

IRIS CORPORATION BERHAD

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

Interim Financial Report for the First Quarter Ended 30th June 2023

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Condensed Consolidated Statement of Comprehensive IncomeFor the First Quarter Ended 30th June 2023

	Individual 3 months ended 30th June 2023 RM'000		Cumulative 3 months ended 30th June 2023 RM'000	
	30th June 2022 RM'000		30th June 2022 RM'000	
<i>Continuing operations</i>				
Revenue	127,483	67,417	127,483	67,417
Cost of sales	(103,692)	(53,380)	(103,692)	(53,380)
Depreciation and amortisation	(1,161)	(1,352)	(1,161)	(1,352)
Gross profit	22,630	12,685	22,630	12,685
Other income <i>(Note 28)</i>	845	484	845	484
Administrative, operating and other expenses	(10,294)	(6,989)	(10,294)	(6,989)
Depreciation and amortisation	(775)	(791)	(775)	(791)
Finance costs	(160)	(230)	(160)	(230)
Share of results of associates, net of tax	(13)	-	(13)	-
Profit before taxation	12,233	5,159	12,233	5,159
Income tax expenses	(2,522)	(3,089)	(2,522)	(3,089)
Profit for the period	9,711	2,070	9,711	2,070
Other comprehensive income/(loss), net of tax				
Foreign currency translation for foreign operations	33	(35)	33	(35)
	33	(35)	33	(35)
Total comprehensive income for the period	9,744	2,035	9,744	2,035

Condensed Consolidated Statement of Comprehensive IncomeFor the First Quarter Ended 30th June 2023

(continued)

	Individual		Cumulative	
	3 months ended		3 months ended	
	30th	30th	30th	30th
	June	June	June	June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to:				
Owners of the Company	9,711	2,070	9,711	2,070
Non-controlling interests	-	-	-	-
Profit for the period	9,711	2,070	9,711	2,070
Total comprehensive income attributable to:				
Owners of the Company	9,744	2,035	9,744	2,035
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	9,744	2,035	9,744	2,035
Earnings per share attributable to owners of the Company:				
Basic (Sen)				
- continuing operations	0.30	0.06	0.30	0.06
Diluted (Sen)				
- continuing operations	0.30	0.06	0.30	0.06

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 31st March 2023 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Financial PositionAs at 30th June 2023

	30 th June 2023 RM'000	31 st March 2023 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment & right-of-use assets	78,847	79,722
Intangible assets	110,096	110,310
Operating financial assets	6,496	6,817
Investment in associates	741	752
	196,180	197,601
CURRENT ASSETS		
Inventories	27,032	30,376
Operating financial assets	1,282	1,282
Trade receivables	102,415	89,029
Other receivables, deposits & prepayments	14,356	10,180
Contract assets	12,493	9,258
Current tax assets	-	-
Cash and short-term deposits (<i>Note 29</i>)	104,872	91,980
	262,450	232,105
Assets of a disposal group classified as held for sale (<i>Note 30</i>)	135,563	98,810
	135,563	98,810
TOTAL ASSETS	594,193	528,516
EQUITY AND LIABILITIES		
EQUITY		
Share capital	610,759	610,759
Foreign currency translation reserve	34	1
Revaluation reserve	29,948	30,189
Accumulated losses	(283,876)	(293,828)
Total equity attributable to owners of the Company	356,865	347,121
Non-controlling interests	(1,842)	(1,842)
TOTAL EQUITY	355,023	345,279

Condensed Consolidated Statement of Financial PositionAs at 30th June 2023

(continued)

	31 th June 2023 RM'000	31 st March 2023 RM'000
NON-CURRENT LIABILITIES		
Lease liabilities	151	-
Deferred tax liabilities	9,793	10,011
	9,944	10,011
CURRENT LIABILITIES		
Short-term loans and borrowings	1,839	2,795
Current tax liabilities	8,437	7,835
Trade payables	27,130	27,486
Other payables and accruals	125,073	103,213
Lease liabilities	51	-
Contract liabilities	444	2,555
	162,974	143,884
Liabilities of a disposal group classified as held for sales (<i>Note 30</i>)	66,252	29,342
TOTAL LIABILITIES	239,170	183,237
TOTAL EQUITY AND LIABILITIES	594,193	528,516
Net assets per ordinary share attributable to owners of the Company (sen)	10.94	10.64

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 31st March 2023 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Changes in EquityFor the First Quarter Ended 30th June 2023

	← Attributable to the owners of the Company →						
	Ordinary 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 st April 2022	610,759	130	31,153	(316,692)	325,350	(1,852)	323,498
<i>Total comprehensive income for the financial period</i>							
Profit after taxation for the financial period	-	-	-	2,070	2,070	-	2,070
Other comprehensive loss for the financial period, net of tax -foreign currency translation	-	(35)	-	-	(35)	-	(35)
Total comprehensive income	-	(35)	-	2,070	2,035	-	2,035
Realisation on revaluation reserve	-	-	(241)	241	-	-	-
At 30th June 2022	610,759	95	30,912	(314,381)	327,385	(1,852)	323,533

Condensed Consolidated Statement of Changes in EquityFor the First Quarter Ended 30th June 2023 (continued)

	← Attributable to the owners of the Company →						
	Ordinary 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 st April 2023	610,759	1	30,189	(293,828)	347,121	(1,842)	345,279
Total comprehensive income for the financial period							
Profit after taxation for the financial period	-	-	-	9,711	9,711	-	9,711
Other comprehensive income for the financial period, net of tax -foreign currency translation	-	33	-	-	33	-	33
Total comprehensive income	-	33	-	9,711	9,744	-	9,744
Realisation on revaluation reserve	-	-	(241)	241	-	-	-
At 30th June 2023	610,759	34	29,948	(283,876)	356,865	(1,842)	355,023

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 31st March 2023 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Cash FlowsFor the First Quarter Ended 30th June 2023

	Cumulative 3 months ended 30th June 2023 RM'000	Cumulative 3 months ended 30th June 2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation		
- continuing operations	12,233	5,159
<i>Adjustments for:</i>		
Amortisation of intangible assets	214	316
Depreciation of property, plant and equipment and right of use assets	1,722	1,827
Effect on accretion of interest on operating assets	(153)	-
Finance costs	160	230
Interest income	(804)	(357)
Share of results of associates	13	-
Unrealised foreign exchange loss	854	917
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	14,239	8,092
<i>Changes in working capital:</i>		
Contract assets/liabilities	(53,726)	(24,037)
Inventories	3,344	(34)
Operating financial assets	474	-
Trade and other receivables	(14,584)	(12,281)
Trade and other payables	56,655	17,906
NET CASH FROM/(USED IN) OPERATIONS	6,402	(10,354)
Interest received	804	357
Interest paid	(196)	(230)
Income tax paid	(2,302)	(2,987)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	4,708	(13,214)

Condensed Consolidated Statement of Cash FlowsFor the First Quarter Ended 30th June 2023 (continued)

	Cumulative 3 months ended 30th June 2023 RM'000	Cumulative 3 months ended 30th June 2022 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(35)	(58)
Proceeds from disposal of plant and equipments	1	-
NET CASH USED IN INVESTING ACTIVITIES	(34)	(58)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease liabilities	(97)	(417)
Proceeds from short term borrowings	673	1,017
Repayment of short term borrowings	(1,629)	(7,500)
NET CASH USED IN FINANCING ACTIVITIES	(1,053)	(6,900)
Net increase/(decrease) in cash and cash equivalents	3,621	(20,172)
Cash and cash equivalents at the beginning of the period	101,444	94,468
Effect of exchange rate changes on cash and cash equivalents	1,179	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	106,244	74,296

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

Cash and bank balances	24,109	24,471
Short-term deposits placed	80,763	66,646
	104,872	91,117
Less: Deposits with maturity more than 3 months	(17,843)	(16,821)
	87,029	74,296
Transfer to disposal group classified as asset held for sale (<i>Note 30</i>)	22,572	-
Less: Deposits with maturity more than 3 months	(3,357)	-
	106,244	74,296

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 31st March 2023 and the accompanying explanatory notes attached to the interim financial report.

Notes to the Interim Financial Report

For the First Quarter Ended 30th June 2023

1. Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 30 June 2023 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 2023.

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 2023 except for the adoption of the following new MFRS and amendments/improvements to MFRSs, which are effective for financial periods beginning on 1 April 2023:

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 7	Financial Instruments: Disclosures #
MFRS 9	Financial Instruments #
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
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 #

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

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2. Changes in Accounting Policies (cont'd)

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

Amendments/Improvements to MFRSs

MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows
MFRS 128	Investments in Associates and Joint Ventures

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 June 2023 was as follows:-

← Continuing operations →				
	Trusted ID & IT Division RM'000	Sustainable Development Division RM'000	Adjustments & Eliminations RM'000	Total continuing operations RM'000
Revenue from external customers	127,467	16	-	127,483
Segment results (Note A)	17,287	8	12	17,307
Share of results of associates, net of tax	(13)	-	-	(13)
Unallocated corporate expenses	-	-	(5,061)	(5,061)
Profit before taxation	17,274	8	(5,049)	12,233
Income tax expenses	(2,522)	-	-	(2,522)
Profit after taxation	14,752	8	(5,049)	9,711

5. Segment information (cont'd)**Note A:** The following are items included in Segment results:

	← Continuing operations →			
	Trusted ID & IT Division RM'000	Sustainable Development Division RM'000	Adjustments & Eliminations RM'000	Total continuing operations RM'000
Operating results	23,775	16	-	23,791
Add/(Less):				
- Depreciation and amortisation	(1,948)	-	12	(1,936)
- Interest income	804	-	-	804
- Other income	41	-	-	41
- Finance costs	(160)	-	-	(160)
- Administrative, operating and other expenses	(5,225)	(8)	-	(5,233)
	(6,488)	(8)	12	(6,484)
Segment results	17,287	8	12	17,307

The Group's operating segments information for the interim financial report to 30 June 2022 was as follows:-

	← Continuing operations →			
	Trusted ID & IT Division RM'000	Sustainable Development Division RM'000	Adjustments & Eliminations RM'000	Total continuing operations RM'000
Revenue from external customers	66,321	1,096	-	67,417
Segment results (Note B)	10,997	924	12	11,933
Unallocated corporate expenses	-	-	(6,774)	(6,774)
Profit before taxation	10,997	924	(6,762)	5,159
Income tax expenses	(3,089)	-	-	(3,089)
Profit after taxation	7,908	924	(6,762)	2,070

5. Segment information (cont'd)

Note B: The following are items included in Segment results:

	← Continuing operations →			
	Trusted ID & IT Division RM'000	Sustainable Development Division RM'000 (Restated)	Adjustments & Eliminations RM'000	Total continuing operations RM'000 (Restated)
Operating results	12,941	1,096	-	14,037
Add/(Less):				
- Depreciation and amortisation	(2,154)	-	12	(2,142)
- Interest income	357	-	-	357
- Other income	127	-	-	127
- Finance costs	(230)	-	-	(230)
- Administrative, operating and other expenses	(44)	(172)	-	(216)
	(1,944)	(172)	12	(2,104)
Segment results	10,997	924	12	11,933

6. Capital Commitments

	As at 30th June 2023 RM'000
Approved and contracted for:-	
Purchase of plant and equipment	<u>2,193</u>

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 current financial quarter except as disclosed below:

- a) On 14 August 2023, IRIS Information Technology Systems Sdn Bhd (“IITS”), a wholly-owned subsidiary of the Company, received a letter from Kementerian Dalam Negeri (“KDN”) dated 10 August 2023 wherein KDN has served IITS a notice of termination to terminate the NIISe Contract with immediate effect.

IITS is seeking legal advice from its solicitors in relation to the notice of termination and shall take necessary actions to protect its interests and exercise its legal rights in relation to the NIISe Contract.

The termination of the NIISe Contract is expected to have an impact on the Group’s financial performance for financial year ending 31 March 2024. However, the extent of the impact cannot be reliably ascertained at this reporting date.

The assets and liabilities related to IITS was reclassified as assets/(liabilities) of a disposal group classified as held for sale and the detailed information is disclosed in Note 30 of this report.

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 except for potential contingent liabilities arising from material events subsequent to the end of the current financial quarter as disclosed in Note 10(a) above.

14. Taxation

	Individual		Cumulative	
	3 months ended		3 months ended	
	30th	30th	30th	30th
	June	June	June	June
	2023	2022	2023	2022
<u>Continuing operations</u>	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current financial year	(2,740)	(1,600)	(2,740)	(1,600)
- Under-provision in prior year	-	(1,601)	-	(1,601)
	<u>(2,740)</u>	<u>(3,201)</u>	<u>(2,740)</u>	<u>(3,201)</u>
Deferred tax				
- Current financial year	218	112	218	112
- Over-provision in prior year	-	-	-	-
	<u>218</u>	<u>112</u>	<u>218</u>	<u>112</u>
Income tax expenses recognised in profit or loss	<u>(2,522)</u>	<u>(3,089)</u>	<u>(2,522)</u>	<u>(3,089)</u>

The Group's effective tax rate for current financial quarter differ from the statutory tax rate of 24% is mainly due to utilisation of unabsorbed tax losses at certain subsidiaries.

15. Related Party Transactions

The Company has not entered into any significant transactions with related parties of the Group for the cumulative 3 months period ended 30 June 2023.

Additional information required by the AMLR

16.1 Review of Performance

Continuing operations

For the current financial quarter ended 30 June 2023, the Group recorded a revenue of RM127.5 million, an increase of RM60.1 million or 89.2% from RM67.4 million recorded in the previous comparable financial quarter ended 30 June 2022. The Group recorded a profit before taxation of RM12.2 million in this financial quarter as compared to a profit before taxation of RM5.2 million recorded in the previous comparable financial quarter ended 30 June 2022.

The higher revenue in this financial quarter is mainly due to higher delivery of eID cards, e-Passports for overseas projects and domestic sales as compared to the previous comparable financial quarter. The revenue arising from delivery of eID cards, e-Passports for overseas projects and domestic sales amounting to RM77.1 million (RM45.1 million in previous comparable financial quarter).

Included in the current financial quarter's revenue is an amount of RM50.4 million (RM22.3 million in previous comparable financial quarter) arising from NIISe contract. In view of the material events subsequent to the end of the current financial quarter as disclosed in Note 10(a) of this report, the Group recognised the revenue from NIISe contract only up to the extent of contract costs incurred for current financial quarter.

The performance of the respective business segments for this 3-month financial quarter ended 30 June 2023 as compared to the previous comparable financial quarter is analysed as follows:

Trusted ID & IT Division

Trusted ID & IT division recorded a revenue of RM127.5 million in the current financial quarter ended 30 June 2023, as compared to RM66.3 million in the previous comparable financial quarter, representing an increase of RM61.2 million or 92.3%. The increase in revenue was mainly attributable to the higher delivery of cards and e-passports for overseas projects.

Sustainable Development Division

There is no significant contribution from the Sustainable Development division in current financial quarter 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 June 2023, the Group recorded a revenue of RM127.5 million as compared to RM86.2 million recorded in the preceding financial quarter ended 31 March 2023.

The Group reported a profit before taxation of RM12.2 million as compared to a profit before taxation of RM8.3 million recorded in the preceding financial quarter. Higher profit before tax in this financial quarter is mainly due to higher delivery of eID cards, e-Passports for overseas projects and domestic sales as compared to preceding financial quarter.

17. Prospects

The Group's growth is expected to be driven by the delivery and supply of e-Passports and eID cards from existing and new customers. The Group will also leverage 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.

The Board is cautiously optimistic that the Group shall perform positively in this financial year arising from higher demand of eID cards and e-Passports from overseas projects. However, the Group's performance is expected to be affected by material events subsequent to the end of the current financial quarter as disclosed in Note 10(a) of this report. The extent of the impact cannot be reliably ascertained at this reporting date.

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. 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:

	As at 30 th June 2023 RM'000
Short Term	1,839
Total	<u>1,839</u>

The above borrowings are denominated in Ringgit Malaysia.

22. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 23 August 2023 being the latest practicable date which is not earlier than seven (7) days from date of issue of this quarterly report.

23. Material Litigation

Save for the material litigations as disclosed below, there are no other material litigations involving the Group as at 23 August 2023:

(i) IRIS Technologies (M) Sdn. Bhd. (“ITSB”) and Kunt Electronic Sanayii vs Ticaret A.S (both parties are henceforth known as “JVCO”) against Security General Directorate of Ministry of Interior or Emniyet Genel Mudurlugu (“EMGM”) (Turkey)

The JVCO had on 5 October 2009 claimed for unlawful termination of contract by EMGM and payment for the balance amount of (Turkish Lira) TL6,195,000 due to JVCO for work completed. The JVCO’s claim was rejected by the Ankara 12th Civil Court of First Instance. Despite JVCO’s claim against EMGM, EMGM’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 was allowed together with interest. The JVCO was also directed to pay TL5,053.84 as expenses arising from their performance of the contract and loss suffered by EMGM. EMGM’s claim of TL49,761.53 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 had on 27 November 2018 filed an appeal against the decision in favour of EMGM and request for a retrial.

In relation to the JVCO’s appeal, the Ankara 35th Civil Court of First Instance on 20 December 2022 reaffirmed the decisions by the earlier courts requiring JVCO to pay TL6,195,000 and TL5,053.84 as aforementioned together with interest, attorney’s fee, decision fee and litigation expenses. The Ankara 12th Civil Court of First Instance rejected the JVCO’s application for retrial on 28 February 2023. The JVCO will be appealing against the decisions of the Ankara 35th Civil Court of First Instance and the Ankara 12th Civil Court of First Instance.

The Group had made the appropriate provision in relation to the judgement.

23 Material Litigation (cont'd)

(ii) 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 sought 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 realisation;
- e. Alternative to (a) and (b) above, general damages to be assessed;
- f. Interest on the general damages awarded in (e) above;
- g. Costs; and/or
- h. 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.

On 18 August 2022, the High Court dismissed the claims by the Plaintiff against the Defendants.

The High Court awarded costs in the sum of RM85,000.00 to each of the 1st Defendant, 2nd Defendant, 3rd Defendant and 4th Defendant. While a sum of RM85,000.00 was awarded collectively to the 5th Defendant, 6th Defendant, 7th Defendant and 9th Defendant.

IRIS had on 12 September 2022 filed an appeal to the Court of Appeal against the decision of the High Court.

The Registrar has fixed the next e-review on 25 September 2023 and the hearing of the appeal which is fixed on 9 October 2023 have been vacated by the Court of Appeal.

23. Material Litigation (cont'd)

(iii) Notice of Arbitration; S5 Systems Sdn. Bhd. against IRIS Information Technology Systems Sdn. Bhd.

On 29 June 2022, the Company's wholly owned subsidiary, IRIS Information Technology Systems Sdn. Bhd. ("IITS") received a Notice of Arbitration ("NOA") dated 29 June 2022 from S5 Systems Sdn. Bhd. ("S5"), for arbitral proceedings in relation to earlier intentions of S5 having a joint venture role in the National Integrated Immigration System ("NIIS") project ("Project") awarded by Kementerian Dalam Negeri to IITS.

In the NOA, S5 alleged that such preliminary intentions were binding and that IITS is in breach of the same in subcontracting or engaging third parties to carry out works under the Project.

S5 also sought for damages in lieu of specific performance, interest, and costs of the arbitration proceedings to be borne by IITS.

IITS had since responded to the NOA submitted by S5 via its Response to Notice of Arbitration dated 29 July 2022.

The Arbitral Tribunal had since presided over 2 procedural meetings on 31 May 2023 and 6 July 2023 on the procedural framework and timetable on which the matter will progress.

The Arbitration stands at pre-hearing stage where parties are in the midst of complying with all pre-hearing requirements under the procedural framework and timetable endorsed by the Arbitral Tribunal.

24. Dividend

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

25. Earnings Per Ordinary Share

	Individual 3 months ended 30th June 2023		Cumulative 3 months ended 30th June 2023	
	30th June 2022		30th June 2022	
(a) Basic earnings per ordinary share				
Earnings attributable to owners of the Company for the period (RM'000)				
- continuing operations	9,711	2,070	9,711	2,070
Weighted average number of ordinary shares ('000) at end of period	3,262,910	3,262,910	3,262,910	3,262,910
Basic earnings per ordinary share (Sen)				
- continuing operations	0.30	0.06	0.30	0.06
(b) Diluted earnings per ordinary share				
Earnings attributable to owners of the Company for the period (RM'000)				
- continuing operations	9,711	2,070	9,711	2,070
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000) at end of period	3,262,910	3,262,910	3,262,910	3,262,910
Diluted earnings per ordinary share (Sen)				
- continuing operations	0.30	0.06	0.30	0.06

26. 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.

27. Profit before taxation

	Individual 3 months ended 30th June 2023 RM'000	Cumulative 3 months ended 30th June 2023 RM'000
Profit before taxation is arrived at after charging:		
<i>Continuing operations</i>		
- Amortisation of intangible assets, right of use assets and depreciation of property, plant and equipment	1,936	1,936
- Foreign currency exchange loss - net	854	854
	<hr/>	<hr/>

28. Other income

	Individual 3 months ended 30th June 2023 RM'000	Cumulative 3 months ended 30th June 2023 RM'000
<i>Continuing operations</i>		
- Interest income	804	804
- Others	41	41
	<hr/>	<hr/>
	845	845
	<hr/>	<hr/>

29. Cash and short-term deposits

	As at 30th June 2023 RM'000	As at 31st March 2023 RM'000
Cash and bank balances	24,109	17,311
Short-term deposits placed with licensed banks	80,763	74,669
	<hr/>	<hr/>
	104,872	91,980
	<hr/>	<hr/>

Included in cash and bank balances and short-term deposits placed with licensed banks is an amount of RM14,598,325 (As at 31 March 2023: RM14,485,825) pledged to licensed banks for credit facilities granted to the Group.

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

The company had on 10 Feb 2023 entered into a Shares Sale Agreement with Tass Tech Technologies Sdn. Bhd, a company incorporated in Malaysia, for the disposal of 80% equity interest in a wholly-owned subsidiary, namely IRIS Information Technology Systems Sdn Bhd (“IITS”) for a total cash consideration of RM70,000,000-00 only (“Disposal Consideration”).

The Proposed Disposal is expected to be completed in May 2024 upon full settlement of Disposal Consideration.

In accordance with MFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities related to IITS has been presented as held for sale and is disclosed as per below:

	As at 30th June 2023 RM'000
<i>Assets of a disposal group classified as held for sale</i>	
Property, plant and equipment & right-of-use assets	3,659
Contract assets	107,448
Other current assets	1,884
Cash and bank balances *	22,572
	<hr/> 135,563 <hr/>
<i>Liabilities of a disposal group classified as held for sale</i>	
Trade payables, other payables and accruals	(64,016)
Contract liabilities	(12)
Lease liabilities	(2,224)
	<hr/> (66,252) <hr/>

* Included in cash and bank balances is an amount of RM16,239,908 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 30 August 2023.