

# IRIS CORPORATION BERHAD

Reg No. 199401016552 (302232 - X)  
(Incorporated in Malaysia)

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## Interim Financial Report for the Second Quarter Ended 30<sup>th</sup> September 2021

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**Condensed Consolidated Statement of Comprehensive Income**For the Second Quarter Ended 30<sup>th</sup> September 2021

|   | <b>Individual</b>      |                        | <b>Cumulative</b>      |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | <b>3 months ended</b>  | <b>3 months ended</b>  | <b>6 months ended</b>  | <b>6 months ended</b>  |
|   | <b>30<sup>th</sup></b> | <b>30<sup>th</sup></b> | <b>30<sup>th</sup></b> | <b>30<sup>th</sup></b> |
|   | <b>September</b>       | <b>September</b>       | <b>September</b>       | <b>September</b>       |
|   | <b>2021</b>            | <b>2020</b>            | <b>2021</b>            | <b>2020</b>            |
|   | <b>RM'000</b>          | <b>RM'000</b>          | <b>RM'000</b>          | <b>RM'000</b>          |
| <b>Continuing operations</b>                            |                        |                        |                        |                        |
| Revenue   | 45,982                 | 22,207                 | 72,981                 | 46,360                 |
| Cost of sales   | (35,924)               | (20,070)               | (59,230)               | (40,614)               |
| Depreciation and amortisation                           | (898)                  | (944)                  | (1,772)                | (1,890)                |
| <b>Gross profit</b>                                     | <b>9,160</b>           | <b>1,193</b>           | <b>11,979</b>          | <b>3,856</b>           |
| Other income ( <i>Note 29</i> )                         | 701                    | 2,876                  | 1,896                  | 3,343                  |
| Administrative, operating and other expenses            | (7,035)                | (5,626)                | (12,148)               | (10,971)               |
| Depreciation and amortisation                           | (1,055)                | (766)                  | (1,811)                | (1,506)                |
| Finance costs   | (416)                  | (546)                  | (895)                  | (1,104)                |
| Share of results of associates, net of tax              | 4                      | 28                     | (3)                    | 16                     |
| <b>Profit/(Loss) before taxation</b>                    | <b>1,359</b>           | <b>(2,841)</b>         | <b>(982)</b>           | <b>(6,366)</b>         |
| Income tax credit                                       | 112                    | 880                    | 226                    | 1,443                  |
| <b>Profit/(Loss) for the period</b>                     | <b>1,471</b>           | <b>(1,961)</b>         | <b>(756)</b>           | <b>(4,923)</b>         |
| <b>Other comprehensive loss, net of tax</b>             |                        |                        |                        |                        |
| Foreign currency translation for foreign operations     | -                      | (13)                   | -                      | (8)                    |
|   | -                      | (13)                   | -                      | (8)                    |
| <b>Total comprehensive profit/(loss) for the period</b> | <b>1,471</b>           | <b>(1,974)</b>         | <b>(756)</b>           | <b>(4,931)</b>         |

**Condensed Consolidated Statement of Comprehensive Income**For the Second Quarter Ended 30<sup>th</sup> September 2021

(continued)

|   | <b>Individual</b>      |                        | <b>Cumulative</b>      |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | <b>3 months ended</b>  |                        | <b>6 months ended</b>  |                        |
|   | <b>30<sup>th</sup></b> | <b>30<sup>th</sup></b> | <b>30<sup>th</sup></b> | <b>30<sup>th</sup></b> |
|   | <b>September</b>       | <b>September</b>       | <b>September</b>       | <b>September</b>       |
|   | <b>2021</b>            | <b>2020</b>            | <b>2021</b>            | <b>2020</b>            |
|   | <b>RM'000</b>          | <b>RM'000</b>          | <b>RM'000</b>          | <b>RM'000</b>          |
| <b>Profit/(Loss) attributable to:</b>                                   |                        |                        |                        |                        |
| Owners of the Company   | 1,471                  | (2,273)                | (755)                  | (5,211)                |
| Non-controlling interests   | -                      | 312                    | (1)                    | 288                    |
| <b>Profit/(Loss) for the period</b>                                     | <b>1,471</b>           | <b>(1,961)</b>         | <b>(756)</b>           | <b>(4,923)</b>         |
| <b>Total comprehensive income/(loss) attributable to:</b>               |                        |                        |                        |                        |
| Owners of the Company   | 1,471                  | (2,286)                | (755)                  | (5,219)                |
| Non-controlling interests   | -                      | 312                    | (1)                    | 288                    |
| <b>Total comprehensive income/(loss) for the period</b>                 | <b>1,471</b>           | <b>(1,974)</b>         | <b>(756)</b>           | <b>(4,931)</b>         |
| <b>Earnings/(Loss) per share attributable to owners of the Company:</b> |                        |                        |                        |                        |
| Basic (Sen)   |                        |                        |                        |                        |
| - continuing operations   | 0.05                   | (0.08)                 | (0.02)                 | (0.18)                 |
| Diluted (Sen)   |                        |                        |                        |                        |
| - continuing operations   | 0.05                   | (0.08)                 | (0.02)                 | (0.18)                 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31<sup>st</sup> March 2021 and the accompanying explanatory notes attached to the interim financial report.

**Condensed Consolidated Statement of Financial Position**As at 30<sup>th</sup> September 2021

|   | 30 <sup>th</sup> September 2021<br>RM'000 | 31 <sup>st</sup> March 2021<br>RM'000 |
|---|---|---------------------------------------|
| <b>ASSETS</b>   |   |                                       |
| <b>NON-CURRENT ASSETS</b>                                 |   |                                       |
| Property, plant and equipment & right-of-use assets       | 91,578                                    | 88,276                                |
| Intangible assets   | 130,477                                   | 131,110                               |
| Operating financial assets                                | 9,290                                     | 9,290                                 |
| Investment in associates                                  | 4,461                                     | 4,464                                 |
|   | 235,806                                   | 233,140                               |
| <b>CURRENT ASSETS</b>                                     |   |                                       |
| Inventories   | 21,732                                    | 20,292                                |
| Operating financial assets                                | 1,107                                     | 1,107                                 |
| Trade receivables   | 72,373                                    | 72,856                                |
| Other receivables, deposits & prepayments                 | 19,127                                    | 14,480                                |
| Contract assets   | 21,967                                    | 7,416                                 |
| Current tax assets  | 211                                       | 929                                   |
| Cash and short-term deposits ( <i>Note 30</i> )           | 108,067                                   | 117,273                               |
|   | 244,584                                   | 234,353                               |
| <b>TOTAL ASSETS</b>                                       | 480,390                                   | 467,493                               |
| <b>EQUITY AND LIABILITIES</b>                             |   |                                       |
| <b>EQUITY</b>   |   |                                       |
| Share capital   | 592,128                                   | 582,090                               |
| Foreign currency translation reserve                      | 130                                       | 130                                   |
| Revaluation reserve                                       | 31,635                                    | 32,117                                |
| Accumulated losses  | (317,733)                                 | (296,606)                             |
| <b>Total equity attributable to owners of the Company</b> | 306,160                                   | 317,731                               |
| Non-controlling interests                                 | (1,846)                                   | (22,699)                              |
| <b>TOTAL EQUITY</b>                                       | 304,314                                   | 295,032                               |

**Condensed Consolidated Statement of Financial Position**As at 30<sup>th</sup> September 2021

(continued)

|  | 30 <sup>th</sup> September 2021<br>RM'000 | 31 <sup>st</sup> March 2021<br>RM'000 |
|--|---|---------------------------------------|
| <b>NON-CURRENT LIABILITIES</b>   |   |                                       |
| Lease liabilities  | 3,081                                     | -                                     |
| Loans and borrowings   | -   | 6,250                                 |
| Deferred tax liabilities   | 13,028                                    | 13,254                                |
|  | <u>16,109</u>                             | <u>19,504</u>                         |
| <b>CURRENT LIABILITIES</b>   |   |                                       |
| Short-term loans and borrowings  | 12,500                                    | 12,500                                |
| Current tax liabilities  | 717                                       | 778                                   |
| Trade payables   | 47,279                                    | 40,527                                |
| Other payables and accruals  | 97,733                                    | 99,137                                |
| Lease liabilities  | 1,609                                     | -                                     |
| Contract liabilities   | 129                                       | 15                                    |
|  | <u>159,967</u>                            | <u>152,957</u>                        |
| <b>TOTAL LIABILITIES</b>   | <u>176,076</u>                            | <u>172,461</u>                        |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>480,390</u>                            | <u>467,493</u>                        |
| <b>Net assets per ordinary share<br/>attributable to owners of the Company<br/>(sen)</b> | <u>9.68</u>                               | <u>10.20</u>                          |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31<sup>st</sup> March 2021 and the accompanying explanatory notes attached to the interim financial report.

**Condensed Consolidated Statement of Changes in Equity**

For the Second Quarter Ended 30<sup>th</sup> September 2021

|  | ← Attributable to the owners of the Company → |   |                                  |                                 |                     |  |                           |
|--|---|---|----------------------------------|---------------------------------|---------------------|--|---------------------------|
|  | Ordinary<br>Share<br>Capital<br>RM'000        | Foreign<br>Currency<br>Translation<br>Reserve<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Accumulated<br>Losses<br>RM'000 | Sub-total<br>RM'000 | Non-<br>controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
| At 1 <sup>st</sup> April 2020  | 539,602                                       | 30  | 33,080                           | (286,547)                       | 286,165             | (20,856)                                   | 265,309                   |
| <b><i>Total comprehensive (loss)/income for the financial period</i></b>                       |   |   |                                  |                                 |                     |  |                           |
| Loss after taxation for the financial period   | -   | -   | -                                | (5,211)                         | (5,211)             | 288  | (4,923)                   |
| Other comprehensive loss for the financial period, net of tax<br>-foreign currency translation | -   | (8)   | -                                | -                               | (8)                 | -  | (8)                       |
| Total comprehensive (loss)/income  | -   | (8)   | -                                | (5,211)                         | (5,219)             | 288  | (4,931)                   |
| Realisation on revaluation reserve   | -   | -   | (482)                            | 482                             | -                   | -  | -                         |
| <b>At 30<sup>th</sup> September 2020</b>   | 539,602                                       | 22  | 32,598                           | (291,276)                       | 280,946             | (20,568)                                   | 260,378                   |

**Condensed Consolidated Statement of Changes in Equity**  
For the Second Quarter Ended 30<sup>th</sup> September 2021 (continued)

|   | ← Attributable to the owners of the Company → |   |                                  |                                 | Sub-Total<br>RM'000 | Non-<br>controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
|---|---|---|----------------------------------|---------------------------------|---------------------|--|---------------------------|
|   | Ordinary<br>Share<br>Capital<br>RM'000        | Foreign<br>Currency<br>Translation<br>Reserve<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Accumulated<br>Losses<br>RM'000 |                     |  |                           |
| At 1 <sup>st</sup> April 2021                                       | 582,090                                       | 130   | 32,117                           | (296,606)                       | 317,731             | (22,699)                                   | 295,032                   |
| <b><i>Transactions with owners</i></b>                              |   |   |                                  |                                 |                     |  |                           |
| Issuance of ordinary shares   | 10,038  | -   | -                                | -                               | 10,038              | -  | 10,038                    |
| Effect of changes in equity interest<br>in a subsidiary             | -   | -   | -                                | (20,854)                        | (20,854)            | 20,854                                     | -                         |
| Total transactions with owners                                      | 10,038  | -   | -                                | (20,854)                        | (10,816)            | 20,854                                     | 10,038                    |
| <b><i>Total comprehensive loss for the financial<br/>period</i></b> |   |   |                                  |                                 |                     |  |                           |
| Loss after taxation for the<br>financial period                     | -   | -   | -                                | (755)                           | (755)               | (1)  | (756)                     |
| Total comprehensive loss  | -   | -   | -                                | (755)                           | (755)               | (1)  | (756)                     |
| Realisation on revaluation reserve                                  | -   | -   | (482)                            | 482                             | -                   | -  | -                         |
| <b>At 30<sup>th</sup> September 2021</b>                            | <b>592,128</b>                                | <b>130</b>  | <b>31,635</b>                    | <b>(317,733)</b>                | <b>306,160</b>      | <b>(1,846)</b>                             | <b>304,314</b>            |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31<sup>st</sup> March 2021 and the accompanying explanatory notes attached to the interim financial report.

**Condensed Consolidated Statement of Cash Flows**For the Second Quarter Ended 30<sup>th</sup> September 2021

|   | <b>Cumulative<br/>6 months ended<br/>30<sup>th</sup> September<br/>2021<br/>RM'000</b> | <b>Cumulative<br/>6 months ended<br/>30<sup>th</sup> September<br/>2020<br/>RM'000</b> |
|---|--|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                        |  |  |
| Loss before taxation  |  |  |
| - continuing operations   | (982)  | (6,366)  |
| <i>Adjustments for:</i>   |  |  |
| Amortisation of intangible assets                                 | 633  | 722  |
| Amortisation of right of use assets                               | 526  | 226  |
| Depreciation of property, plant and equipment                     | 2,424  | 2,448  |
| Finance costs   | 895  | 1,104  |
| Gain on disposal of plant and equipment                           | -  | (43)   |
| Interest income   | (1,109)  | (657)  |
| Loss on disposal of plant and equipment                           | 173  | -  |
| Impairment losses on receivables                                  | 65   | -  |
| Share of results of associates                                    | 3  | (16)   |
| Unrealised foreign exchange gain                                  | (708)  | (901)  |
| <b>OPERATING PROFIT/(LOSS) BEFORE WORKING<br/>CAPITAL CHANGES</b> | <b>1,920</b>   | <b>(3,483)</b>   |
| <i>Changes in working capital:</i>                                |  |  |
| Contract assets/liabilities                                       | (14,435)   | (3,465)  |
| Inventories   | (1,440)  | (1,594)  |
| Trade and other receivables                                       | (4,313)  | 16,087   |
| Trade and other payables  | 6,139  | (5,688)  |
| <b>NET CASH (USED IN)/FROM OPERATIONS</b>                         | <b>(12,129)</b>  | <b>1,857</b>   |
| Interest received   | 1,109  | 657  |
| Interest paid   | (835)  | (1,104)  |
| Cash payment for interest portion of lease liabilities            | (61)   | -  |
| Income tax refunded/(paid)  | 657  | (127)  |
| <b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>               | <b>(11,259)</b>  | <b>1,283</b>   |



**Condensed Consolidated Statement of Cash Flows**For the Second Quarter Ended 30<sup>th</sup> September 2021 (continued)

|   | <b>Cumulative<br/>6 months ended<br/>30<sup>th</sup> September<br/>2021<br/>RM'000</b> | <b>Cumulative<br/>6 months ended<br/>30<sup>th</sup> September<br/>2020<br/>RM'000</b> |
|---|--|--|
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |  |  |
| Acquisition of development expenditure                        | -  | (78)   |
| Acquisition of plant and equipment                            | (1,729)  | (476)  |
| Proceeds from disposal of plant and equipment                 | 245  | 43   |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                  | <b>(1,484)</b>   | <b>(511)</b>   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |  |  |
| Proceeds from issuance of ordinary shares                     | 10,038   | -  |
| Cash payment for principal portion of lease liabilities       | (251)  | -  |
| Repayment of term loans                                       | (6,250)  | (6,250)  |
| <b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>           | <b>3,537</b>   | <b>(6,250)</b>   |
| Net decrease in cash and cash equivalents                     | (9,206)  | (5,478)  |
| Cash and cash equivalents at the beginning of the period      | 117,273  | 76,750   |
| <b>CASH AND CASH EQUIVALENTS AT THE END<br/>OF THE PERIOD</b> | <b>108,067</b>   | <b>71,272</b>  |

**Cash and cash equivalents at end of the period comprise the following:**

|                            |                |               |
|----------------------------|----------------|---------------|
| Cash and bank balances     | 35,451         | 5,945         |
| Short-term deposits placed | 72,616         | 65,327        |
|                            | <b>108,067</b> | <b>71,272</b> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31<sup>st</sup> March 2021 and the accompanying explanatory notes attached to the interim financial report.

## Notes to the Interim Financial Report

For the Second Quarter Ended 30<sup>th</sup> September 2021

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### 1. Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 30 September 2021 and has been prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2021.

### 2. Changes in Accounting Policies

The accounting policies adopted for this interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2021 except for the adoption of the following amendments/improvements to MFRSs, which are in effective for financial period beginning on/or after 1 April 2021:

#### Amendments/Improvements to MFRSs

|         |  |
|---------|--|
| MFRS 4  | Insurance Contracts                                |
| MFRS 7  | Financial Instruments: Disclosures                 |
| MFRS 9  | Financial Instruments                              |
| MFRS 16 | Leases   |
| MFRS 19 | Financial Instruments: Recognition and Measurement |

The adoption of the above new amendments/improvements to MFRSs are not expected to have any material impact of the financial statements of the Group.

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

#### New MFRS

|         |                     |
|---------|---------------------|
| MFRS 17 | Insurance Contracts |
|---------|---------------------|

#### Amendments/Improvements to MFRSs

|          |   |
|----------|---|
| MFRS 1   | First-time Adoption of Malaysian Financial Reporting Standards  |
| MFRS 3   | Business Combinations   |
| MFRS 5   | Non-current Assets Held for Sale and Discontinued Operations    |
| MFRS 10  | Consolidated Financial Statements                               |
| MFRS 15  | Revenue from Contracts with Customers                           |
| MFRS 101 | Presentation of Financial Statements                            |
| MFRS 107 | Statement of Cash Flows   |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |

## 2. Changes in Accounting Policies (cont'd)

|          |  |
|----------|--|
| MFRS 112 | Income Taxes   |
| MFRS 116 | Property, Plant and Equipment                            |
| MFRS 119 | Employee Benefits  |
| MFRS 128 | Investments in Associates and Joint Ventures             |
| MFRS 132 | Financial Instruments: Presentation                      |
| MFRS 136 | Impairment of Assets                                     |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets |
| MFRS 138 | Intangible Assets  |
| MFRS 140 | Investment Property                                      |
| MFRS 141 | Agriculture  |

## 3. Audit report of preceding annual financial statement

The preceding year audited financial statements were not subject to any qualifications.

## 4. Seasonal or cyclical factors

The business of the Group is not affected by any significant seasonal or cyclical factors in this financial quarter.

## 5. Segment information

The Group's operating segments information for the interim financial report to 30 September 2021 was as follows:-

|   | ← Continuing operations →             |  |   |  |
|---|---------------------------------------|--|---|--|
|   | Trusted ID<br>& IT Division<br>RM'000 | Sustainable<br>Development<br>Division<br>RM'000 | Adjustments &<br>Eliminations<br>RM'000 | Total continuing<br>operations<br>RM'000 |
| Revenue from external customers               | 71,577                                | 1,404  | -                                       | 72,981                                   |
| Segment results (Note A)                      | 6,726                                 | 1,091  | 54                                      | 7,871                                    |
| Share of results of associates,<br>net of tax | (3)                                   | -  | -                                       | (3)                                      |
| Unallocated corporate expenses                | -                                     | -  | (8,850)                                 | (8,850)                                  |
| <b>Profit/(Loss) before taxation</b>          | <b>6,723</b>                          | <b>1,091</b>                                     | <b>(8,796)</b>                          | <b>(982)</b>                             |
| Income tax credit                             | 226                                   | -  | -                                       | 226                                      |
| <b>Profit/(Loss) after taxation</b>           | <b>6,949</b>                          | <b>1,091</b>                                     | <b>(8,796)</b>                          | <b>(756)</b>                             |

**5. Segment information (cont'd)**

**Note A:** The following are items included in Segment results:

|   | ← Continuing operations →                |  |   |  |
|---|--|--|---|--|
|   | Trusted ID<br>& IT<br>Division<br>RM'000 | Sustainable<br>Development<br>Division<br>RM'000 | Adjustments &<br>Eliminations<br>RM'000 | Total continuing<br>operations<br>RM'000 |
| Operating results                                 | 12,617                                   | 1,135  | -                                       | 13,752                                   |
| <b>Add/(Less):</b>                                |  |  |   |  |
| - Depreciation and amortisation                   | (3,637)                                  | -  | 54                                      | (3,583)                                  |
| - Interest income                                 | 1,109                                    | -  | -                                       | 1,109                                    |
| - Other income                                    | 787                                      | -  | -                                       | 787                                      |
| - Finance costs                                   | (895)                                    | -  | -                                       | (895)                                    |
| - Administrative, operating<br>and other expenses | (3,255)                                  | (44)   | -                                       | (3,299)                                  |
|   | (5,891)                                  | (44)   | 54                                      | (5,881)                                  |
| <b>Segment results</b>                            | <b>6,726</b>                             | <b>1,091</b>                                     | <b>54</b>                               | <b>7,871</b>                             |

**6. Capital Commitments**

**As at  
30<sup>th</sup> September  
2021  
RM'000**

**Approved and contracted for:-**

Purchase of equipment

753

**7. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for this financial quarter.

**8. Changes in the composition of the Group**

There were no changes in the composition of the Group in this financial quarter.

**9. Material changes in estimates**

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in this financial quarter.

**10. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of this financial quarter.

**11. Items of an unusual nature**

There were no items of unusual nature, which affects assets, liabilities, equity, net income or cash flows in this financial quarter.

**12. Valuations of property, plant and equipment**

There were no valuations made on property, plant and equipment for this financial quarter.

**13. Changes in contingent liabilities and contingent assets**

There are no contingent liabilities and assets incurred or known to be incurred by the Company and/or the Group as at 30 September 2021.

**14. Taxation**

|   | <b>Individual</b>      |                        | <b>Cumulative</b>      |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | <b>3 months ended</b>  |                        | <b>6 months ended</b>  |                        |
|   | <b>30<sup>th</sup></b> | <b>30<sup>th</sup></b> | <b>30<sup>th</sup></b> | <b>30<sup>th</sup></b> |
|   | <b>September</b>       | <b>September</b>       | <b>September</b>       | <b>September</b>       |
|   | <b>2021</b>            | <b>2020</b>            | <b>2021</b>            | <b>2020</b>            |
|   | <b>RM'000</b>          | <b>RM'000</b>          | <b>RM'000</b>          | <b>RM'000</b>          |
| <u>Continuing operations</u>                      |                        |                        |                        |                        |
| Income tax  |                        |                        |                        |                        |
| - Current financial year                          | -                      | (320)                  | -                      | (631)                  |
| Deferred tax                                      |                        |                        |                        |                        |
| - Current financial year                          | 112                    | 1,200                  | 226                    | 2,074                  |
| Income tax credit<br>recognized in profit or loss | 112                    | 880                    | 226                    | 1,443                  |

The Group had made a reversal of deferred tax liabilities in current quarter mainly due to decrease of temporary difference arising from property, plant and equipment this quarter. As a result, the Group's effective tax rate for current quarter differ from the statutory tax rate of 24%.

**15. Related Party Transactions**

The Company has not entered into any significant transactions with related parties of the Group for the cumulative 6 months period ended 30 September 2021.

## **Additional information required by the AMLR**

### **16.1 Review of Performance**

#### *Continuing operations*

For the current financial quarter ended 30 September 2021, the Group recorded a revenue of RM46.0 million, an increase of RM23.8 million or 107.2% from RM22.2 million recorded in the previous comparable financial quarter ended 30 September 2020. The Group recorded a profit before taxation of RM1.4 million in this financial quarter as compared to a loss before taxation of RM2.8 million recorded in the previous comparable financial quarter ended 30 September 2020.

The higher revenue in this financial quarter is mainly due to higher delivery of e-passports for overseas projects and recognition of revenue from an existing domestic project, taking into consideration total contract value in the letter of award, in accordance with MFRS 15 - Revenue from Contracts with Customers in the current financial quarter as compared to the previous comparable financial quarter.

The performance of the respective business segments for this 3-month financial quarter ended 30 September 2021 as compared to the previous comparable financial quarter is analysed as follows:

#### **Trusted ID & IT Division**

Trusted ID & IT division recorded a revenue of RM44.6 million in the current financial quarter ended 30 September 2021, as compared to RM22.2 million in the previous comparable financial quarter, representing an increase of 100.9%. The increase in the revenue was mainly attributable to higher delivery of e-passports and recognition of revenue from an existing domestic project in the current financial quarter.

#### **Sustainable Development Division**

The contribution from Sustainable Development division for the current financial quarter is not significant as the Group has completed most of its projects under this division.

### **16.2 Comparison with Preceding Quarter**

#### *Continuing operations*

For the current financial quarter ended 30 September 2021, the Group recorded a revenue of RM46.0 million as compared to RM27.0 million recorded in the preceding financial quarter ended 30 June 2021.

The Group reported a profit before taxation of RM1.4 million as compared to a loss before taxation of RM2.3 million recorded in the preceding financial quarter.

## **17. Prospects**

The Group is of the view that the unprecedented worldwide outbreak of the COVID-19 pandemic will continue to have significant impact on the economy and business opportunities in both international and domestic markets.

Despite the challenges above, the Group will focus on delivering its existing contracts, including the National Integrated Immigration System (“NIISe”) project, as well as leveraging on its extensive customer networking to actively pursue new growth opportunities in its core Trusted ID & adjacent IT business in both international and domestic markets.

The Group will continue to focus on cost optimization efforts to ensure the Group remains competitive in the challenging business environment and deliver sustainable growth in the long term. However, with the prolonged impact of COVID-19 pandemic, the performance of the Group for the current financial year remains challenging.

## **18. Variance between actual results and forecasted profit and shortfall in profit guarantee**

The Group has not provided any profit forecast or profit guarantee in a public document.

## **19. Unquoted Securities and/or Properties**

There were no purchases or disposals of unquoted securities and/or properties for the current financial quarter and financial period to date.

## **20. Quoted Securities**

There were no purchases or disposals of quoted securities for the current financial quarter and financial period to date.



## 21. Status of Corporate Proposals and Utilisation of Proceeds

There were no corporate proposals announced by the company which has not been completed as at 19 November 2021 except as disclosed below:

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 19 November 2021, the Company had completed 6 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) |
|-------------------------|---|--------------------------------|------------------|-------------------------|
| 1 <sup>st</sup> tranche | 6 November 2020                                     | 75,000,000                     | 0.25240          | 18,930,000              |
| 2 <sup>nd</sup> tranche | 16 March 2021                                       | 60,000,000                     | 0.31410          | 18,846,000              |
| 3 <sup>rd</sup> tranche | 26 March 2021                                       | 15,000,000                     | 0.31410          | 4,711,500               |
| 4 <sup>th</sup> tranche | 23 September 2021                                   | 1,628,000                      | 0.22000          | 358,160                 |
| 5 <sup>th</sup> tranche | 30 September 2021                                   | 44,000,000                     | 0.22000          | 9,680,000               |
| 6 <sup>th</sup> tranche | 10 November 2021                                    | 27,000,000                     | 0.18300          | 4,941,000               |
| Total                   |   | 222,628,000                    | 0.25813          | 57,466,660              |

The utilisation of the above Private Placement proceeds up to 19 November 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                            | 57,359                        | (48,669)                    | 8,690                           | Within 18 months                   |
| Estimated expenses in relation to the Private Placement | 108                           | (108)                       | -                               | Immediate                          |
| Total   | 57,467                        | (48,777)                    | 8,690                           |                                    |

## 22. Group Borrowings and Debt Securities

The Group's secured bank borrowings (exclude hire purchase and finance lease) from financial institution at the end of the current financial quarter were:

|            | <b>As at<br/>30<sup>th</sup><br/>September<br/>2021<br/>RM'000</b> |
|------------|--|
| Short Term | 12,500   |
| Total      | <u>12,500</u>  |

All of the above borrowings are denominated in Ringgit Malaysia.

## 23. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 19 November 2021 being the latest practicable date which is not earlier than seven (7) days from date of issue of this quarterly report.

## 24. Material Litigation

Save for the material litigations as disclosed below, there are no other material litigations involving the Group as at 19 November 2021:

- (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 of contract 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. The JVCO's claim was rejected by the court. Despite our claim against EGM, 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 for the sum of TL6,195,000 (equivalent to RM9,014,221) was allowed together with interest. The JVCO was also directed 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.

**24. Material Litigation (cont'd)**

- (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) (cont'd)**

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.

- (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 assets 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 (and RM60,000 for D4 as the case was withdrawn against him prior to the decision).

The Plaintiff/Appellant however filed a Notice of Appeal in the Court of Appeal against the whole decision on 20 December 2019 whereas the hearing of appeal was 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. However, the submissions could not be completed and the Court adjourned the matter to 19 November 2021 for continuation of the appeal.

On 19 November 2021, the Defendants/Respondents completed their oral submission. The Plaintiff/Appellant had requested from the court for another date for rebuttal. Therefore, the court fixed for continuation of the appeal to 11 January 2022 for the Plaintiff/Appellant’s oral submission of their rebuttal.

## 24. Material Litigation (cont'd)

### (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 has 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;
- d. Post-judgment interest on the sums awarded in (a) and (b) above at the rate of 5% per annum from the date of judgment until the date of full and final realization;
- e. Alternative to (a) and (b) above,
- f. General damages to be assessed;
- g. Interest on the general damages awarded in (e) above;
- h. Costs; and/or
- i. All other relief which this Honourable Court deems fit and just.

Items (a) and (b) above have been fully impaired/expensed off by the company in previous financial years.

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

The full trial from 28 October 2021 to 29 October 2021 was vacated by the Court pursuant to the Plaintiff’s solicitor’s letter dated 25 October 2021.

**24. Material Litigation (cont'd)****(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”) (cont'd)**

Full trial resumed from 15 November 2021 with Plaintiff calling two (2) new witnesses. The Plaintiff closed its case on 19 November 2021 and the Defendants started their case with the Third Defendant giving his testimony in court. The full trial will continue on 10 January 2022.

**25. Dividend**

The Company did not pay any dividend in the current financial quarter.

**26. Earnings/(Loss) Per Ordinary Share**

|  | <b>Individual</b>      |                        | <b>Cumulative</b>      |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | <b>3 months ended</b>  | <b>3 months ended</b>  | <b>6 months ended</b>  | <b>6 months ended</b>  |
|  | <b>30<sup>th</sup></b> | <b>30<sup>th</sup></b> | <b>30<sup>th</sup></b> | <b>30<sup>th</sup></b> |
|  | <b>September</b>       | <b>September</b>       | <b>September</b>       | <b>September</b>       |
|  | <b>2021</b>            | <b>2020</b>            | <b>2021</b>            | <b>2020</b>            |
| <b>(a) Basic earnings/(loss) per ordinary share</b>  |                        |                        |                        |                        |
| Earnings/(Loss) attributable to owners of the Company for the period (RM'000)                                    |                        |                        |                        |                        |
| - continuing operations  | 1,471                  | (2,273)                | (755)                  | (5,211)                |
| Weighted average number of ordinary shares ('000) at end of period   | 3,116,345              | 2,966,283              | 3,116,345              | 2,966,283              |
| <b>Basic earnings/(loss) per ordinary share (Sen)</b>  |                        |                        |                        |                        |
| - continuing operations  | <b>0.05</b>            | <b>(0.08)</b>          | <b>(0.02)</b>          | <b>(0.18)</b>          |
| <b>(b) Diluted earnings/(loss) per ordinary share</b>  |                        |                        |                        |                        |
| Earnings/(Loss) attributable to owners of the Company for the period (RM'000)                                    |                        |                        |                        |                        |
| - continuing operations  | 1,471                  | (2,273)                | (755)                  | (5,211)                |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000) at end of period | 3,116,345              | 2,966,283              | 3,116,345              | 2,966,283              |
| <b>Diluted earnings/(loss) per ordinary share (Sen)</b>  |                        |                        |                        |                        |
| - continuing operations  | <b>0.05</b>            | <b>(0.08)</b>          | <b>(0.02)</b>          | <b>(0.18)</b>          |

**27. Comparative figures**

Certain comparative figures as shown in the condensed consolidated statement of financial position and statement of comprehensive income have been reclassified in order to conform with the current financial period's presentation.

**28. Profit/(Loss) before taxation**

|  | <b>Individual<br/>3 months<br/>ended<br/>30<sup>th</sup><br/>September<br/>2021<br/>RM'000</b> | <b>Cumulative<br/>6 months<br/>ended<br/>30<sup>th</sup><br/>September<br/>2021<br/>RM'000</b> |
|--|--|--|
| Profit/(Loss) before taxation is arrived at after charging :   |  |  |
| <i>Continuing operations</i>   |  |  |
| - Allowance for impairment loss of trade and other receivables-net   | 65   | 65   |
| - Amortisation of intangible assets, right of use assets and depreciation of property, plant and equipment | 1,953  | 3,583  |
|  | <hr/>  | <hr/>  |

**29. Other income**

|  | <b>Individual<br/>3 months<br/>ended<br/>30<sup>th</sup><br/>September<br/>2021<br/>RM'000</b> | <b>Cumulative<br/>6 months<br/>ended<br/>30<sup>th</sup><br/>September<br/>2021<br/>RM'000</b> |
|--|--|--|
| <i>Continuing operations</i>           |  |  |
| - Interest income                      | 574  | 1,109  |
| - Foreign currency exchange gain - net | 100  | 707  |
| - Others                               | 27   | 80   |
|  | <hr/>  | <hr/>  |
|  | 701  | 1,896  |
|  | <hr/>  | <hr/>  |

**30. Cash and short-term deposits**

|  | <b>As at 30<sup>th</sup><br/>September<br/>2021<br/>RM'000</b> | <b>As at 31<sup>st</sup><br/>March<br/>2021<br/>RM'000</b> |
|--|--|--|
| Cash and bank balances                         | 35,451   | 21,382   |
| Short-term deposits placed with licensed banks | 72,616   | 95,891   |
|  | 108,067  | 117,273  |

Included in short-term deposits placed with licensed banks is an amount of RM37,163,213 (As at 31 March 2021 : RM38,653,491) pledged to licensed banks for credit facilities granted to the Group.

**31. Authorisation for Issue**

This interim financial report was authorised for issuance by the Board of Directors on 26 November 2021.