974
Credit impaired (individually assessed)	21,777	(21,777)	–
	94,633	(21,777)	72,856
	102,049	(21,777)	80,272
Company			
Contract assets	7,354	–	7,354
Trade receivables			
Current (not past due)	8,955	–	8,955
1 - 90 days past due	8,267	–	8,267
91 - 180 days past due	76	–	76
More than 181 days past due	54,624	–	54,624
Credit impaired (individually assessed)	10,451	(10,451)	–
	82,373	(10,451)	71,922
	89,727	(10,451)	79,276

Notes to the Financial Statements
continued

26. 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 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

For trusted identification segment, as there are a few customers from different countries with different credit risk characteristics, the Group and the Company assessed 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 RM55,944,924 (31.03.2020: RM92,726,406) due from 2 (31.03.2020: 2) of its significant receivables.

26. 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 12 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.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through 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.

Notes to the Financial Statements
continued

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date 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 2021					
Trade and other payables *	139,453	139,453	–	–	139,453
Term loans	18,750	13,412	6,378	–	19,790
	158,203	152,865	6,378	–	159,243
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

		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 2021					
Trade and other payables *	210,981	210,981	–	–	210,981
Term loans	18,750	13,412	6,378	–	19,790
	229,731	224,393	6,378	–	230,771
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

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

26. 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 results 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 take 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	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Financial assets and liabilities not held in functional currencies				
Trade and other receivables				
US Dollar	63,165	72,584	63,165	99,565
Euro	9,052	45,103	9,052	45,103
Others	2,514	1,128	2,514	1,128
	74,731	118,815	74,731	145,796
Cash and short-term deposits				
US Dollar	2,768	3,345	2,768	3,345
Euro	622	1,505	622	1,505
Egyptian Pound	1,718	31	1,718	31
	5,108	4,881	5,108	4,881
Trade and other payables				
US Dollar	(84,220)	(100,606)	(82,226)	(98,532)
Euro	(4,699)	(23,310)	(4,610)	(23,223)
Others	(23)	(36)	(2)	(16)
	(88,942)	(123,952)	(86,838)	(121,771)

Notes to the Financial Statements
continued

26. 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 2021			
US Dollar	+10%	(1,829)	(1,829)
	-10%	1,829	1,829
Euro	+10%	498	498
	-10%	(498)	(498)
Egyptian Pound	+10%	172	172
	-10%	(172)	(172)
Others	+10%	249	249
	-10%	(249)	(249)
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)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

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

	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
Company			
31 March 2021			
US Dollar	+10%	(1,629)	(1,629)
	-10%	1,629	1,629
Euro	+10%	506	506
	-10%	(506)	(506)
Egyptian Pound	+10%	172	172
	-10%	(172)	(172)
Others	+10%	251	251
	-10%	(251)	(251)
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)

Notes to the Financial Statements
continued

26. 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 Group and the Company do not account for any fixed rate financial instruments. Therefore, a change in interest rate at the reporting date would not affect profit or loss and equity.

(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 (31.03.2020: no transfer in either direction).

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

		FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			
		FAIR VALUE			
	CARRYING AMOUNT TOTAL RM'000	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Group and Company					
31 March 2021					
Financial assets					
Operating financial assets	10,397	–	–	10,397	10,397
Financial liabilities					
Term loans (fixed)	(18,750)	–	–	(18,106)	(18,106)
31 March 2020					
Financial assets					
Operating financial assets	11,427	–	–	11,427	11,427
Financial liabilities					
Term loans (fixed)	(31,250)	–	–	(30,274)	(30,274)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (continued)

Level 3 fair value

Fair value of financial instruments not carried at fair value

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

27. CAPITAL COMMITMENTS

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

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
- Plant and equipment	11	436

28. RELATED PARTIES

(a) Identification of related parties

Parties are considered 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.

Notes to the Financial Statements
continued

28. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions

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

	COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)
Sales		
Subsidiary	1,071	7,900
Purchases		
Subsidiary	(926)	(969)
Rental income		
Subsidiary	106	106
Management fee paid		
Subsidiary	(270)	(479)
Commission paid		
Subsidiary	(20)	–

(c) Compensation of key management personnel

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
Short-term employee benefits	2,180	3,687
Post-employment employee benefits	258	428
	2,438	4,115

29. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustment 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 2021 and 31 March 2020.

29. CAPITAL MANAGEMENT (CONTINUED)

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	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)	01.04.2019 RM'000 (RESTATED)
Total loans and borrowings	17	18,750	31,250	18,750	31,250	53,750
Total equity		295,032	265,309	147,359	106,095	105,300
Gearing ratio		6%	12%	13%	29%	51%

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.

Notes to the Financial Statements
continued

30. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Executive Deputy Chairman, the Group's Chief Executive Officer and the Group's Finance Director for the purpose of making decisions about resource allocation and performance assessment.

The three 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

Inter-segment pricing is determined on negotiated basis.

Segment profit
Segment performance is used to measure performance as the Executive Deputy Chairman, the Group's Chief Executive Officer and the Group's Finance 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 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 Executive Deputy Chairman, the Group's Chief Executive Officer and the Group's Finance Director.

Segment liabilities
Segment liabilities are not included in the internal reports that are reviewed by the Executive Deputy Chairman, the Group's Chief Executive Officer and the Group's Finance Director, hence no disclosures are made on segment liabilities.

30. SEGMENT INFORMATION (CONTINUED)

	NOTE	CONTINUING OPERATIONS				
			SUSTAINABLE DEVELOPMENT DIVISION			
		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 RM'000
31.03.2021						
Revenue:						
Revenue from external customers		104,844	1,689	85	–	106,618
Inter-segment revenue	A	–	–	–	–	–
		104,844	1,689	85	–	106,618
Results						
Operating results		21,523	(4,857)	(54)	–	16,612
Interest income		1,351	–	–	–	1,351
Other operating income		10,871	3,039	832	–	14,742
Depreciation and amortisation		(6,842)	–	–	123	(6,719)
Finance costs		(2,203)	–	(1)	–	(2,204)
Net impairment losses on financial instruments		2,098	(7,961)	2,109	–	(3,754)
Unrealised gain on foreign exchange		2,125	–	–	–	2,125
Administrative and operating expenses	B	(13,831)	(48)	(40)	–	(13,919)
Reportable segment profit/(loss)		15,092	(9,827)	2,846	123	8,234
Unallocated corporate expenses	B	–	–	–	(17,817)	(17,817)
Share of results of associates and joint ventures		14	–	–	–	14
Segment profit/(loss)		15,106	(9,827)	2,846	(17,694)	(9,569)
Income tax expense		(3,296)	–	–	–	(3,296)
Profit/(loss) for the financial year	B	11,810	(9,827)	2,846	(17,694)	(12,865)
Assets:						
Investments in associates and joint ventures		4,464	–	–	–	4,464
Addition to capital expenditure		621	–	–	–	621
Segment assets	C	524,522	3,242	173	(60,444)	467,493

Notes to the Financial Statements
continued

30. SEGMENT INFORMATION (CONTINUED)

	NOTE	CONTINUING OPERATIONS TRUSTED IDENTIFICATION DIVISION RM'000	SUSTAINABLE DEVELOPMENT DIVISION PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION RM'000	SUSTAINABLE DEVELOPMENT DIVISION 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

30. SEGMENT INFORMATION (CONTINUED)

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

A Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

B Reconciliation of profit or loss

	31.03.2021 RM'000	31.03.2020 RM'000
Unallocated other corporate expenses	(17,817)	(23,957)

C Reconciliation of assets

	31.03.2021 RM'000	31.03.2020 RM'000
Investments in associates and joint ventures	4,464	4,450
Inter-segment assets	(64,908)	(87,372)
	(60,444)	(82,922)

<u>Disaggregation of revenue by geographical information</u>

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 2021				
Malaysia	18,356	1,689	85	20,130
Asia Pacific	6,895	–	–	6,895
Oceania	1,036	–	–	1,036
Africa	65,418	–	–	65,418
North America	13,139	–	–	13,139
	104,844	1,689	85	106,618
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

Notes to the Financial Statements
continued

30. 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	
	31.03.2021 RM'000	31.03.2020 RM'000
Non-current assets		
Malaysia	223,850	229,757

Information about major customers

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

	GROUP		
	31.03.2021 RM'000	31.03.2020 RM'000	SEGMENTS
Customer A	12,227	84,097	Trusted identification
Customer B	38,675	65,402	Trusted identification
	50,902	149,499	

31. MATERIAL LITIGATIONS

(i) 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 JVCO's decided to file an appeal against the decision in favour of EGM on 27 November 2018. The appeal is in progress.

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

Notes to the Financial Statements
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31. MATERIAL LITIGATIONS (CONTINUED)

(ii) 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 date. The hearing of appeal commenced on 13 August 2021, and the continue hearing of appeal is fixed on 19 November 2021.

(iii) 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.

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;

Notes to the Financial Statements
continued

31. MATERIAL LITIGATIONS (CONTINUED)

(iii) 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)

(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 realisation;
(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 initial continued hearing dates have been fixed by the court as follows:
(a) 19, 20, 23, 26, 27 & 28 of April 2021; and
(b) 25 & 28 of May 2021.

However, during the Case Management on 9 April 2021, the initial dates for continuation of trial have been vacated and the court fixed new dates as follows:
(a) 28 October 2021 to 29 October 2021;
(b) 15 November 2021 to 19 November 2021;
(c) 10 January 2022 to 13 January 2022; and
(d) 26 January 2022 to 27 January 2022.

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

Other than as disclosed elsewhere in the financial statements, the significant events during the financial year and subsequent to the end of the financial year are as follows:

(a) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of 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, social distancing, international border restrictions and other precautionary measures imposed in various countries.

The COVID-19 outbreak has adversely impacted revenue due to temporary disruption of the Group's and the Company's operations and adversely affected customers' demand for trusted identification segment.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 March 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

Other than as disclosed elsewhere in the financial statements, the significant events during the financial year and subsequent to the end of the financial year are as follows: (continued)

(b) 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 later date. Bursa Malaysia had on 7 July 2020 approved the listing and quotation of the Placement Shares to be issued pursuant to the proposed private placement exercise.

As of 31 March 2021, the Company had completed 3 tranches of private placement as follows:

DESCRIPTION	DATE OF PLACEMENT SHARES LISTED ON BURSA SECURITIES	NUMBER OF SHARES ISSUED UNIT	ISSUE PRICE RM	PLACEMENT PROCEEDS RM
1st tranche	6 November 2020	75,000,000	0.25240	18,930,000
2nd tranche	16 March 2021	60,000,000	0.31410	18,846,000
3rd tranche	26 March 2021	15,000,000	0.31410	4,711,500
Total		150,000,000	0.28325	42,487,500

(c) Letter of Award of National Integrated Immigration System

On 29 January 2021, IRIS Information Technology Systems Sdn. Bhd. ("IITS"), a wholly owned subsidiary of the Company, received a Letter of Award from Kementerian Dalam Negeri ("KDN") for the project known as National Integrated Immigration System ("NIISe") with a total contract value of RM1,159,428,000.00, inclusive of 6% Sales and Service Tax ("SST"). On 2 June 2021, KDN informed IITS via a Supplementary Letter of Award ("SLOA") that Government had agreed to reduce the applicable SST for NIISe. Consequently, the total contract value under SLOA has been reduced to RM1,126,864,097.89, inclusive of 6% SST. NIISe is expected to contribute positively to the earning of the Group in coming financial years.

(d) Acquisition of remaining 49% equity interest of IRIS Koto (M) Sdn. Bhd. ("IKSB")

On 3 June 2021, the Company acquired 367,500 shares or 49% of the remaining issued and fully paid-up shares of RM1.00 each in IKSB for a total consideration of RM2.00. IKSB then become a wholly owned subsidiary of the Company.

Notes to the Financial Statements
continued

33. RETROSPECTIVE RESTATEMENT

(a) In the previous financial years, certain expenses of the Company had been recorded under one of the subsidiaries of the Group, IRIS (Bangladesh) Limited ("ICBL")'s financial statements. Prior year adjustments had been made to adjust the expenses to the Company for the current financial year.

As such, the audited financial statements for the financial year ended 31 March 2020 and 1 April 2019 of the Company were restated during the financial year as below:

	AS PREVIOUSLY REPORTED RM'000	ADJUSTMENT RM'000	AS RESTATED RM'000
Company			
Statement of Financial Position			
As at 31 March 2020			
Current assets			
Trade and other receivables	156,242	(6,501)	149,741
Equity			
Accumulated losses	(436,705)	(6,501)	(443,206)
Statement of Financial Position			
As at 1 April 2019			
Current assets			
Trade and other receivables	115,057	(5,201)	109,856
Equity			
Accumulated losses	(439,084)	(5,201)	(444,285)
Statement of Comprehensive Income			
For the financial year ended			
31 March 2020			
Administrative expenses	(24,576)	(1,300)	(25,876)
Profit for the financial year from continuing operations	2,095	(1,300)	795
Total comprehensive income for the financial year	2,095	(1,300)	795

33. RETROSPECTIVE RESTATEMENT (CONTINUED)

(b) Change in accounting policy

Accounting policy for cash and cash equivalents

In the previous financial years, the Group and the Company excluded the fixed deposits held on lien for bank guarantee and credit facilities granted to Group and the Company with amount of RM13,523,828 (2019: RM14,319,930) as a component of cash and cash equivalents.

During the financial year, the Group and the Company changed their accounting policy to include the fixed deposits held on lien as a component of cash and cash equivalents on the basis that it meets the definition of cash equivalents, and the use of fixed deposits are within the control of the Group and the Company. The disclosure for amount of cash and cash equivalent balances that are not available for use by the Group and the Company have been made in Note 14(b) to the financial statements.

The change in accounting policy was applied retrospectively.

There is no material impact on the statements of cash flows for the Group and the Company for the financial year ended 31 March 2020 other than the effect of change in accounting policy as follows:

	AS PREVIOUSLY REPORTED RM'000	EFFECT OF CHANGE IN ACCOUNTING POLICIES RM'000	AS RESTATED RM'000
Statements of cash flows			
For the financial year ended 31 March 2020			
Group			
Cash and cash equivalents at the beginning of the financial year	103,088	14,320	117,408
Cash and cash equivalents at the end of the financial year	63,226	13,524	76,750
Company			
Cash and cash equivalents at the beginning of the financial year	80,147	14,320	94,467
Cash and cash equivalents at the end of the financial year	38,644	13,524	52,168

The change in accounting policy does not have any impact on the statements of financial position, statements of comprehensive income and statements of changes in equity of the Group and of the Company.

STATEMENT BY DIRECTORS

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

We, **TAN SRI NIK MOHAMED BIN NIK YAACOB** and **DR. POH SOON SIM**, 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 55 to 157 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 2021 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

DR. POH SOON SIM
Director

Kuala Lumpur

Date: 18 August 2021

STATUTORY DECLARATION

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

I, **H'NG BOON HARNG**, being the director primarily responsible for the financial management of **IRIS CORPORATION BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 55 to 157 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 18 August 2021.

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 2021 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 55 to 157.

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 2021, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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.

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 2021. 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 expected.

Independent Auditors' Report to the Members of IRIS Corporation Berhad

(Incorporated in Malaysia)
continued

Key Audit Matters (continued)

GROUP (CONTINUED)

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;
- assessing the key assumptions which include consideration of the current economic and business environment 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), 12 and 13 to the financial statements)

The Group and the Company have significant trade and other receivables and contract assets as at 31 March 2021 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 customers, if any;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondences and consideration of the level of activities with the customers and directors' explanation on the recoverability with significantly past due balances; and
- understanding the reasonableness and calculation of impairment losses provided as at the end of the reporting period.

Independent Auditors' Report to the Members of IRIS Corporation Berhad

(Incorporated in Malaysia)
continued

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.

Independent Auditors' Report to the Members of IRIS Corporation Berhad

(Incorporated in Malaysia)
continued

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

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.

Independent Auditors' Report
to the Members of IRIS Corporation Berhad

(Incorporated in Malaysia)
continued

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
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Heng Fu Joe
No. 02966/11/2022 J
Chartered Accountant

Kuala Lumpur

Date: 18 August 2021

ANALYSIS OF SHAREHOLDINGS

As At 19 July 2021

SHARE CAPITAL

Total Number of Issued Shares	:	3,116,282,862 Ordinary Shares
Issued Share Capital	:	RM582,089,643
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	200	0.80	5,697	0.00
100 to 1,000	2,513	10.09	1,509,289	0.05
1,001 to 10,000	9,999	40.16	62,586,951	2.01
10,001 to 100,000	10,079	40.48	377,253,537	12.11
100,001 to less than 5% of issued shares	2,105	8.45	2,138,946,988	68.64
5% and above of issued shares	2	0.01	535,980,400	17.20
Total	**24,898**	**100.00**	**3,116,282,862**	**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
Dr. Poh Soon Sim	41,000,000	1.32	347,590,200	^11.15
Dato' Mohamed Khadar Bin Merican	–	–	–	–
Dato' Dr. Abu Talib Bin Bachik	–	–	–	–
Mr Ling Hee Keat	106,800,000	3.43	–	–
Haji Hussein Bin Ismail	–	–	–	–
Encik Shaiful Zahrin Bin Subhan	9,500,000	0.30	–	–
Mr H'ng Boon Harng	1,000,000	0.03	–	–

Notes:

* *Deemed interests 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 in Malaysia.*

^ *Deemed interests by virtue of his shareholdings in Poh Associates Sdn Bhd and Orientalgold Equity Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 and deemed interest by virtue of his son direct shareholdings pursuant to Section 59 of the Companies Act, 2016 in Malaysia.*

Analysis of Shareholdings

As At 19 July 2021
continued

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	DIRECT		INDIRECT	
NAME OF SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHARES	%
Dr. Poh Soon Sim	41,000,000	1.32	347,590,200	^11.15
YBhg. Dato' Seri Robin Tan Yeong Ching	245,690,200	7.88	–	–
Orientalgold Equity Sdn Bhd	345,290,200	11.08	–	–

Notes:

^ *Deemed interests by virtue of his shareholdings in Poh Associates Sdn Bhd and Orientalgold Equity Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 and deemed interest by virtue of his son direct shareholdings pursuant to Section 59 of the Companies Act, 2016 in Malaysia.*

THIRTY (30) LARGEST SHAREHOLDERS AS AT 19 JULY 2021

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ORIENTALGOLD EQUITY SDN. BHD.	345,290,200	11.080
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ROBIN TAN YEONG CHING (PB)	190,690,200	6.119
3	TIRAM TRAVEL SDN BHD	75,123,700	2.410
4	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	69,182,000	2.220
5	NG CHAI GO	68,009,900	2.182
6	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	67,683,100	2.171
7	MCS MICROSYSTEMS SDN BHD	65,333,333	2.096
8	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR REGIONAL EQUITIES SDN BHD	58,413,600	1.874
9	ROBIN TAN YEONG CHING	55,000,000	1.764
10	SETAPAK HEIGHTS DEVELOPMENT SDN. BHD.	45,000,000	1.444
11	MOHD JOHAR BIN ARIF	44,060,700	1.413
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH KIM LING	43,000,000	1.379
13	POH SOON SIM	39,000,000	1.251
14	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING HEE KEAT (MY3339)	31,800,000	1.020
15	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	30,500,000	0.978

Analysis of Shareholdings

As At 19 July 2021
continued

THIRTY (30) LARGEST SHAREHOLDERS AS AT 19 JULY 2021 (CONTINUED)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
16	MAYBANK NOMINEES (ASING) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR MULTI TECHNOLOGIES LIMITED (PW-M01299) (426725)	30,280,556	0.971
17	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR NG CHAI GO (SMART)	28,003,600	0.898
18	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	24,360,000	0.781
19	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SELVA KUMAR A/L VEERAPPAN	23,300,000	0.747
20	ARQGATE SDN BHD	20,000,000	0.641
21	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW BEN BEN (MY3378)	19,500,000	0.625
22	HLB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOW LOW KANG HAI RICHARD (SIN 9131-9)	18,500,000	0.593
23	NG CHAI GO	18,244,100	0.585
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOO WENG SENG (7003217)	17,911,200	0.574
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR AUGUSTUS RALPH MARSHALL (PB)	15,000,000	0.481
26	LING HEE KEAT	15,000,000	0.481
27	TEO TONG KOOI	15,000,000	0.481
28	ASIAMS HOLDINGS SDN BHD	14,710,000	0.472
29	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IBRAHIM BIN HAMZAH	14,510,000	0.465
30	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN	14,500,000	0.465
	Total	**1,516,906,189**	**48.676**

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT

the Twenty-Seventh (27th) Annual General Meeting ("AGM") of the Company will be held on a fully virtual basis via live streaming and online meeting platform via Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online on Wednesday, 29 September 2021 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification to transact the following businesses:

AGENDA

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2021 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) Tan Sri Nik Mohamed Bin Nik Yaacob	Ordinary Resolution 1
	(b) Dr. Poh Soon Sim	Ordinary Resolution 2
3.	To re-elect the following Directors who retire pursuant to Clause 104 of the Company's Constitution:	
	(a) Encik Shaiful Zahrin Bin Subhan	Ordinary Resolution 3
	(b) Mr H'ng Boon Harng	Ordinary Resolution 4
4.	To approve the Directors' Fees and allowances of up to RM700,000.00 from 27th AGM until the next Annual General Meeting.	Ordinary Resolution 5
5.	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 6

Notice of Twenty-Seventh Annual General Meeting
continued

SPECIAL BUSINESS

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

6. **AUTHORITY TO ISSUE SHARES**

   "**THAT** subject always to the Companies Act, 2016 ("Act"), 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 Sections 75 and 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."

   Ordinary Resolution 7

   Please refer to Explanatory Note 2

7. 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
24 August 2021

Notice of Twenty-Seventh Annual General Meeting
continued

NOTES:

1. As part of the initiatives to curb the spread of COVID-19 and taking into consideration of safety and well-being members of the Company, the 27th AGM of the Company will be held on a fully virtual basis via live streaming and online meeting platform.

2. Shareholders/proxy(ies) **will not be allowed** to attend the 27th AGM in person on the day of the meeting. Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 27th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide.

3. A member of the Company entitled to attend and vote at the AGM via RPV 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.

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

5. 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.

6. 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.

7. 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.

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

9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide.

10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

    (i) **In hard copy form**
    In the case of an appointment made in hard copy form, the proxy form must be deposited at the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    (ii) **By electronic means via TIIH Online**
    The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

    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 AGM as his/their proxy.

11. **General Meeting Record of Depositors**

    For the purpose of determining who shall be entitled to attend in the AGM via RPV, 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 22 September 2021. Only a depositor whose name appears on the Record of Depositors as at 22 September 2021 shall be entitled to attend the AGM via RPV or appoint proxy/proxies to attend, speak and/or vote in his stead.

Notice of Twenty-Seventh Annual General Meeting
continued

EXPLANATORY NOTES

1. **Item 1 of the Agenda - Audited Financial Statement for the Financial Year Ended 31 March 2021**

   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 7 - Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016**

   The proposed Ordinary Resolution 7 is intended to renew the authority granted to the Directors of the Company at the Twenty-Sixth Annual General Meeting of the Company held on 23 September 2020 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-SEVENTH ANNUAL GENERAL MEETING

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

   (a) Tan Sri Nik Mohamed Bin Nik Yaacob (Clause 97)
   (b) Dr. Poh Soon Sim (Clause 97)
   (c) Encik Shaiful Zahrin Bin Subhan (Clause 104)
   (d) Mr H'ng Boon Harng (Clause 104)

   The details of the above Directors seeking re-election are set out in the 'Board of Directors' section as disclosed on pages 14 to 16 of the Annual Report.

IRIS CORPORATION BERHAD
199401016552 (302232-X)
(Incorporated in Malaysia)

IRIS
Bringing Solutions to Life

PROXY FORM

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

of ____
(FULL ADDRESS)

____

____

being a member/members of **IRIS CORPORATION BERHAD**, hereby appoint the following person(s) or failing him, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Twenty-Seventh (27th) Annual General Meeting ("AGM") of the Company will be held on a fully virtual basis via live streaming and online meeting platform via Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online on Wednesday, 29 September 2021 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 Tan Sri Nik Mohamed Bin Nik Yaacob	Ordinary Resolution 1		
2.	Re-election of Dr. Poh Soon Sim	Ordinary Resolution 2		
3.	Re-election of Encik Shaiful Zahrin Bin Subhan	Ordinary Resolution 3		
4.	Re-election of Mr H'ng Boon Harng	Ordinary Resolution 4		
5.	Approval of the Directors' fees and allowances of up to RM700,000.00 from 27th AGM until the next Annual General Meeting	Ordinary Resolution 5		
6.	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 6		
7.	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016	Ordinary Resolution 7		

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. As part of the initiatives to curb the spread of COVID-19 and taking into consideration of safety and well-being members of the Company, the 27th AGM of the Company will be held on a fully virtual basis via live streaming and online meeting platform.
2. Shareholders/proxy(ies) **will not be allowed** to attend the 27th AGM in person on the day of the meeting. Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 27th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide.
3. A member of the Company entitled to attend and vote at the AGM via RPV 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.
4. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same AGM.
5. 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.
6. 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.
7. 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.
8. A proxy appointed to attend and vote in the AGM of the Company shall have the same rights as the member to speak at the AGM.
9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
    (i) **In hard copy form**
    In the case of an appointment made in hard copy form, the proxy form must be deposited at the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
    (ii) **By electronic means via TIIH Online**
    The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

    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 AGM as his/their proxy.
11. **General Meeting Record of Depositors**
    For the purpose of determining who shall be entitled to attend in the AGM via RPV, 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 22 September 2021. Only a depositor whose name appears on the Record of Depositors as at 22 September 2021 shall be entitled to attend the AGM via RPV or appoint proxy/proxies to attend, speak and/or vote in his stead.

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The Company Secretary

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Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

AFFIX
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www.iris.com.my

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