

IRIS  
CORPORATION  
BERHAD  
(302232-X)  
**2013**  
**ANNUAL**  
**REPORT**

# Cultivating Collaboration Delivering more value

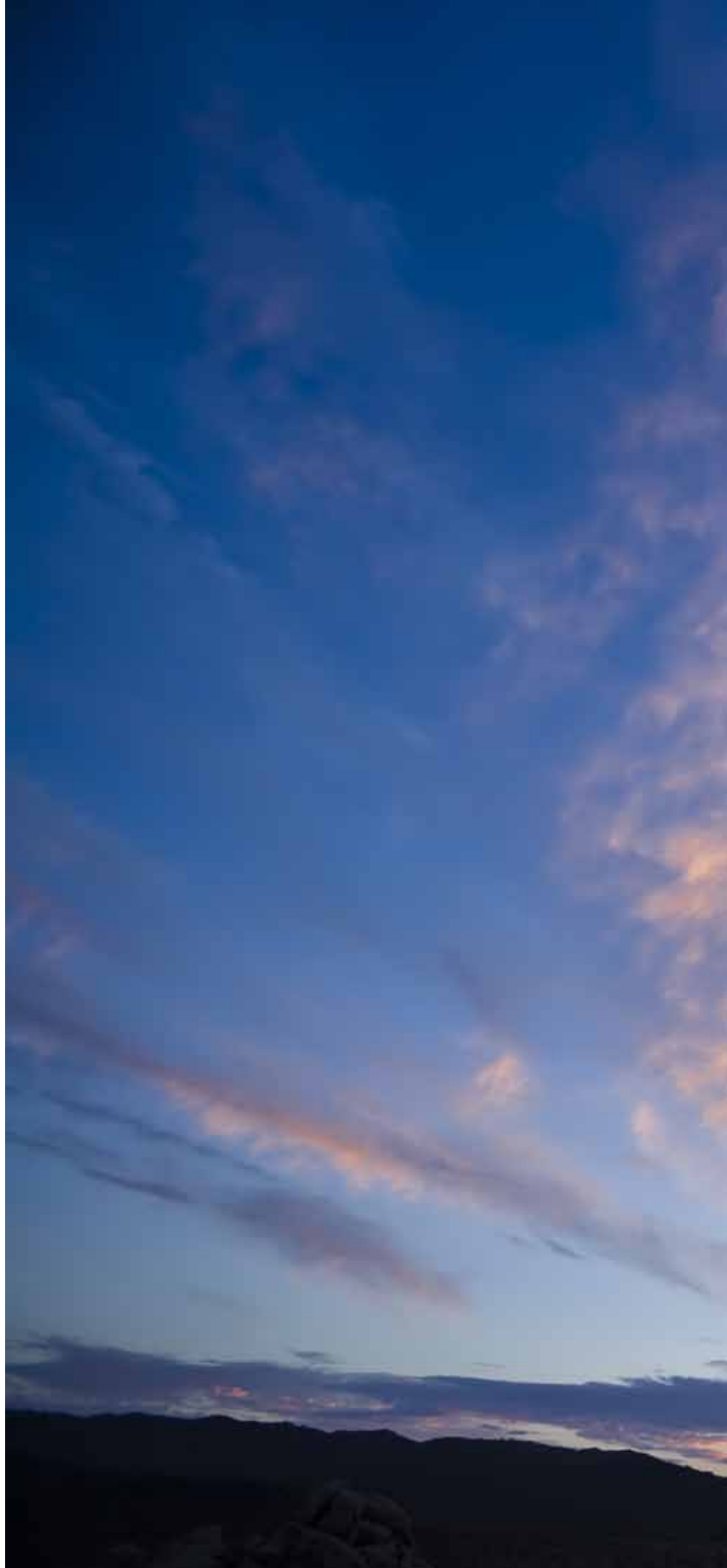


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## PROXY FORM





# 20 years of creating sustainable value and the journey goes on...

## **“Cultivating collaboration, Delivering more value”**

is the theme of our 2013 annual report – and one of the main themes underlying how we conduct business. As we expand our market presence and pursue attractive growth opportunities throughout the world, we are committed to sustaining our focus on operational excellence, disciplined cost and asset management, and unparalleled customer service. We intend to do all these better while remaining grounded in bedrock values such as innovation and integrity that have shaped our character and sustained our success for two decades.

We not only encourage innovation, we also cultivate collaborative work cultures on various levels – bringing together the best in technologies to create new solutions and bringing together the finest and brightest individuals to build a solid workforce.

IRIS' future rests on a foundation of enduring principles, regardless of the scope of our aspirations or the scale of our achievements. Our core values – passion, assertion, genuineness, innovation and compassion – have sustained the loyalty of our customers and are a source of inspiration for hundreds of talented employees, faithful partners and trusted suppliers. These values also have supported our solid business performance that has resulted in strong revenues over many years. As IRIS continues expanding, we reaffirm our dedication to our values and recognise their vital role in our continuing journey of success.





*BHUTAN COUNTRYSIDE*



#### DELIVERING MORE VALUE

## Bhutan: Kingdom in the Clouds

3<sup>rd</sup> GENERATION CITIZENSHIP IDENTITY (CID) CARD,  
480,000 HIGHLY-DURABLE ID CARDS, POLYCARBONATE LASER-  
ENGRAVED & CARRYING NEWEST SECURITY FEATURES

While most of mountainous Bhutan's sacred temples, dazzling rice fields, and villages remain unchanged by time, the forward-looking Royal Government of Bhutan began rolling out the nation's 3<sup>rd</sup> generation citizenship identity card mid-2012. Bhutan chose to use highly-secure polycarbonate laser-engraved ID cards armed with an assortment of world-class security features including rainbow effect printing, Guilloche, hologram, UV image, 2D barcode biometrics and more.

IRIS, with proven smart card manufacturing expertise, demonstrated ability to deliver within highly ambitious schedules, and long-established presence as the Trusted Identification solutions provider, was selected by the Department of Civil Registration and Census of the Ministry of Home and Cultural Affairs to manufacture and deploy 480,000 CIDs.

IRIS' highly durable polycarbonate card and field proven contactless chip technology, laser-engraving personalisation equipment, secure document lifecycle management systems and software were selected to complete Bhutan's virtually tamper proof eID system.



**DELIVERING MORE VALUE**

# **Syarikat Prasarana Negara Berhad (Prasarana) Automatic Fare Collection (AFC)**



**RM178.3 MILLION AFC CONTRACT, ELECTRONIC TICKETING MACHINES (ETM9000), TICKET VENDING MACHINES (TVM), AUTOMATIC CONTROL GATES (ACG)**

Prasarana, the wholly-owned Government Company mandated to transform Malaysia's public transport system, operates three rail networks Light Rail Transit (LRT) and KL Monorail, and the bus services of RapidKL, RapidPenang and RapidKuantan. In early 2012, all three rail networks were unified with the introduction of a new RM178.3 million automatic fare collection (AFC) system, MyRapid card.

Currently, daily ridership for the three rail services stands at 420,000 and plans are underway to increase that to over half a million and beyond via the Government's RM10 billion plan to expand Kuala Lumpur's public transport network. Prasarana recently awarded INDRA-IRIS AFC Consortium a new RM57.6 million contract to supply additional AFC systems equipment – including 350 units ETM 9000 and supporting TVMs & ACGs.

**IRIS TICKET VENDING MACHINES**









DELIVERING MORE VALUE



# Money Back Guarantee Fruit Shops Premium Fresh Fruit Retail

SUPERIOR QUALITY GOLDEN MELONS AND ROCK MELONS,  
CONSISTENT YIELDS OF COMMERCIAL SIZED, 16°BRIX FRUIT,  
FARMED ENTIRELY USING IRIS AUTOPOT SYSTEMS

Everyday Fresh! That is one promise that MBG never fails to deliver. Originally a single fruit stall, today MBG has 20 outlets throughout Klang Valley, serving over 4 million satisfied customers per year. MBG stands for Money Back Guarantee. Every customer gets the best fruits from MBG.

For over 5 years, IRIS has been supplying top grade, 16°Brix (sweetness) golden melons and rock melons to MBG. We continually work with MBG to deliver on their “Everyday Fresh” and “Money Back Guarantee” promises. Together with MBG, we aim to provide healthy fruits for a healthy society.

*GOLDEN MELONS GROWN IN IRIS AUTOPOT SYSTEMS*



**DELIVERING MORE VALUE**

# **Provincial Electricity Authority (PEA) Thailand**

## **Waste-to-Energy Incineration Plant, Phuket**



**CONVERTING UP TO 700 TONNES OF WASTE DAILY, GROSS  
POWER GENERATION OF 10 MEGAWATTS (MW), CONTRIBUTING  
8MW TO THE ISLAND'S GRID**

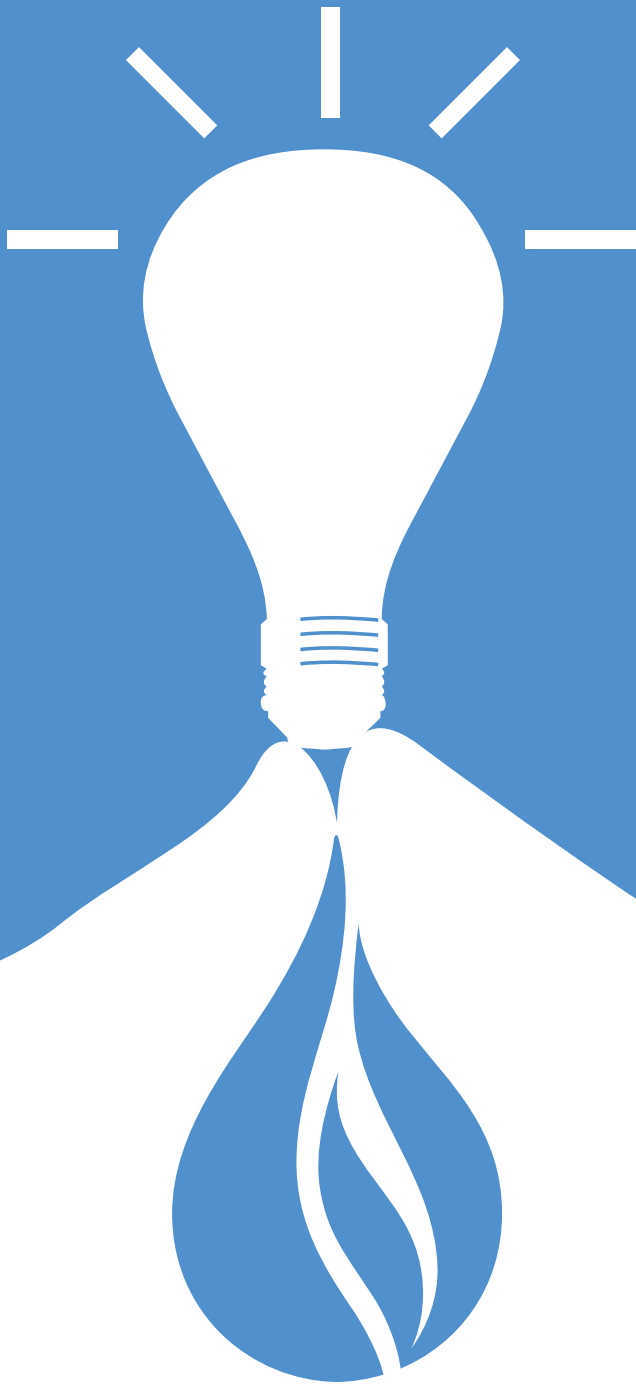
Long touted as Thailand's number one island destination, Phuket lures visitors from all over the world with its sun drenched beaches, lush mountains, and pristine islands. To safeguard Phuket's natural environments, authorities there have committed to incorporating cleaner and greener alternatives to the island's waste disposal system.

In 2012, Phuket's municipality chose IRIS' unit PJT to invest, design, construct and manage the 14,400 sq ft Municipal Solid Waste to Energy Power Plant for 15 years on a build-operate-transfer concession. The plant was commissioned in November 2012, creating 100 new jobs and incinerating 700 tonnes of municipal solid waste daily.

Diversion of 19 provincial units' municipal solid waste to the waste-to-energy facility has reduced the city's dependence on its landfill. Waste is incinerated 24/7, generating up to 10MW of electricity and supplying 8MW to the grid – sold to the Provincial Electricity Authority (PEA) under their VSPP (Very Small Power Producer) programme.

***PHUKET MUNICIPAL WASTE-TO-ENERGY INCINERATION PLANT***







3 STOREY GUEST COTTAGES

#### DELIVERING MORE VALUE

## Ambong Ambong Langkawi Hillside Rainforest Retreat



TRIPLE STOREY GUEST COTTAGES ENTIRELY BUILT USING  
IRIS KOTO INDUSTRIALISED BUILDING SYSTEM, NO PILE, FAST  
CONSTRUCTION ON STEEP TERRAIN

Nestled on a steep hill amidst a tropical rainforest stands Ambong Ambong Rainforest Retreat. Secluded without being isolated, this Langkawi Island hideaway, is favoured by guests and visitors as an idyllic place to relax and let time drift by. Each of its luxurious, well-appointed guest cottage offers sweeping vistas of the Andaman Sea, verdant rainforests and the dominating Machincang Mountain Range. The retreat currently has 8 private cottages constructed using IRIS KOTO IBS. Some are single storey studio units while others are triple storey 2 bedroom living spaces.

Despite being constructed on an intensely tight time frame, and on extremely steep terrain, IRIS managed to preserve most of the trees on the property thanks to the immense flexibility of the building materials. IRIS KOTO IBS' lightweight properties and design versatility are incomparable. Had conventional materials been specified for the construction, the project would have had to compromise on completion time and impact on the natural environment.







**DELIVERING MORE VALUE**



# **Federal Land Development Authority (FELDA)**

## **Sentuhan Kasih Project**

**EMPOWERING FELDA'S NEW GENERATION, IRIS KOTO IBS HOMES WITH MODERN AMENITIES, SUSTAINABLE AGRO-BASED ACTIVITIES & ECONOMIC DEVELOPMENT**

In fulfilling its vision and mission, world's largest plantation operator, FELDA, is establishing Sentuhan Kasih FELDA projects across its schemes with aims to empower its New Generation and to create model, sustainable rural communities.

These integrated rural development programs combine special incentive Home Ownership Schemes and agro-based Economic Development and agro-based downstream activities. All these help to provide new opportunities for FELDA's New Generation, equipping them to be innovative in the face of an increasingly competitive world. Sentuhan Kasih FELDA implementations, though located in rural areas, are outfitted with modern amenities, urban infrastructure and supporting facilities.

The Prime Minister's vision is for FELDA's New Generation to become more successful than their parents. Sentuhan Kasih FELDA projects aim to play a major role in producing a knowledgeable, technology savvy and innovative new generation while reducing urban migration and elevating human capital development and enhancing community integration.

***SINGLE STOREY DETACHED HOUSE IN SENTUHAN KASIH FELDA TENGGAROH 3***



## CORPORATE PROFILE

IRIS Corporation Berhad, an MSC-status company, incorporated and headquartered in Kuala Lumpur, Malaysia, has been envisioning a sustainable future for all since its inception in 1994. In 2002, we debuted on the ACE market of Bursa Malaysia - a clear demonstration of our capabilities and pioneering breakthroughs in ePassport and eID which revolutionised trusted identification.

We are passionate about developing creative, robust solutions that aim to add trust, simplicity and value to a portfolio of growing clients with diverse needs and concerns around the world. To fulfil our vision of a sustainable future, we have embarked on a journey to discover, develop and deploy a portfolio of products and solutions that will create value for all.

Everyday, we actively collaborate with governments, business and industry; providing innovations and comprehensive solutions for secure payments, financial services, transportation, waste management, renewable energy, industrialised building solutions, food security, agriculture and sustainable property development - enriching lives and changing the world for the better.

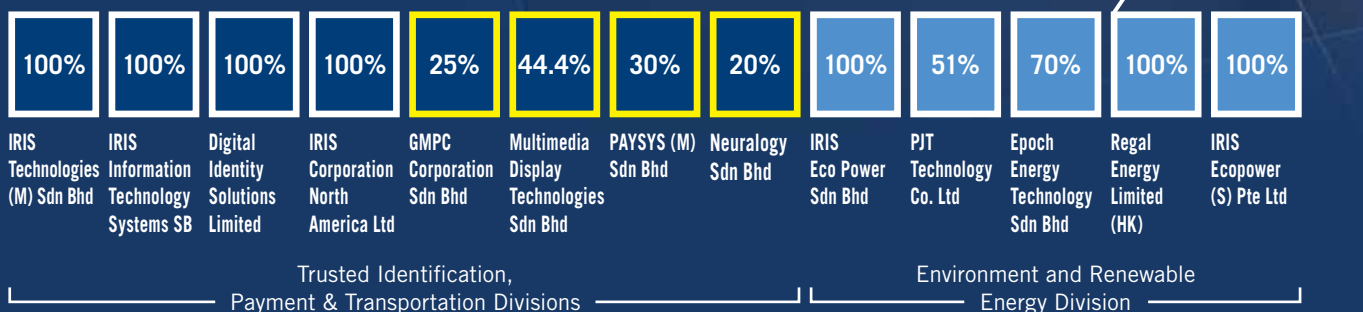


### NORTH AMERICA

Bahamas  
Canada

## CORPORATE STRUCTURE

- Subsidiaries of IRIS Group  
 Associate companies of IRIS Group



**GLOBAL PRESENCE****20 NATIONS**

Provided Trusted Identity solutions to 20 countries across various continents

**64 MILLION**

As of June 2013, we have delivered more than 64 Million pieces of eID and/or Card-based driving licenses

**63.3 MILLION**

As at June 2013, we have delivered more than 63.3 Million pieces of ePassport and/or Inlay to 13 countries

**180,590**

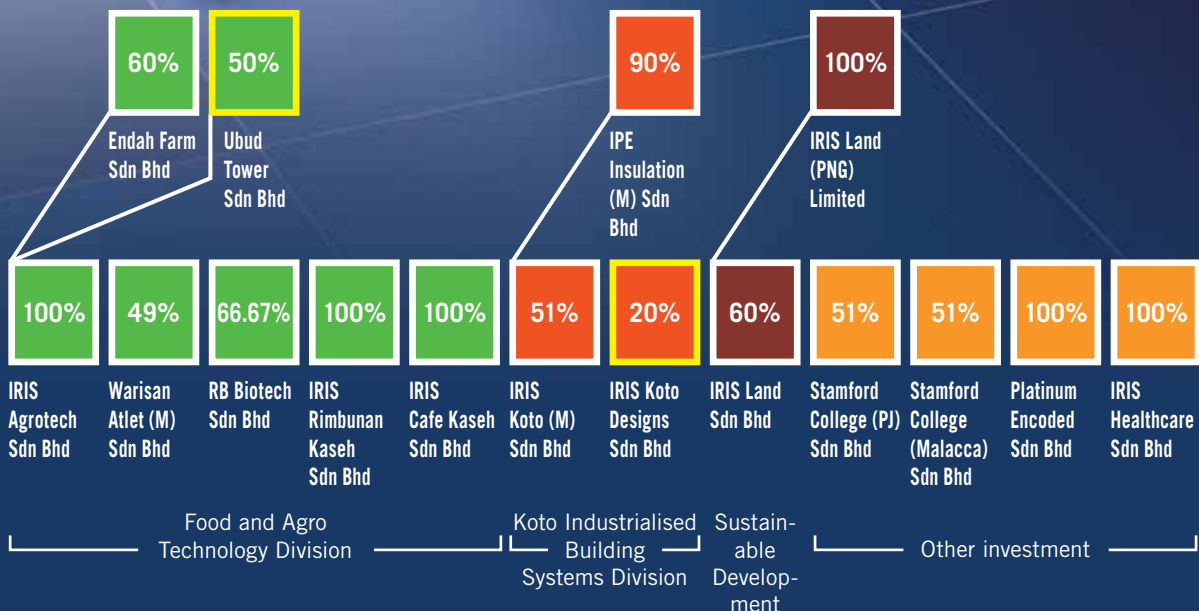
180,590 contact/contactless card readers sold to 28 countries

**EUROPE, MIDDLE EAST & AFRICA**

Afghanistan  
Bahrain  
Egypt  
Italy  
Nigeria  
Senegal  
Somalia  
Tanzania  
Turkey

**ASIA PACIFIC**

Bangladesh  
Bhutan  
Cambodia  
Malaysia  
Maldives  
Myanmar  
New Zealand  
South Korea  
Thailand



## CHAIRMAN'S STATEMENT

**Dear Shareholders,**

**"I am delighted to report that 2013 was our eighth consecutive year of profitable and rapid growth."**

IRIS Corporation Berhad ("IRIS") continued to achieve steady financial performance in financial year 2013 with top-line growth of 30.8% year-on-year, against a backdrop of broadly flat industry revenues as reported by industry analysts. This is our eighth successive year of profitable and rapid growth. We have continued to deliver consistent value for our shareholders, and IRIS remains a growth story.

We know that we will be held to our brand promise, Bringing Solutions to Life, and continue to work hard to embed this commitment in everything we do. 20 years on, after incorporation, we are not pretending we will get everything right, but Bringing Solutions to Life means we are trying to develop a seamless set of solutions across a wide range of platforms to continuously help our stakeholders – our clients (Governments and their citizens) and the communities in which we operate to improve the way they work and live.

As IRIS envisions a sustainable future for all, we fulfill this vision by embarking on a journey to discover, develop and deploy a portfolio of products and solutions that will enrich lives and change the world for the better. We are also leveraging on the strengths of our traditional, core business to make significant strides towards becoming a Global IT Conglomerate.

One major accolade received by IRIS in 2013 was being honoured among the elite for demonstrating excellence and leadership in the IT Systems Integration Sector at the 3rd Global Leadership Awards. The award has top endorsement from The American Leadership Development Association (ALDA).



*RIGHT:*  
*IRIS EG3000 eGATES - BORDER CONTROL AT KUALA LUMPUR INTERNATIONAL AIRPORT*

*FAR RIGHT:*  
*IRIS ST5 SERIES - RUGGEDISED SMART HANDHELD READERS*





## Group Results

The previous financial period was recorded over a 15-month period from 1 January 2011 to 31 March 2012 arising from the change of the Company's financial year from 31 December to 31 March. There is no basis for comparison this year as it was a one-off anomaly resulting from the change in the financial year-end ("FYE").

For the 12-month period ended 31 March 2013, IRIS once again delivered commendable results, achieving revenue of RM537.1 million, mainly sustained by demand for Trusted Identification and implementations of sustainable rural development programmes for the Malaysian Government.

The Group's performance was particularly strong in overseas markets with 12 months overseas revenue increasing to RM304.06 million compared to RM199.34 million over 12 months as registered in the comparable period in FY2012. Growth was driven by strong demand from existing contracts such as the Tanzanian eID project, Turkish ePassport Inlay project, Nigerian ePassport project, Thai ePassport project, Egyptian ID project, Canadian driving license project, Bangladeshi MRP passport project and assembly of card personalisation machines for a US based company. In addition, the completion of the Phuket waste-to-energy incinerator plant also helped to contribute extra overseas income for the Group.

A year ago, I reported that the Group pledged total commitment to Rimbunan Kaseh Projects which support the Government Transformation Programme (GTP) agenda. These projects specifically addressed National Key Result Areas (NKRA) such as Raising Living Standards of Low-Income Households and Improving Rural Basic Infrastructure. Resulting from the success of Rimbunan Kaseh, the Group managed to secure a similarly themed rural development programme known as the Sentuhan Kasih FELDA (Federal Land Development Authority) Project. Revenue generated in FY 2013 totalled RM66.04 million.

Domestic revenue from traditional, core business continues to provide us with a steady base of recurring income. In FY 2013, we completed the implementation of Malaysia's ICAO compliant ePassport project and started implementation of Urban Transformation Centre (UTC) in various states for the Malaysian Government. Recognised revenue from the domestic market stood at RM166.97 million over 12 months whereas

the recognised revenue over 12 months registered in the comparable period in FY 2012 stood at RM211.39 million. Revenue attrition was mainly due to lower delivery of ID cards in FY 2013 as well as a delay in revenue recognition from the Automated Fare Collection ("AFC") Project which is expected to be captured in FY 2014.

Although, the Group achieved new benchmarks in revenue generation, it also incurred greater operating costs in various new business divisions including startup costs in IRIS KOTO IBS manufacturing facilities, expansions in the Agrotech team and ongoing R&D programmes in both Trusted Identification and Food & Agro Technology divisions to develop and test new solutions. The Management believes that these efforts will result in lower operating costs. As a direct result of higher operating costs, IRIS recorded a lower Profit before Tax of RM34.0 million and Profit after tax of RM18.4 million in this financial year, representing a decrease of 26.2% and 46.4% respectively as compared to the previous comparable period from 1 April 2011 to 31 March 2012. Consequently, profit attributable to shareholders contracted to RM20.3 million, translating to diluted earnings per share of 1.20 sen.

IRIS' portfolio of growing business units has the Company well positioned for financial year 2014. With our profitable traditional, core business – Trusted Identification and Payment & Transportation divisions, we are creating strong cash flow to invest in our growth businesses. These investments generate additional differentiation for IRIS, particularly to our main group of customers – Governments. Our new business within our Food & Agro Technology, Environment & Renewable Energy, IRIS KOTO IBS and Sustainable Development divisions are proactively serving Governments and enriching the lives of citizens by providing solutions for food security, renewable and sustainable energy sources, as well as affordable and environmentally friendly housing.





**CHAIRMAN'S STATEMENT** *cont'd***Corporate Developments**

Corporate proposals reported during the financial year under review were:-

**1. Acquisition of the paid-up share capital of Weinan IRIS Envirowerks Zhouji Renewable Resources Co., Ltd ("Weinan")**

Regal Energy Limited, a wholly-owned subsidiary of the Company, had, on July 2013, completed the subscription of the paid-up share capital of Weinan for a total cash consideration of RMB24,960,000 (equivalent to RM12,496,000), which represents a 65% equity interest in Weinan. Consequently Weinan became a subsidiary of the Company.

Weinan was a dormant company during the acquisition and its intended principal activity is to operate and maintain a food waste-to-fertilizer plant.

**2. Incorporation of a new wholly-owned subsidiary company known as Digital Identity Solutions Limited, a company incorporated in Dhaka, Bangladesh**

The Company had on 27<sup>th</sup> August 2012 incorporated a wholly-owned subsidiary company known as Digital Identity Solutions Limited ("DISL") in Dhaka, Bangladesh, with an initial paid-up share capital of 10,000 ordinary shares of TK100 each for a total value of TK1,000,000 (equivalent to RM38,000).



*IRIS DLC300XCX INTELLIGENT DESKTOP MARKER - FOR  
DECENTRALISED PERSONALISATION OF SECURE IDs*

**3. Acquisition of the issued and paid-up share capital of IRIS Ecopower (S) Pte. Ltd.**

The Company had on 6<sup>th</sup> September 2012 acquired 100 ordinary shares of Singapore Dollars ("SGD") 1.00 each, which represents 100% of the equity interest of IRIS ECOPOWER(S) PTE. LTD. ("IESL") for a total cash consideration of SGD100.00. Consequently IESL hereby became a new wholly-owned subsidiary of the Company.

**4. Acquisition of the issued and paid-up share capital of Neuralogy Sdn Bhd**

The Company had on 9<sup>th</sup> September 2012 acquired 200,000 ordinary shares of RM1.00 each in Neuralogy Sdn Bhd, representing 20% of its issued and paid-up share capital for a total cash consideration of RM500,000.

**5. Acquisition of the additional issued and paid-up share capital of RB Biotech Sdn Bhd ("RB Biotech")**

The Company had on 3<sup>rd</sup> October 2012 completed the acquisition for an additional 1,000,000 ordinary shares of RM1/- each of RB Biotech for a total cash consideration of RM1,000,000.

RB Biotech was previously an associate company of the Company, of which the Company holds a 50% equity interest. Following the above additional acquisition, the Company now owned 66.67% of the equity interests of RB Biotech and RB Biotech became a subsidiary of the Company.

**6. Acquisition of the issued and paid-up share capital of Stamford College (PJ) Sdn Bhd and Stamford College (Malacca) Sdn Bhd**

The Company had on 4<sup>th</sup> October 2012 entered into an agreement to acquire:

- i) 1,389,846 ordinary shares of RM1.00 each in Stamford College (PJ) Sdn Bhd (SCPJ) representing 51% equity interest in SCPJ; and
- ii) 382,500 ordinary shares of RM1.00 each in Stamford College (Malacca) Sdn Bhd (SCM) representing 51% equity interest in SCM

Total cash consideration for both the above companies' acquisition was RM2,500,000. However, the above acquisitions are in dispute and is currently under litigation as disclosed in Note 50(a)(iii).

**7. Acquisition of paid-up share capital of IRIS Land (PNG) Limited**

IRIS Land Sdn Bhd, a subsidiary of the Company, had on 5<sup>th</sup> February 2013 acquired 1,000 ordinary shares of Papua New Guinea Kina ("Kina") 1.00 each in IRIS Land (PNG) Limited, representing a 100% equity interest of IRIS Land (PNG) Limited for a total cash consideration of Kina1,000 (equivalent to RM1,453). IRIS Land (PNG) Limited hereby became a subsidiary of the Company.

**8. Acquisition of the issued and paid-up share capital of IRIS Koto Designs Sdn Bhd (formerly known as Solar Hub Sdn Bhd)**

The Company had on 8<sup>th</sup> February 2013 acquired 2,000 ordinary shares of RM1.00 each in IRIS Koto Designs Sdn Bhd (formerly known as Solar Hub Sdn Bhd), representing a 20% equity interest for a total cash consideration of RM1.

**9. Acquisition of the issued and paid-up share capital of IRIS Cafe Kaseh Sdn Bhd (formerly known as Aspirasi Hartajaya Sdn Bhd)**

The Company had on 14<sup>th</sup> March 2013 acquired 2 ordinary shares of RM1.00 each representing a 100% equity interest of IRIS Cafe Kaseh Sdn Bhd (formerly known as Aspirasi Hartajaya Sdn Bhd) for a total cash consideration of RM2.00.

IRIS Cafe Kaseh is to carry out business to operate and manage cafes, cafe outlets and restaurants.

**10. Acquisition of the issued and paid-up share capital of Platinum Encoded Sdn Bhd**

The Company had on 11<sup>th</sup> April 2013 acquired 2 ordinary shares of RM1.00 each representing a 100% equity interest in Platinum Encoded Sdn Bhd for a total cash consideration of RM2.00.

Platinum Encoded is currently dormant and its intended business activity is to be an investment holding company for all educational business undertaken by ICB's subsidiaries.



TOP:  
IRIS ACG1000 - TRANSIT eGATES

BOTTOM:  
CAFE KASEH - SETIAWALK, PUCHONG

FAR BOTTOM:  
PHUKET MSW POWER PLANT - CAPACITY 700TPD, 10MW



## CHAIRMAN'S STATEMENT *cont'd*

### AWARDS AND RECOGNITION

IRIS received several awards and recognition for our performance in FY2013 with four recognised bench-marking awards at the corporate level and IT segment as highlighted below:

- a) Prime Minister's CSR Award 2011 for Community & Social Welfare
- b) Global Leadership Award 2013 for excellence in the IT System Integration sector
- c) Malaysia Ministry of Human Resources' 1Malaysia Employer Award – Large Company Category
- d) Malaysia Ministry of Human Resources' Globally Competitive Employer Award

### DIVIDEND

After taking into account the funding requirements for existing and new businesses, the Board is pleased to recommend the payment of a first and final tax-exempt dividend of 0.45 sen per share. The proposed dividend payment is subject to shareholders' approval at the forthcoming Annual General Meeting.

### THE BOARD

En. Rizal Faris Bin Mohideen Abdul Kader has vacated his Board seat during the year. The Board would like to record its appreciation for the invaluable contributions of En. Rizal during his tenure with the Group.

### SPECIAL THANKS

In summary, 2013 was another year of fine performance for the Group, thanks to a consistent strategy, a dedicated management team, supportive clients, customers, steadfast partners and shareholders, and, above all, our committed staff. The Board remains confident of sustained performance for the year ahead.

On behalf of the Board, I would like to convey my heartfelt gratitude and appreciation to all stakeholders for their continued support and confidence in IRIS.

### TAN SRI RAZALI BIN ISMAIL

Chairman

*BOTTOM:  
PANORAMIC VIEW – DESA RIMBUNAN KASEH, DAERAH LIPIS,  
PAHANG*

*BOTTOM RIGHT:  
IRIS TRUSTED IDENTIFICATION - COMPLETE SUITES OF SOLUTIONS*



## OPERATIONS REVIEW



The development of increasingly sophisticated technologies has led to the growing diversity of information systems. Most people now have, at the very least, technology to facilitate social communication. But, as it turns out, there are now information systems that not only facilitate relationships between individuals, these systems also facilitate relationships between governments and their citizens. With the electronic highway being used increasingly for communication, Governments and citizens also have a growing need for highly reliable digital identity systems.

*\* KEESING JOURNAL OF DOCUMENTS & IDENTITY IS AN AUTHORITATIVE MAGAZINE FOR PROFESSIONALS ACTIVE IN THE DOCUMENT SECURITY AND IDENTITY VERIFICATION SECTORS*

Air traffic volume and traveller numbers are expected to grow substantially in the coming years due to globalisation and the relative ease of travel. Border control authorities, airports and airline operators are looking at ways to cope with these growing numbers. Travellers on the other hand wish to cross borders without hassle and in the shortest possible time while simultaneously expecting maximum border security and safer air travel.

eIDs and ePassports are perhaps the most visible facets of any Government's foray into digital technology and the most significant milestone in eGovernment initiatives. According to the Keesing Journal\*, approximately 400 million ePassports have been issued since 2005 and 97 countries have issued ePassports as at December 2012. Approximately 20 countries plan to introduce ePassport by the end of 2013. Given this scenario, Trusted Identification is expected to substantially impact the future of national and international identification. This sector appears unaffected by the current economic slowdown. An obvious advantage is that infrastructure for ePassport systems can be gradually set up or leveraged by other government eID projects, enabling optimal exploitation of the system. At times of escalating threats, ePassports afford an elaborate and secured system, fueling growth in this segment.

Governments of many countries are increasingly seeking Trusted Identification providers who offer a full range of reliable solutions, and are demanding more value from their technology. These governments want highly interoperable systems that not only work well within existing Government systems, but also operate internationally, allow maximum security, cost effective, and simplify the way Government officers get work done – or a combination of all four.





## OPERATIONS REVIEW *cont'd*

As an established vendor with 20 years of proven experience and expertise covering the complete Trusted Identification life cycle, IRIS is very well-qualified to provide Governments with robust end-to-end solutions for eID and ePassport, including eID and ePassport production, systems integration, enrolment, personalisation, issuance, border control, etc. IRIS is widely recognised within the industry as a reliable total solutions provider and also as one of a few companies with the capability and technical resources to support large scale Trusted Identification implementations. This diverse experience is an important competitive differentiator as Governments move towards fully integrated identification systems where information is securely shared electronically across an entire eGovernment system.

Reflecting on our successes as a Trusted Identification Solutions Provider, the division again achieved encouraging year-on-year growth with total revenue amounting to RM409.4 million in FY 2013 as compared to the 12-month comparative revenue of RM406.7 million recorded in FY 2012. The growth was mainly driven by strong demand from overseas projects. Besides new orders from overseas customers amounting to USD31 million secured during FY 2013, we are able to extend our products range and services to existing customers, including:-

- Tanzania eID system additional orders amounting to USD20.3 million
- Bangladesh MRP Passport Project additional orders amounting to USD8.2 million

Recognising emerging areas of opportunity in the African and Asia Pacific regions, several countries in these regions are moving towards adopting ePassport and eID systems in the coming year. In FY 2013, 55% of our overseas revenue was generated from projects in African countries where we are the leading provider of Trusted ID solutions. Tanzania is the latest African country to introduce eID to its citizens. According to the African

Government, besides preventing voter fraud ahead of its 2015 general elections, the new eID implementation will aid in the effort to widen the country's tax base and increase revenue, leading to lesser dependence on the donor community which stands today at 40 percent of the national budget. The Tanzania eID system is one of the most robust ID systems in an African country and we are fully committed to provide the best expertise to achieve the Government's eID objectives.

On the Domestic front, stable demand for the Malaysian ePassport and the maintenance for Autogates & Personalisation machines continue to provide a steady base of recurring income. In FY 2013, we also completed the implementation of Malaysia ePassport ICAO compliance project and started the implementation of Urban Transformation Centres (UTC) in various states for the Malaysian Government. UTC, another initiative under the National Blue Ocean Strategy, houses various government departments and agencies as well as private and non-governmental organisations, and provides various services under one roof for the convenience of the people.

As we look to 2014 and beyond, we believe that increasing requirements of eGovernment trends, demands for safer air travel and reliable personal identification will drive significant opportunities for growth. We are uniquely suited for these tasks. Among our many assets, we are known for and continue to invest in three indisputable strengths: our brand, our global presence and our renowned innovative spirit. By leveraging these three pillars, we are expanding into more markets and creating more value based offerings for our clients through proven technology and services.



**RIGHT:**  
**IRIS EPASSPORT - MULTIPLE SECURITY FEATURES**

**MIDDLE RIGHT:**  
**IRIS SECURE SMARTCARDS - STORED VALUE CARDS**

**FAR RIGHT:**  
**IRIS SECURE SMARTCARDS - BANK CARDS**



To extend usage of our core technology, we introduced various systems that help businesses perform more than just transactions. Payment and public transportation systems are vital backbones of modern society and everyday life. Both provide mobility for business and economy, and connect people.

For FY 2013, the Payment and Transportation Division recorded a revenue of RM16.3 million. Revenue attrition when compared with FY 2012, was mainly due to a delay in revenue recognition for the Automated Fare Collection (AFC) Project which is expected to be captured only in year 2014. Looking ahead, we are very confident that the division can capitalise on visible growth trends in the payment and transportation segments due to the increase in banking and payment transactions as well as the introduction of new public transportation systems by the Malaysian Government.

To enhance Urban Public Transport around the country, State-owned Syarikat Prasarana Negara Berhad (SPNB) is in the process of expanding enhanced bus services in several states. SPNB via Rapid Bus Sdn Bhd currently operates bus networks in Pahang, Penang and the Klang Valley. In December 2012, the Pahang Government launched RapidKuantan enhanced bus transport services in Kuantan to provide more efficient bus transport to a 500,000 strong population. RapidKuantan currently services a total of 12 routes around the capital city. On 1 March 2013, we received a letter of award from SPNB to supply Bus Electronic Ticketing Machines and IT systems for the Rapid Kuantan Project.

In addition, on 17 May 2013, INDRA-IRIS AFC Consortium, a consortium formed by Indra Sistemas S. A. and IRIS Information Technology Systems Sdn Bhd, was awarded a new contract from SPNB for additional AFC system equipment amounting to RM57.6 million with completion expected within 18 months from the date of the letter of award.





## OPERATIONS REVIEW *cont'd*

In the past four years, Malaysia has recorded the highest growth in the region in terms of debit card spending, with a 50% increase year-on-year, outstripping its Southeast Asian neighbours. The country is undergoing a debit card revolution as more people usage their debit cards for everyday purchases. The drastic rise in debit card usage is a sure sign of strong progress which is in line with the Government's drive to migrate Malaysians to electronic payment platforms, and also in line with ETP initiatives for the creation of an integrated payment eco-system.

With IRIS being an experienced manufacturer of Integrated Circuit (IC) payment cards and EuroPay Mastercard Visa (EMV) certified to personalise both credit and debit cards for the banking sector, the Division stands in good position to secure more payment and financial services projects in the coming years. We are proud to announce that the division has been awarded with another payment card project amounting to RM12.6 million from Maybank, the country's largest bank in June 2012. The division is currently supplying payment cards to major financial institutions including Bank Simpanan Nasional, Citibank and HSBC, as well as loyalty cards to Genting Berhad.

We have the technology and services to take on all our customers' essential requirements for electronic payment systems. More importantly, we have an uncompromising approach to quality assurance in all areas of our operations. Our products and services not only fulfill customer's current requirements, but will also meet and exceed their future needs.

Given the rapidly evolving nature of the technology, we strive to innovate our products and develop long term relationships with all our customers.



The Food and Agriculture Organisation of the United Nations (FAO) says that food security exists when all people at all times have both physical and economic access to sufficient, safe and nutritious food to meet their dietary needs for an active and healthy life.

Food insecurity occurs when that access is lacking, most likely due to the unavailability of food and/or inadequate purchasing power. Ensuring that enough food is available for people everywhere is a critical challenge faced by every Government.



We continue to stay the course in providing ground-breaking solutions and methods that sustainably improve food production in safer and more efficient manners. As world food production systems strain to feed increasing human populations, the IRIS Agro and Food Technology division is unrelentless in carrying out research and development to apply and transfer relevant technologies that contribute to food security efforts. The Division's noteworthy achievements include:

- IRIS AutoPot Systems – brilliantly designed, efficient and environmentally friendly container growing system which waters and feeds plants on demand in almost any environment, simplifies commercial farming, and delivers consistent crop yields of premium quality;
- IRIS Integrated Farming Methodology – a fusion of controlled environment agriculture using IRIS AutoPot Systems combined with aquaculture, orcharding and poultry cultivation (animal husbandry) and modern rice cultivation via IRIS SR12 (Sustainable Rice Improvement Innovations);
- Hybrid Paddy Seeds – implementation of an integrated programme to improve paddy productivity via development and cultivation of hybrid paddy varieties that produce higher paddy yield, consistent rice quality and are resistant to local common diseases.

Construction of modern farms and farming activities on both Rimbunan Kaseh and Sentuhan Kasih programmes, and their ensuing produce, have now emerged as significant growth contributors for the Division. In FY 2013, the Division achieved revenues of RM24 million mainly derived from the integrated projects. We expect the Division to derive further revenue from ongoing integrated rural development programmes for the coming financial year. The Division will also continue to introduce compelling sales and marketing strategies to introduce and distribute high value premium agricultural products to existing as well as new markets and channels. We anticipate positive growth for the Agro and Food Technology Division in the coming financial year.

*BOTTOM FAR LEFT:  
IRIS SMARTCARDS - CONTACT, CONTACTLESS, HYBRID, DUAL INTERFACE*

*BOTTOM LEFT:  
HYBRID RICE - SIRAJ VARIETY*

*BOTTOM:  
IRIS AUTOPOT SYSTEMS - CHERRY TOMATOES*

*BOTTOM RIGHT:  
IRIS SR12 - MODERN RICE CULTIVATION*



**OPERATIONS REVIEW** *cont'd*

IRIS is undertaking actions to create sustainable energy solutions for the future. Currently, our new renewable energy plants in Thailand and China have a total processing capability of 1,000 tonnes of municipal solid waste per day. IRIS aims to build on these waste-to-energy projects as part of its continuing efforts towards building a sustainable future.

Asia Pacific's waste-to-energy market will post substantial growth by 2015 as more countries view the technology as a sustainable alternative to landfills for disposing waste while generating clean energy. Thailand is among the first few countries in Asia to introduce incentive policies for the generation of energy (electricity) from renewable sources, leading to rapid growth. The Thai Government has set a renewable energy target of 20% by 2022.

In FY 2013, the Environment and Renewable Energy Division has completed the commissioning of its hallmark project – the Phuket Municipal Solid Waste-to-Energy Incineration Power Plant. The Plant has a processing capability of 700 tonnes of municipal solid waste per day and will be able to generate 8 megawatt of electricity to supply to the grid and for its own consumption. In the last 7 months of FY 2013, the plant contributes RM24 million revenue to the Group from tipping fees and sale of electricity. The project is operated by IRIS's 51% owned subsidiary - PJT Technologies Ltd, Thailand.

It is a well known fact that China is the leader in developing domestic renewable energy infrastructure. However, an analysis of the country's foreign investment shows that China has also made significant contributions in the development of renewable energy infrastructure around the world, particularly in developed countries. Through these investments, the Chinese have been able to obtain new technologies in recycling and renewable energy technologies.

We are proud to announce that our latest investment in China, the Food Waste-to-Fertiliser Plant in Weinan has been completed and began operations in July 2013. The investment is through IRIS's wholly owned Hong Kong subsidiary, Regal Energy Limited, which owns 65% of equity shares of the Joint Venture Company – Weinan IRIS Envirowerkz Zhouji Renewable Resources Co., Ltd. The heart of the technology involves the accelerated decomposition and transformation of organic fractions of food waste into organic fertilizer. This is achieved in 4 hours in pressurised vessels under high temperature and aided by enzymatic reactions. The organic fertilizer produced using this method is superior to chemical fertilizers in enhancing crop yields, is cost effective and provides long term benefits to the environment.

The renewable and environment industry continues to evolve rapidly. IRIS is well positioned to respond to these changes. We have another busy year ahead of us, but we are confident that we will continue to deliver positive results.





National housing has always been a challenge for governments around the world. The ever volatile construction market - where raw material costs are subject to overnight price changes, has negatively impacted affordable housing projects around the globe.

*FAR LEFT:  
FOOD WASTE PROCESSING LINE*

*FAR BOTTOM LEFT:  
WEINAN FOOD WASTE-TO-FERTILISER PLANT*

*BOTTOM:  
IRIS KOTO IBS - 4 STOREY APARTMENTS*



The IRIS KOTO Industrialised Building Systems Division offers a viable and beneficial building solution that the world needs. IRIS KOTO IBS is a high speed, fully integrated building system – with pre-fabricated lightweight panels (components) for all parts of the building, including the foundation, wall, ceiling, roofing, columns and beams. The system is also fully flexible to accommodate third party components.

Made from fire retardant, rigid cellular insulation and fibre-reinforced mineral composite, IRIS KOTO IBS panels provide great insulation for maintaining indoor temperatures. The low dead load weight and diaphragm construction of IRIS KOTO IBS components gives these system major advantages over other types of similar systems.

IRIS KOTO IBS demonstrates faster, safer, simple and better ways to build homes and structures that are both green and energy-efficient. The building system requires minimal tools and does not rely on skilled labour.

We currently operate two manufacturing plants in Malaysia; one situated in Subang, Selangor, and another in Kota Kinabalu, Sabah. Both these manufacturing plants serve West and East Malaysia, respectively. Each piece of this fully integrated, energy efficient, IBS building system, is precisely manufactured on the high-speed KOTO Processing Line, similar to what Henry Ford did for the motor vehicle industry. Each processing line has the capability to produce 300 IRIS KOTO IBS panels a week – sufficient to build, approximately, 5 affordable homes.

FY 2013 saw IRIS KOTO IBS achieving commendable operational performance, with notable achievements in manufacturing and distribution of:

- i) Over 72,800 KOTO wall panels
- ii) Over 1,400 KOTO roof and deck panels
- iii) Nearly 28,000 KOTO pods
- iv) Over 722,000 kilograms of KOTO joint paste
- v) 1.2 million kilograms of KOTO skim coat

Going forward, we continue to anticipate relatively strong growth for the division in FY 2014 as IRIS KOTO IBS reinforces its market position and undertakes initiatives to bolster operational efficiencies to deliver pipeline projects.



**OPERATIONS REVIEW** *cont'd*

In 1987, the World Commission on Environment and Development (Brundtland Commission) presented the concept of Sustainable Development in its report. Defined as “development which meets the needs of current generations without compromising the ability of future generations to meet their own needs”, the concept has helped to shape international agenda and the international community’s attitude towards integration and a balanced consideration of social, economic and environmental goals and objectives in both public and private decision-making.

IRIS Sustainable Development Division aligns its strategy with this concept and definition. With proven track record in developing and managing large scale projects around the world, we proactively advocate, promote and implement best practices in sustainable design and construction.

This Division’s mission is to sustainably uplift environmental, economic and social well-being for today and tomorrow by transforming different landscapes with creative solutions that minimise environmental impact and maximise energy efficiency. The Division’s projects include:

- i) Design and build 55 units additional classrooms and 29 units of teachers quarters in 25 rural schools in five districts (Pitas, Ranau, Keningau, Nabawan and Penampang) in Sabah – contract awarded by JKR;
- ii) Design and build 52 units modern, affordable semi-detached houses in Perlis – contract awarded by Zakat Selangor;
- iii) Design and build 76 units modern, affordable single storey houses (Phase I) for Desa Rimbunan Kaseh in Lipis, Pahang;
- iv) Design and build 100 units modern, affordable single storey houses for Taman Rimbunan Kaseh in Serkam, Melaka;
- v) Design and build 100 units modern, affordable single storey houses for Sentuhan Kasih FELDA in Mersing, Johor.

In FY 2013, IRIS successfully implemented three rural development programmes in Malaysia, these include two Rimbunan Kaseh projects, one each in Pahang and in Melaka, and one Sentuhan Kasih project in Johor. Themed ‘Making Rural Space Sustainable’, additional Rimbunan Kaseh and Sentuhan Kasih implementations are currently being negotiated across the country with short term delays resulting from the recent 2013 General Elections. We are confident that more implementations are set to take place in the coming financial year.

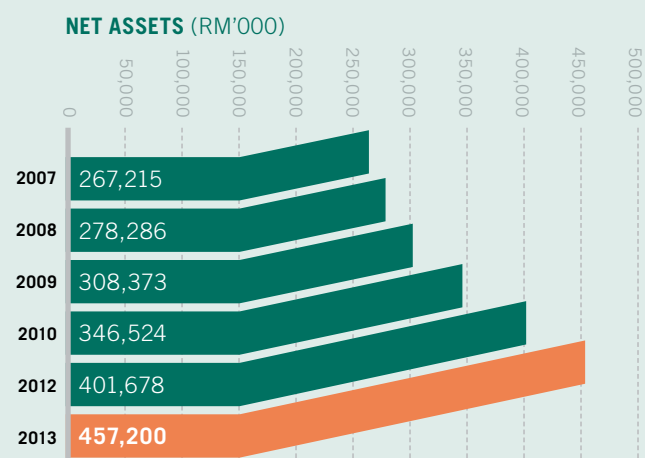
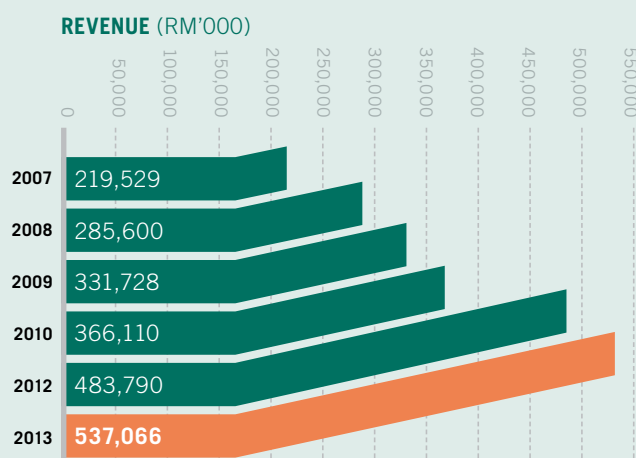
*PANORAMIC VIEW – SENTUHAN KASIH FELDA TENGGAROH 3, MERSING, JOHOR*



## GROUP FINANCIAL SUMMARY

| SUMMARY OF FINANCIAL INFORMATION                   | 2013<br>RM'000   | 2012<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
|--|------------------|----------------|----------------|----------------|----------------|----------------|
| <b>REVENUE</b>                                     | <b>537,066</b>   | 483,790        | 366,110        | 331,728        | 285,600        | 219,529        |
| <b>Profit before taxation</b>                      | <b>34,029</b>    | 58,077         | 42,587         | 30,421         | 15,838         | 5,516          |
| Profit after taxation                              | <b>18,436</b>    | 40,844         | 28,031         | 15,581         | 10,632         | 7,528          |
| Total Equity attributable to owners of the company | <b>416,059</b>   | 402,678        | 346,524        | 308,373        | 278,286        | 267,215        |
| Non-current assets                                 | <b>505,519</b>   | 313,330        | 315,257        | 275,236        | 286,166        | 292,391        |
| Current assets                                     | <b>586,441</b>   | 473,235        | 370,327        | 274,750        | 274,921        | 235,127        |
| <b>Total assets</b>                                | <b>1,091,960</b> | 786,565        | 685,584        | 549,986        | 561,087        | 527,518        |
| Current liabilities                                | <b>518,009</b>   | 295,934        | 216,896        | 197,072        | 165,877        | 119,579        |
| Non-current liabilities                            | <b>116,751</b>   | 88,953         | 122,164        | 44,541         | 116,924        | 140,724        |
| <b>Total liabilities</b>                           | <b>634,760</b>   | 384,887        | 339,060        | 241,613        | 282,801        | 260,303        |
| <b>Net assets</b>                                  | <b>457,200</b>   | 401,678        | 346,524        | 308,373        | 278,286        | 267,215        |

| KEY RATIO                        | BASIS | 2013         | 2012   | 2010   | 2009  | 2008  | 2007  |
|----------------------------------|-------|--------------|--------|--------|-------|-------|-------|
| Pre-tax profit margin            | (%)   | <b>6.34%</b> | 12.00% | 11.63% | 9.17% | 5.55% | 2.51% |
| Post-tax profit margin           | (%)   | <b>3.43%</b> | 8.44%  | 7.66%  | 4.70% | 3.72% | 3.43% |
| Basic earnings per share         | (sen) | <b>1.34</b>  | 2.91   | 1.98   | 1.11  | 0.78  | 0.60  |
| Net assets per share             | (sen) | <b>26.39</b> | 25.56  | 24.45  | 21.79 | 19.81 | 19.52 |
| Total borrowings to equity ratio | (%)   | <b>65.67</b> | 37.44  | 57.47  | 44.59 | 65.59 | 73.66 |





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**TAN SRI RAZALI BIN ISMAIL**

Chairman, Independent Non-Executive Director

**YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN**

Vice Chairman, Independent Non-Executive Director

**DATUK TAN SAY JIM**

Group Managing Director

**DATO' EOW KWAN HOONG**

Executive Director

**DATO' HAMDAN BIN MOHD HASSAN**

Non-Independent Executive Director

**SYED ABDULLAH BIN SYED ABD KADIR**

Independent Non-Executive Director

**DATUK KAMARUDDIN BIN TAIB**

Independent Non-Executive Director

**CHAN FEOI CHUN**

Independent Non-Executive Director

### AUDIT COMMITTEE

YAM TUNKU DATO' SERI SHAHABUDDIN

BIN TUNKU BESAR BURHANUDDIN *Chairman*

SYED ABDULLAH BIN SYED ABD KADIR

DATUK KAMARUDDIN BIN TAIB

CHAN FEOI CHUN

### COMPANY SECRETARIES

DATO' EOW KWAN HOONG (MIA 3184)

NG YEN HOONG (LS 008016)

JOANNE TOH JOO ANN (LS 0008574)

### AUDITORS

Crowe Horwath

Level 16, Tower C, Megan Avenue II

12 Jalan Yap Kwan Seng

50450 Kuala Lumpur

Tel: +603 2166 0000

Fax: +603 2166 1000

### REGISTERED OFFICE

Level 18, The Gardens North Tower

Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur

Tel: +603 2264 8888

Fax: +603 2282 2733

### CORPORATE OFFICE

IRIS Smart Technology Complex

Technology Park Malaysia, Bukit Jalil 57000 Kuala Lumpur

Tel: +603 8996 0788

Fax: +603 8996 0442

Website: [www.iris.com.my](http://www.iris.com.my)

### SHARE REGISTRAR

Tricor Investor Services Sdn Bhd

Level 17, The Gardens North Tower

Mid Valley City, Lingkaran Syed Putra

59200 Kuala Lumpur

Tel: +603 2264 3883

Fax: +603 2282 1886

### PRINCIPAL BANKERS

Hong Leong Bank Berhad

Standard Chartered Bank Malaysia Berhad

HSBC Bank Malaysia Berhad

AmBank (M) Berhad

Malaysia Debt Ventures Berhad

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad

Stock Code: 0010

Stock name: IRIS

## AWARDS & RECOGNITION

### 01. Anugerah Majikan 1Malaysia 2013 – Large Company Category

On June 22, 2013, IRIS Corporation Berhad was awarded the coveted Anugerah Majikan 1Malaysia (1Malaysia Best Employer Award) by Malaysia's Social Security Organisation (Pertubuhan Keselamatan Sosial – PERKESO) under the auspices of the Ministry of Human Resources. For the award, employers across the nation that participated were judged on their efforts in promoting 1Malaysia values, industrial harmony, increasing happiness index and enhancing employee welfare.

### 02. Anugerah Majikan Berdaya Saing Glokal 2013

Concurrently, on June 22, 2013, IRIS Corporation Berhad was also awarded Anugerah Majikan Berdaya Saing Glokal (Best Glokal Malaysian Company). For this award, employers are judged on their efforts in uplifting Malaysia's image by promoting local products in the global market through research and development, and encouraging homegrown innovation.

The term 'glokal' is a combination of two words global and local. To be glokal means having roots in Malaysia and expanding to the rest of the world.

### 03. 3<sup>rd</sup> Global Leadership Awards 2013 – IT System Integration

1 March 2013 saw IRIS honoured among the elite for demonstrating excellence and leadership merits in the IT System Integration Sector at the 3rd Global Leadership Awards endorsed by the American Leadership Development Association (ALDA).

The Global Leadership Awards are well known for recognising corporate leaders, leading companies and outstanding personalities in Malaysia who have applied the best of leadership elements and practices to the global business community.

### 04. Prime Minister CSR Community & Social Welfare Award 2011

On 22 October 2012, IRIS was announced the winner of the PM's CSR Award for Community & Social Welfare. Over 102 companies vied for the award with L'Oreal, Body Shop, Ireka & IRIS shortlisted for the Community & Social Welfare category. IRIS emerged winner because the judges saw our CSR efforts' impact on the community, measure of sustainability, involvement of top management in the CSR activities, and the importance of IRIS' CSR programme to national development.

01 | 03 | 04



## PROFILE OF DIRECTORS

01

**TAN SRI RAZALI BIN ISMAIL**  
CHAIRMAN,  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR

A Malaysian aged 74, was appointed to the Board on 2 May 2002. He graduated with a Bachelor of Arts Degree from University of Malaya in 1962. He has

extensive experience gained in the Malaysian Diplomatic Services with which he served over 35 years until his retirement in 1998. He held various posts; Ambassador to Poland concurrently German Democratic Republic, Czechoslovakia and Hungary, High Commissioner to India, Deputy Secretary-General (Political Affairs) and Permanent Representative to the United Nations ("UN"). At the UN, he served in various capacities: Chairman of the Group of 77, President of the UN Security Council, Chairman of the Commission on Sustainable Development and President of the United Nations General Assembly.

He was involved in articulating and developing positions in various bodies on issues such as development and sustainability, poverty and marginalisation, political reforms in the UN and issues of human rights and the environment. He continues to keep abreast on these subjects at home and abroad, through participation at seminars etc. and interacting with personalities and bodies, ties established earlier. He was the UN Secretary-General's Special Envoy for Myanmar from April 2000 to December 2005.

He is involved in IT and environmental industries specifically in renewable energy and solar, and is the Pro Chancellor of the University Science Malaysia, the Chairman of the National Peace Volunteer Corp (Yayasan Salam), and the Chairman of a grant organisation on Natural Disaster, Force of Nature (FON).

He currently serves as director in Cypark Resources Berhad, Allianz Malaysia Berhad, Allianz General Insurance Company (Malaysia) Berhad, Allianz Life Insurance Malaysia Berhad and several private limited companies.

02

**YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN**  
*D.K, S.P.T.J., AO (AUSTRALIA)*  
VICE CHAIRMAN, INDEPENDENT  
NON-EXECUTIVE DIRECTOR

A Malaysian aged 77, was appointed to the Board on 11 February 1998. He graduated with a Bachelor of Science (Economics) from Queens University of Northern Ireland.

He began his career with Esso Malaysia Limited as an economic analyst and moved on as a Finance Manager in one of the finance company within the Malayan Banking Group. Currently, he is the Executive Chairman and co-founder of Strateq Sdn Bhd, which is a leading technology provider offering scalable integrated solutions that has been instrumentally localised and expanding to countries in the Asia Pacific region.

Amongst the accolades bestowed on Tunku were the Austrade International Award 2000 Australian Export Awards for outstanding contribution to Australia's international trading performance by a foreign individual based outside of Australia, the "Darjah Seri Paduka Tuanku Ja'afar Yang Amat Terpuji (S.P.T.J)" by his Royal Highness The Yang Di-Pertuan Besar Negeri Sembilan and the appointment as an Honorary Officer (AO) in the General Division of the Order of Australia award for his service to Australian-Malaysian relations by the Governor-General of the Commonwealth of Australia.

He is currently the director of Axis REIT Managers Berhad, Berjaya Assets Bhd, Jotun (M) Sdn Bhd, Vision Four Production Sdn Bhd, DHL Worldwide Express (M) Sdn Bhd and several private limited companies.

YAM Tunku Dato' Seri Shahabuddin currently serves as the Chairman of Audit Committee, Remuneration Committee and Nomination Committee.



01  
02  
03

03

**DATUK TAN SAY JIM**  
GROUP MANAGING DIRECTOR

A Malaysian aged 55, was appointed to the Board on 30 June 1996. He is the co-founder and the Managing

Director of IRIS Corporation Berhad. He is an associate member of the Chartered Institute of Management Accountants, UK.

He began his career with UMW Holdings Berhad and he was the Group Finance Manager when he left the company in 1986.

Prior to joining IRIS Corporation Berhad, he was with Lion Group as the Group Treasurer, a post he held till 1997.

On 1 December 2010, Datuk Tan was recognised at the Ernst & Young Entrepreneur of the year 2010 Technopreneur of the year, the prestigious business award pays tribute to exemplary business-building by an entrepreneur within the technology industry.

**PROFILE OF DIRECTORS** *cont'd*

01

**DATO' EOW KWAN HOONG**  
EXECUTIVE DIRECTOR

A Malaysian aged 60, was appointed to the Board on 2 May 2002.

He is a fellow member of the Chartered Institute of Management Accountants (CIMA), UK and a member of Malaysian Institute of Accountants. He is a Past President of the CIMA Malaysia Division. Currently, he is a Council member of CIMA UK representing the South East Asia region.

He began his career as a Cost Accountant with Intel Technology Sdn Bhd in 1979. He later joined Socoil Corporation Sdn Bhd as the Factory Accountant in 1980. In 1982, he joined Lion Group as Accounts Manager and moved his way up to Group Chief Accountant after serving seventeen years in the Group. He then left and joined IRIS Corporation Berhad in 1998 as the Chief Operating Officer.

He is currently a Director at Versatile Creative Berhad, Delloyd Ventures Berhad, Lion Forest Industries Berhad, Lion AMB Resources Berhad and several private limited companies.

Dato' Eow is also a member of the Remuneration Committee.


01  
02  
03

02

**DATO' HAMDAN BIN MOHD HASSAN****NON-INDEPENDENT EXECUTIVE DIRECTOR**

A Malaysian aged 54, was appointed to the Board on 17 October 2011. He graduated with a Diploma in Computer Science from Universiti Teknologi MARA and Advance Diploma in

Computer Programming from City & Guilds, UK.

Dato' Hamdan began his career with Bank Simpanan Nasional Berhad as Programmer Analyst in 1985, and was part of the Senior Management team responsible for the Computer Network Management System Department prior to his early retirement from the bank in 2002.

In 2002, he joined a property development company – CY Hitech Development Sdn Bhd as Executive Chairman. He left in 2004 and joined Ukay Spring Development Sdn Bhd as Executive Director and was responsible for the development of 56 acres of land in Bukit Antarabangsa. He then left in 2006 to join Metroworld Development Sdn Bhd as Group Executive Director and was involved in the development of a high end condominium project at Jalan Damai off Jalan Ampang, Kuala Lumpur. He held the position until 2009.

He is currently Director and Shareholder of IRIS Land Sdn Bhd, a 60% owned subsidiary of IRIS Corporation Berhad and several private limited companies involved in sand dredging and reclamation works.

03

**SYED ABDULLAH BIN SYED ABD KADIR****INDEPENDENT NON-EXECUTIVE DIRECTOR**

A Malaysian aged 59, was appointed to the Board in 7 May 1998. He graduated with a Bachelor of Science (Engineering Production) and Bachelor of Commerce (Economics) Double Degree

from University of Birmingham, United Kingdom in 1977.

He has 10 years of vast experience in banking and financial services with Bumiputra Merchant Bankers, holding the position of General Manager immediately prior to his departure from the bank. He then left in 1994 to join Amanah Capital Partners Berhad, a public listed subsidiary involved in, inter alia, discount house, money broking, unit trusts, finance and fund management operations, a post he held as General Manager till February 1996.

He is currently also a Director at YTL Corporation Berhad, YTL Power International Berhad, YTL E-Solutions Berhad, Versatile Creative Berhad and Stenta Films (M) Sdn Bhd. He is also an alternate trustee in the Perdana Leadership Foundation.

Syed Abdullah is currently a member of the Audit Committee, Remuneration Committee and Nomination Committee.



**PROFILE OF DIRECTORS** *cont'd*

01  
02

01

**DATUK KAMARUDDIN BIN TAIB**  
**INDEPENDENT NON-EXECUTIVE**  
**DIRECTOR**

A Malaysian aged 55, was appointed to the Board on 6 November 2003.

He graduated with a Bachelor of Science Degree in Mathematics from

University of Salford, United Kingdom.

He started his career with a leading Merchant Bank in Malaysia and subsequently served as a Managing Director for several Companies listed on Bursa Malaysia and Director of various private limited companies. He has gained considerable experience by serving on the Board of Companies listed on the Stock Exchange of India and Nasdaq in the United States of America as well.

He is currently an Independent Non-Executive Director at GHL Systems Berhad, Independent Non-Executive Chairman of Alkhair International Islamic Bank Berhad, Independent Non-Executive Director of Great Eastern Life Assurance (Malaysia) Berhad, Independent Non-Executive Chairman of Great Eastern Takaful Sdn Bhd and is also a Director of several private limited companies.

Datuk Kamaruddin currently serves as a member of the Audit Committee and the Nomination Committee.



02

**CHAN FEOI CHUN**  
**INDEPENDENT NON-EXECUTIVE**  
**DIRECTOR**

A Malaysian aged 60, was appointed to the Board on 23 January 2009. He graduated with a Master of Business Studies (Banking & Finance) from University College Dublin, Ireland and a graduate of the Institute of Chartered Secretaries and Administrators, UK.

He is a fellow member of the Chartered Institute of Management Accountants, UK and a Chartered Global Management Accountant. He is also the Deputy Chairman of CIMA South East Asia Regional Board.

He has gained extensive experience over 34 years from the international working experience in Britain and Thailand; in areas of financial management and business re-engineering.

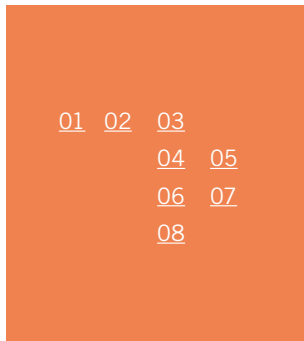
Prior to joining IRIS Corporation Berhad, he held senior management positions in financial services Group of MBF Holdings and various senior positions in PJD Berhad Group of Companies.

Currently, he is Chief Executive Officer of Swiss-Garden International Vacation Club Berhad, an Independent Director and Audit Committee Chairman of Perisai Petroleum Teknologi Berhad, and a director at Versatile Creative Berhad.

Mr. Chan currently serves as a member of the Audit Committee.

**Notes**

1. Save as disclosed above, none of the Directors have any family relationship with any other directors and/or other major shareholders of the Company.
2. None of the Directors have conflict of interest with the Company.
3. None of the Directors have been convicted of any offence within the past ten years other than traffic offences, if any.
4. The attendance of the Directors at Board of Directors' Meetings is disclosed in Corporate Governance Statement.

**KEY MANAGEMENT TEAM**

**01 DATUK TAN SAY JIM**  
GROUP MANAGING DIRECTOR

**02 DATO' LEE KWEH HIANG**  
EXECUTIVE DIRECTOR  
**OPERATION AND MANUFACTURING**

**03 YAP HOCK ENG**  
EXECUTIVE DIRECTOR  
**HUMAN RESOURCE & TECHNOLOGY**

**04 DATO' EOW KWAN HOONG**  
EXECUTIVE DIRECTOR  
**FINANCE**

**05 DATO' HAMDAN BIN MOHD HASSAN**  
EXECUTIVE DIRECTOR  
**GOVERNMENT ACCOUNT**

**06 SU THAI PING**  
MANAGING DIRECTOR  
**IRIS ECOPOWER SDN BHD**

**07 DATO' MOHAMAD SUPARADI BIN MD NOOR**  
EXECUTIVE DIRECTOR  
**BUSINESS DEVELOPMENT**

**08 DATO' CHEAH TENG LIM**  
CHIEF EXECUTIVE OFFICER  
**IRIS LAND SDN BHD**



## CORPORATE SOCIAL RESPONSIBILITY



### BLOOD DONATION CAMPAIGN

On 6 June 2013, IRIS management and staff rolled up their sleeves to do their part in helping the National Blood Bank.

### RAMADHAN BREAKING FAST (MAJLIS BERBUKA PUASA DAN SOLAT TARAWIKH) CONTRIBUTION

On 18 July 2013, IRIS donated golden melons to students of Sekolah Kebangsaan Pendidikan Khas Selangor, Shah Alam for their breaking fast event.

### PROGRAM JIWA MURNI

On 23 July 2013 a family of fire victims received a new home rebuilt by the Fire and Rescue Department of Malaysia using IRIS KOTO IBS. The event took place in Taman Tasik, Kampung Nail, Kuala Besut, Terengganu. IRIS contributed all construction material.

### DUSUN TRIBE

On 22 and 23 March 2013, 13 Dusun tribal families from a village in Kampong Tombong, Tamparuli, Tuaran, Sabah benefitted from an Adopt-a-foster-family program involving 36 IRIS employees. IRIS donated RM4,000 to the village's communal fund, organised a 'gotong-royong' and put on a cultural show together with the families.

## CALENDAR OF EVENTS

### EVENTS YEAR 2012 - 2013

#### DIGITAL ID WORLD AFRICA 2012

13 – 16 March 2012  
Sandton Convention Center  
Johannesburg, South Africa

#### ICAO REGIONAL SEMINAR ON MRTDS, BIOMETRIC AND BORDER SECURITY

17 – 19 April 2012  
Itamaraty Palace, Rio De Janeiro, Brazil

#### ID WORLD RIO DE JANEIRO 2012

4 – 5 June  
Rio de Janeiro, Brazil

#### 2<sup>ND</sup> CONFERENCE ON TECHNICAL COOPERATION & CAPACITY BUILDING FOR BORDER MANAGEMENT

5 – 7 June 2012  
Napalai Room, Dusit Thani Hotel, Bangkok

#### SIGNING CEREMONY BETWEEN UPEN PAHANG DAN IRIS

26 June 2012  
Pullman Hotel, Putrajaya

#### 1<sup>ST</sup> LATIN AMERICAN HIGH SECURITY PRINTING CONFERENCE

2 – 4 July 2012  
Sheraton Rio Hotel & Resort, Rio De Janeiro, Brazil

#### NATIONAL EID & EPASSPORT CONFERENCE KUALA LUMPUR

8 – 9 October 2012  
Grand Ballroom, Sunway Resort Hotel & Spa

#### ▼ THE 3<sup>RD</sup> INTERNATIONAL GREENTECH & ECO PRODUCTS EXHIBITION & CONFERENCE ("IGEM") MALAYSIA 2012

10 – 13 October 2012  
Kuala Lumpur Convention Center

#### 8<sup>TH</sup> ICAO SYMPOSIUM 2012

10 - 12 October 2012  
ICAO HQ, Montreal, Canada

#### 11<sup>TH</sup> ID WORLD INTERNATIONAL CONGRESS 2012

16 – 18 October 2012  
Messe Frankfurt, Congress Center, Frankfurt, Germany

#### ▼ CARTES & IDENTIFICATION 2012

Smart Solutions For Security, Payment, Identification & Mobility  
6 – 8 November 2012  
Paris-Nord Villepinte Exhibition Center, France

#### THE 9<sup>TH</sup> GOVERNMENT FORUM ON ELECTRONIC IDENTITY 2012

27 – 28 November 2012  
Hong Kong Convention and Exhibition Center



#### MAHA INTERNATIONAL 2012

23 November – 2 December 2012  
Malaysia Agro Exposition Park Serdang (MAEPS), Selangor

#### ► IRIS DINNER & DANCE PARTY 2012

8 December 2011  
KL Hilton, Stesen Sentral



#### ▲ NATIONAL LAUNCH OF RIMBUNAN KASEH BY PRIME MINISTER YAB DATUK SERI MOHD NAJIB

23 March 2013  
Rimbunan Kaseh, Kuala Besar, Kuala Lipis, Pahang

#### ICT HONG KONG 2013

13 – 16 April 2013  
Hong Kong Convention and Exhibition Center

#### NATIONAL LAUNCH OF SENTUHAN KASIH FELDA BY PRIME MINISTER YAB DATUK SERI MOHD NAJIB

21 April 2013  
Felda Chini Timur 2, Pahang

#### CARDS & PAYMENT ASIA 2013

24 – 25 April 2013  
Marina Bay Sands Convention Center, Singapore

#### CARDS & PAYMENT MIDDLE EAST 2013

14 – 15 May 2013  
Dubai International Convention and Exhibition Center

#### SECURITY DOCUMENT WORLD (SDW) 2013

22 – 23 May 2013  
Queen Elizabeth II Conference Center, Westminster, London UK





## CALENDAR OF EVENTS VISITORS 2012 - 2013

21.05.2012

Ministry of Agriculture, Irrigation and Livestock (MAIL) Afghanistan

23.06.2012

Philippines President Office and Autonomous Region Governor

▼ 28.06.2012

President of Guinea

16.07.2012

Government Officials from the Republic of Palau

17.08.2012

Deputy Director of the Immigration Border Control, Ukraine

22.09.2012

Ministry of Federal Capital Territory of Nigeria



25.09.2012

Prime Minister's Office

20.10.2012

The Honorable Mr. Omar Y. Mzee, Minister of Finance and Economic Affairs, Zanzibar



21.11.2012

His Excellency Honorable Mr. Joang Molapo, Minister of Home Affairs, Republic of Lesotho

03.01.2013

H.E. Dr. Emmanuel Nchimbi, Minister of Home Affairs, Tanzania

▲ 14.01.2013

YTM Dato Seri DiRaja Tan Sri Tunku Sallehuddin Ibni Almarhum Sultan Badlishah, Ahli Jemaah Pemangku Sultan Kedah

◀ 16.01.2013

H.E. Mr. Mothetjoa Metsing, Deputy Prime Minister and Minister of Local Government Chieftainship and Parliamentary Affairs, Kingdom of Lesotho

30.01.2013

H.E. Dr. Joomart Otorbaev, First Deputy Prime Minister of Kyrgyz Republic.

15.05.2013

Mr. Mohamoud A Nur, The Mayor of Mogadishu and Governor of Banadi Region, Somalia



▲ 16.05.2013

Edward Nipake Natapei, Deputy Prime Minister / Minister of Foreign Affairs, Republic of Vanuatu

27.05.2013

Mr. Saleem Khan Kunduzi, Deputy Minister of Agriculture, Irrigation & Livestock, Afghanistan

11.06.2013

The Right Honorable Mr. Rick Houenipwela, Minister of Finance, Government of Solomon Islands

14.06.2013

Vice Minister and delegates of Papua New Guinea

21.06.2013

Islamic Development Bank (IDB), Jeddah Saudi Arabia.

26.06.2013

Mr. Tony Moniaga & Mr. Ronald Simon, World Vision International

28.06.2013

Representative from President's Office and NIDA, Tanzania.

▼ 03.07.2013

HM King Mswati III, Kingdom of Swaziland





## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) is fully committed to maintain high standards of corporate governance throughout the Group to safeguard and promote the interests of the shareholders and to enhance the long term value of the Group. The Board has considered that it has adopted and complied with the principles and best practices as set out in the Malaysian Code on Corporate Governance 2012 (“the Code”).

The following are the statements explaining how the Group has applied the principles and complied with the best practices provisions laid out in the Code throughout the financial year ended 31 March 2013.

### 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

#### 1.1 PRINCIPAL RESPONSIBILITIES OF THE BOARD

The Board functions on the principle that all significant and material matters are addressed by the Board as it is accountable for the Group’s activities, strategies and financial performance. The Board is responsible for determining the long term direction and strategy of the Group, and creating value for shareholders.

The Board performs the below responsibilities:

- Review and approve the corporate policies, strategies and financial plans of the Group, and addressing the sustainability of the Group’s businesses;
- Monitor financial performance including approval of the financial reports;
- Review the adequacy and integrity of the framework and processes for internal controls, risk management, finance reporting and compliance;
- Ensure that appropriate processes are in place in respect of succession planning for appointments to the Board and to senior management positions; and
- Assume responsibility for good corporate governance

#### 1.2 CLEAR ROLES AND RESPONSIBILITIES

Where appropriate, the Board has delegated certain responsibilities to the various Board Committees with clearly defined terms of reference. This enables the Board to achieve operational efficiency by empowering these Committees to decide on matters within their respective written terms of reference and yet allow the Board to maintain control over major policies and decisions.

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

| TYPE OF COMMITTEE    | PRINCIPAL FUNCTIONS   | MEMBERS   | STATUS                    |
|----------------------|---|---|---------------------------|
| Audit Committee      | To review and report on the Group’s results, accounting and audit procedures. | YAM Tunku Dato’ Seri Shahabuddin Bin Tunku Besar Burhanuddin - Chairman | Independent Non-Executive |
|                      |   | Syed Abdullah Bin Syed Abd Kadir  | Independent Non-Executive |
|                      |   | Datuk Kamaruddin Bin Taib   | Independent Non-Executive |
|                      |   | Chan Feoi Chun  | Independent Non-Executive |
| Nomination Committee | To recommend to the Board on all new Board appointments.                      | YAM Tunku Dato’ Seri Shahabuddin Bin Tunku Besar Burhanuddin - Chairman | Independent Non-Executive |
|                      |   | Syed Abdullah Bin Syed Abd Kadir  | Independent Non-Executive |
|                      |   | Datuk Kamaruddin Bin Taib   | Independent Non-Executive |

| TYPE OF COMMITTEE      | PRINCIPAL FUNCTIONS                                    | MEMBERS  | STATUS                    |
|------------------------|--|--|---------------------------|
| Remuneration Committee | To recommend to the Board the Directors' remuneration. | YAM Tunku Dato' Seri Shahabuddin<br>Bin Tunku Besar Burhanuddin - Chairman | Independent Non-Executive |
|                        |  | Syed Abdullah Bin Syed Abd Kadir   | Independent Non-Executive |
|                        |  | Dato' Eow Kwan Hoong   | Executive Director        |

### 1.3 PROMOTING ETHICAL STANDARDS

The Group has adopted a Code of Conduct to govern the conduct of the Directors and employees of the Group, which is available in the Employees' Handbook.

### 1.4 PROMOTING SUSTAINABILITY

The Company envisions a sustainable future for all. To fulfil a vision of a sustainable future, the Company embarked on a journey to discover, develop and deploy a portfolio of products and solutions that will enrich lives and change the world for the better.

The Company is a technology integrator and innovator with sustainable, comprehensive solutions for trusted identity, secure payments, financial services, transportation, waste management, renewable energy, energy efficiency, food security, agriculture, and sustainable development.

### 1.5 ACCESS TO INFORMATION AND ADVICE

The Board has rights to the relevant information pertaining to the Group's businesses and affairs, to enable them to make decisions on an informed basis and to discharge the Board's responsibilities.

The Board meets at least every quarter and on other occasions, as and when necessary, to review the Group's performance, approve financial statements, annual reports, and business plans. Each director is circulated with the meeting agenda and minutes of previous meeting and business updates.

The Board are authorised to obtain information from the management or employees, and have access to external parties such as auditors, external legal, company secretary or other professional consultants at the Group's expense.

The above transparent dissemination of information allows the Board to substantively assess the subject matter on hand and facilitate eventual decision making.

### 1.6 QUALIFIED AND COMPETENT COMPANY SECRETARY

The Company Secretary attended all Board meetings and ensured that all Board procedures are adhered. The Company Secretary also ensured that the Company complies with all applicable statutory and regulatory rules. On an ongoing basis, the Directors have separate and independent access to the Company Secretary.

### 1.7 BOARD CHARTER

The Board's Charter sets out the roles and responsibilities of the Board and Board Committee. It is available at the Group's website.

## 2. STRENGTHENING THE COMPOSITION OF THE BOARD

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

### 2.1 NOMINATION COMMITTEE

The Nomination Committee consists of three (3) independent Non-Executive Directors. The Committee is empowered by the Board and its terms of reference to bring to the Board recommendations as to the appointment of new Directors. The Committee also assesses the Board's effectiveness, its committee and the contribution of each individual Director on an annual basis.

The Committee also keeps under review the Board structure, size and composition.

**STATEMENT ON CORPORATE GOVERNANCE** *cont'd***2. STRENGTHENING THE COMPOSITION OF THE BOARD (CONT'D)****2.2 APPOINTMENT PROCESS**

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

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

**RE-ELECTION OF DIRECTOR**

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

**2.3 REMUNERATION COMMITTEE AND POLICY**

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of Executive Directors.

The policy practiced on Directors' remuneration by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

**REMUNERATION PACKAGE**

The Company has complied with the Listing Requirement of Bursa Securities on the disclosure of remuneration of Directors on Group basis for the financial period from 1 January 2011 to 31 March 2012 is set out as follows:

**AGGREGATE REMUNERATION**

|                                     | <b>EXECUTIVE<br/>DIRECTORS<br/>RM</b> | <b>NON-EXECUTIVE<br/>DIRECTORS<br/>RM</b> |
|-------------------------------------|---------------------------------------|---|
| Basic salaries, bonus and allowance | 1,374,000                             | -   |
| Defined contribution plan           | 170,040                               | -   |
| Benefits-in-kind                    | 36,600                                | -   |
| Fees                                | 60,000                                | 610,800                                   |
| <b>Total</b>                        | <b>1,640,640</b>                      | <b>610,800</b>                            |

**ANALYSIS OF REMUNERATION**

| <b>RANGE OF<br/>REMUNERATION</b> | <b>EXECUTIVE<br/>DIRECTORS</b> | <b>NON-<br/>EXECUTIVE<br/>DIRECTORS</b> |
|----------------------------------|--------------------------------|---|
| RM1 – RM50,000                   | -                              | 1                                       |
| RM50,001 – RM100,000             | -                              | 4                                       |
| RM100,001 – RM200,000            | -                              | -                                       |
| RM200,001 – RM300,000            | -                              | -                                       |
| RM300,001 – RM400,000            | -                              | 1                                       |
| RM400,001 – RM500,000            | 2                              | -                                       |
| RM700,001 – RM800,000            | 1                              | -                                       |

**3. REINFORCE INDEPENDENCE****3.1 ASSESSMENT OF INDEPENDENT DIRECTORS**

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

**3.2 TENURE OF INDEPENDENT DIRECTORS**

The Board takes the Code’s recommendation that the tenure of an Independent Director should not exceed a cumulative term of nine years, and in the event which the term was exceeded, had justified on reasons on why such appointments are retained.

**3.3 SEPARATION OF POSITIONS OF THE CHAIRMAN AND EXECUTIVE DIRECTORS**

The roles of the Chairman and the Managing Director have been clearly segregated to ensure a balance of power and authority. The independent Directors are not related to the major shareholders and the management of the Company, and are free from any relationship that could interfere with the exercise of their independent judgement or the ability to act in the best interest of the Company. In any case, if there is concern from any party on Board matters, it can be directed to any one of the Independent Directors.

The Directors from various professions have brought to the Board a wide range of experience, skills and knowledge that are necessary to direct and manage successfully the business and affairs of the Group towards enhancing business prosperity and corporate accountability. Information relating to the directors are set out in the ‘Profiles of Directors’ in this Annual Report.

**3.4 COMPOSITION OF THE BOARD**

The Board has eight (8) directors, comprising of three Executive Directors, and five Independent Non-Executive Directors. The number of independent directors is in compliance with Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) for ACE Market which requires one third of the Board to comprise independent directors.

**4. FOSTER COMMITMENTS****4.1 TIME COMMITMENTS**

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

During the financial year ended 31 March 2013, the Board met five (5) times, where it deliberated and considered a variety of matters affecting the Group’s operations including the Group’s financial results, business plan and the direction of the Group. Management and performance of the Group and any other strategic issues that may affect the Group’s businesses are also deliberated.

Details of attendance of each Director who was in office during the financial year ended 31 March 2013 are as follows:

| NAME OF DIRECTORS   | TOTAL MEETINGS<br>ATTENDED<br>BY MEMBERS |
|---|--|
| Tan Sri Razali Bin Ismail                                       | 4/5                                      |
| YAM Tunku Dato’ Seri Shahabuddin<br>Bin Tunku Besar Burhanuddin | 3/5                                      |
| Datuk Tan Say Jim   | 5/5                                      |
| Syed Abdullah Bin Syed Abd Kadir                                | 5/5                                      |
| Dato’ Hamdan Bin Mohd Hassan                                    | 4/5                                      |
| Dato’ Eow Kwan Hoong  | 5/5                                      |
| Datuk Kamaruddin Bin Taib                                       | 4/5                                      |
| Chan Feoi Chun  | 5/5                                      |
| Rizal Faris Bin Mohideen Abdul Kader                            | 2/5                                      |

## STATEMENT ON CORPORATE GOVERNANCE *cont'd*

### 4. FOSTER COMMITMENTS (CONT'D)

#### 4.2 DIRECTORS' TRAINING

All the Directors of the Company have completed the Mandatory Accreditation Programme prescribed by Bursa Securities. During the year, they received briefings and updates on the Group businesses, operations, risk management, internal controls, finance and any new or changes to the companies and other relevant legislation, rules and regulations.

The Directors are encouraged to attend briefing, conferences, forums, trade fairs (locally and internationally), seminars and training to keep abreast with the latest developments in the industry and to enhance their skills and knowledge.

Amongst the training and seminar courses attended by some of the directors were as follows:

- Board Effectiveness : Redefining the Roles & Functions of an Independent Director
- Converge, Transform, Sustain: Towards World Class Excellence
- Corporate Finance
- Demystifying Fraud: What Directors Need To Know
- Financial Institutions Directors' Education ("FIDE") Programme
- ISO 27001: 2005 Business Continuity Management
- Key Amendments To Listing Requirements and Corporate Disclosure Guide
- The 8th China – ASEAN Business & Investment
- Update of Corporate Governance Blueprint 2011
- Masterclass Training Series: Good to Great
- Governance Risk Management And Compliance: What Directors Should Know
- Nominating Committee Programme (VCB)
- Malaysian Code on Corporate Governance 2012
- Succession Planning and Talent Management Programme
- Strategy and Risks: Managing Uncertainty
- Corporate Responsibility Conference 2012 "Cause Related Marketing and Social Environment Engagement"

### 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### 5.1 ROLE OF AUDIT COMMITTEE

The Audit Committee is responsible to ensure that adequate processes and controls are in place for an effective and efficient financial statements, appropriate accounting policies have been adopted consistently and that the financial statements are properly drawn up in compliance with the provisions of the Companies Act, 1965, Malaysian Financial Reporting Standards, International Financial Reporting Standards.

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.

#### 5.2 ASSESSMENT OF EXTERNAL AUDITORS

The Audit Committee reviews the independence and objectivity of the external auditors and the services provided, and is satisfied that the external auditors is competent and with audit independence. Shareholders' approval will be sought at this Annual General Meeting for the auditors' re-appointment.

### 6. RECOGNISE AND MANAGE RISK

#### 6.1 SOUND FRAMEWORK TO MANAGE RISKS

The Board has overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets by identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and reviewing the adequacy and integrity of the internal control system.

The Board seeks regular assurance on the effectiveness of the internal control system through independent appraisals by the internal and external auditors.

The Board acknowledges the importance of such controls which the overview is set out in the 'Statement on Risk Management and Internal Control'.



**6.2 INTERNAL AUDIT FUNCTION**

The Group has outsourced the internal audit function to an independent professional firm, who performs regular reviews with impartiality and due professional care, in accordance with the International Professional Practices Framework of the Institute of Internal Auditors. Audit findings with recommendations are presented to the Management, who will then present the internal audit reports with subsequent remedial action plans to the Audit Committee.

**7. TIMELY AND HIGH QUALITY DISCLOSURE****7.1 CORPORATE DISCLOSURE POLICIES AND PROCEDURES AND LEVERAGE ON INFORMATION TECHNOLOGY**

The Board recognises the importance of efficient and effective communication and dissemination of material information to the shareholders and public.

Communication is facilitated by a number of formal channels used to inform shareholders about the performance of the Group. These include the Annual Report and Accounts and announcements made through Bursa Malaysia Securities Berhad, as well as through the Annual General Meeting. Shareholders, investors and analysts are kept abreast with the major developments of the Group through the various means of communications as follows:-

- Quarterly financial statements and annual report
- Announcements on major developments made to Bursa Malaysia Securities Berhad
- Company's general meetings
- Company's web site at <http://www.iris.com.my>

**8. STRENGTHENING THE RELATIONSHIP BETWEEN THE GROUP AND SHAREHOLDERS****8.1 ENCOURAGE SHAREHOLDERS' PARTICIPATION**

The Annual General Meeting ("the AGM") is the principal forum for dialogue allowing the shareholders to review the Group's performance via the Annual Report. 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.

The Notice of AGM was circulated at least 21 days before the AGM to allow sufficient time to the shareholders to review the Annual Reports and the papers supporting the resolutions proposed.

**8.2 COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS**

The Company is aware the importance to maintain good communications with shareholders and investors. Communication is facilitated by a number of formal channels used to inform shareholders about the performance of the Group. These include the Annual Report and Accounts and announcements made through Bursa Malaysia Securities Berhad, the Annual General Meeting and Extraordinary Meetings and the Group's website.

## AUDIT COMMITTEE REPORT

### OBJECTIVES

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

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

### COMPOSITION OF AUDIT COMMITTEE

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

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

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

In the event of any vacancy in the Audit Committee, the Company shall fill in the vacancy within two (2) months, but in any case not later than three (3) months. Thereafter, any member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he/she leaves.

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

#### **COMMITTEE MEETINGS**

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

8. The Company Secretary or other appropriate senior official shall be the Secretary to the Audit Committee.
9. The Secretary/Secretaries shall be entrusted to record all proceedings and minutes of the Audit Committee's meetings which shall be kept and circulated to all members of the Audit Committee and of the Board.

#### **AUTHORITIES**

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

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

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

## AUDIT COMMITTEE REPORT *cont'd*

### DUTIES AND RESPONSIBILITIES

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

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

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

**MEMBERSHIP AND ATTENDANCE AT MEETING**

The present members of the Audit Committee comprise four (4) Board members and the current composition as set out follow:

|   |  |
|---|--|
| YAM Tunku Dato' Seri Shahabuddin<br>Bin Tunku Besar Burhanuddin | Chairman<br>Independent Non-Executive Director |
| Syed Abdullah Bin Syed Abd Kadir                                | Member<br>Independent Non-Executive Director   |
| Datuk Kamaruddin Bin Taib                                       | Member<br>Independent Non-Executive Director   |
| Chan Feoi Chun  | Member<br>Independent Non-Executive Director   |

The details of attendance as at 31 March 2013 as set out below:

| <b>NAME OF AUDIT COMMITTEE</b>                                 | <b>TOTAL MEETINGS<br/>ATTENDED<br/>BY MEMBERS</b> |
|--|---|
| YAM Tunku Dato'Seri Shahabuddin<br>Bin Tunku Besar Burhanuddin | 3/4   |
| Syed Abdullah Bin Syed Abd Kadir                               | 4/4   |
| Datuk Kamaruddin Bin Taib                                      | 3/4   |
| Chan Feoi Chun   | 4/4   |

**SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR**

The Audit Committee carried out its duties and responsibilities in accordance with its terms of reference during the years. The main activities undertaken by the Audit Committee were as follows:

1. Reviewed the quarterly unaudited financial results of the Group and the Company before tabling to the Board for consideration and approval.
2. Reviewed and discussed with the external auditors the nature and scope of the audit prior to the commencement of the audit.
3. Consideration and recommendation to the Board for approval of audit fees payable to the external auditors.
4. Reviewed the independence and objectivity of the external auditors and the services provided.
5. Discussed significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements.
6. Reviewed the related party transactions entered into by the Group and the Company.
7. Received and reviewed of internal audit reports
8. Reviewed internal audit plans for the financial year of the Group and the Company, prepared by internal auditors.

**INTERNAL AUDIT FUNCTION**

The Group appointed Baker Tilly Monteiro Heng Governance Sdn Bhd as the Internal Auditor of the Group since Year 2011, of which is an independent professional firm.

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



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In complying with the Malaysian Code on Corporate Governance, the Board of Directors is committed to maintain a sound system of internal control and risk management to safeguard shareholders' investments and the Group's assets. To this effect, the Group has established an appropriate control environment and framework as well as reviewing its adequacy and integrity. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures. According to Rule 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for Ace Market, the Directors of public listed companies are required to include in its annual report a "statement about the state of internal control of the listed issuer as a group".

The Board is pleased to outline the nature and scope of internal control of the Group for the financial year ended 31 March 2013.

### INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

The key elements of the internal control structure and processes are set out as below:

- In order to avoid conflict of interest, the Group is upholding segregation of duties through clear delegation of responsibilities and authority among Board Committees and management.
- Departmental units are required to prepare budget every year accordingly and the compiled Group budget is required to be approved by the Board to ensure effective execution. Following, the results against budget are monitored to ensure necessary management action is being taken on the variances.
- Adequate reporting systems are in place for information transfer to the Board and management relating to operating and financial performance, key business issues and annual financial statements.
- The Group's internal policies and procedures are well documented in Standard Operating Procedures to ensure compliance with internal control.
- Closed-circuit cameras and card access system are installed in the office building and factory site coupled with all times security check at the main entrance for security purpose.

The internal control system by nature has its limitation in assuring the companies of the Group from material misstatement and loss. Therefore, risk management plays a part in the Group's business operation in pursuit of its business objective. The Group has implemented an ongoing formal process in identifying, monitoring and managing the risk as well as setting up suitable internal control in accordance with the guidance prescribed in the Malaysian Code on Corporate Governance. The Board is assisted by the assurance team, internal auditors for the risk management and internal control implementation. This process is continually reviewed by internal auditors and strengthened as appropriate with necessary actions to remedy any significant weaknesses identified.

The group's system of internal control does not apply to associated companies where the Group does not have full management control over them.

### INTERNAL AUDIT FRAMEWORK

The Board fully supports the internal audit function and through the Audit Committee, continually reviews the adequacy and effectiveness of the risk management process in place.

The Group has outsourced its internal audit function. Internal audit independently reviews the risk prevention procedures and control processes implemented by management, and reports to the Audit Committee. Internal audit also reviews the internal controls in the key activities of the Group's businesses. The internal audit function adopts a risk based-approach and prepares its audit strategy and plan based on the risk profiles of the various business units of the Group.

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

The Audit Committee reviews the risk monitoring and compliance procedures, ensuring that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Audit Committee considers reports from internal audit and from management, before reporting and making recommendations to the Board in strengthening the risk management, internal control and governance systems. The committee presents its findings to the Board on a regular basis.

### OTHER RISK AND CONTROL PROCESS

Apart from risk management and internal audit, the Board has put in place an organisational structure with formally defined lines of responsibility. A reporting process has been established which provide for a documented and auditable trail of accountability. These processes were reviewed by internal audit, which provides a degree of assurance as to operations and validity of the systems of internal control.

### INTERNAL AUDIT FUNCTION

The Group appointed Baker Tilly Monteiro Heng Governance Sdn Bhd as the Internal Auditor of the Group since Year 2011, of which is an independent professional firm.

The Internal Auditors support the Audit Committee, and by extension, the Board, by providing independent assurance on the effectiveness of the Group's system of internal controls. The Internal Auditors submit audit reports and plan status for review and approval to the Audit Committee which included the reports with the recommended corrective measures on risks identified, if any, for implementation by the management of the business units and operation.

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

The cost incurred for Internal Audit services in respect of the financial year ended 31 March 2013 was approximately RM46,000.

### CONCLUSION

The Board is pleased to report that there were no material losses incurred during the financial year under review and up to the date of issuance of the financial statements that would require disclosure in the annual report as a result of weaknesses or deficiencies in internal control. The Group is at all times to strengthen the internal control environment through the internal audit framework.

The Board has received assurance from the following persons that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group:

- i) Datuk Tan Say Jim, the Managing Director of the Company and the highest ranking executive at the Company who is responsible for carrying out corporate policy established by the Board; and
- ii) Dato' Eow Kwan Hoong, an Executive Director of the Company who is primarily responsible for the management of the financial affairs of the Company.

This statement was approved by the Board of Directors on 30 July 2013.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of their financial performance and cash flows of the Group and of the Company for the financial year ended. The financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The Directors have considered that all Malaysian Financial Reporting Standards, International Financial Reporting Standards have been complied with in preparing the financial statements for the financial year ended from 1 April 2012 to 31 March 2013. The Group has fulfilled the requirements of using appropriate accounting policies and applying them consistently and made judgments and estimates that are reasonable and prudent. The financial statements are prepared on a going concern basis as the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence in the foreseeable future.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The Directors have a general responsibility for taking all steps as are reasonably opened to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

## ADDITIONAL COMPLIANCE INFORMATION

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

### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no proceeds raised by the Company from corporate proposals during the financial year ended from 1 January 2012 to 31 March 2013.

### 2. SHARE BUY-BACK

The Company did not make any proposal for share buy-back during the financial year.

### 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended from 1 April 2012 to 31 March 2013, certain Warrants have been exercised as below:

#### (a) Exercise of 2006/2016 free detachable warrants ("Warrants A")

For the financial year ended from 1st April 2012 to 31st March 2013, a total of 1,299,516 units of Warrants A have been exercised and converted into ordinary shares of RM0.15 each.

#### (b) Exercise of 2010/2016 warrants ("Warrants B")

For the financial year ended from 1 April 2012 to 31 March 2013, a total of 48,000 units of Warrants B have been exercised and converted into ordinary shares of RM0.15 each.

Save as disclosed above, the Company did not issue any other Option, Warrants or Convertible securities for the financial year ended from 1 April 2012 to 31 March 2013 under review.

### 4. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year ended from 1 April 2012 to 31 March 2013.

### 5. IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended from 1 April 2012 to 31 March 2013.

### 6. NON-AUDIT FEES

There were no non-audit fees incurred and paid to the external auditors of the Company and its subsidiaries for the financial year ended from 1 April 2012 to 31 March 2013 under review.

### 7. VARIATION IN RESULTS

There is no material variance between the audited results for the financial period from 1 January 2011 to 31 March 2012 and the unaudited results previously announced.

### 8. PROFIT GUARANTEE

During the financial year ended from 1 April 2012 to 31 March 2013, the Group and the Company did not give any profit guarantee.

### 9. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS'

For the financial year ended from 1 April 2012 to 31 March 2013, no contract of a material nature was entered into or subsisted between the Company and its Directors or major shareholders.

**ADDITIONAL COMPLIANCE INFORMATION** *cont'd***10. REVALUATION POLICY ON LANDED PROPERTIES**

No valuation is carried out by the Company and its subsidiaries on landed properties during the financial year ended from 1 April 2012 to 31 March 2013. Revaluation will be carried out when deemed appropriate by the directors or at least once in every 5 years.

**11. LIST OF PROPERTIES**

For the financial year ended from 1 April 2012 to 31 March 2013, 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) 85958 P.T, No. 5517, 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 17 July 2055) | 18              | 17 July 1995        | 81,402                      |

**12. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The details of the recurrent related party transactions are disclosed on pages 134 to 135.

IRIS CORPORATION BERHAD  
(INCORPORATED IN MALAYSIA)  
COMPANY NO : 302232 - X

**FINANCIAL REPORT**  
**FOR THE FINANCIAL YEAR ENDED**  
**31 MARCH 2013**

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## DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2013.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of technology consulting, and the implementation of trusted identification, payment and transportation and sustainable development. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

|                           | THE GROUP<br>RM'000 | THE COMPANY<br>RM'000 |
|---------------------------|---------------------|-----------------------|
| Profit after taxation     | 18,436              | 5,876                 |
| Attributable to:-         |                     |                       |
| Owners of the Company     | 21,060              | 5,876                 |
| Non-controlling interests | (2,624)             | —                     |
|                           | 18,436              | 5,876                 |

### DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final tax-exempt dividend of 0.45 sen per ordinary share amounting to RM7,093,771 in respect of the previous financial year.

At the forthcoming Annual General Meeting, a first and final tax-exempt dividend of 0.45 sen per ordinary share amounting to RM7,093,771 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 March 2014.

### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

### ISSUES OF SHARES AND DEBENTURES

During the financial year,

- there were no changes in the authorised share capital of the Company;
- a total of 1,299,516 units of Warrants A have been exercised and converted into ordinary shares at an issue price RM0.15 each. The new shares which arose from the exercise of Warrant A rank pari passu in all respects with the existing shares of the Company (Note 22);

**ISSUES OF SHARES AND DEBENTURES (CONT'D)**

- (c) a total of 48,000 units of Warrants B have been exercised and converted into ordinary shares of RM0.15 each. The new shares which arose from the exercise of Warrant B rank pari passu in all respects with the existing shares of the Company (Note 22); and
- (d) there were no issues of debentures by the Company.

**OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

**WARRANTS****Warrants A**

On 24 April 2006, the Company executed a deed poll pertaining to the creation and issuance of 55,251,530 2006/2016 free detachable warrants ("Warrants A").

On 27 June 2006, the Company issued 55,251,530 units of Warrants A to the shareholders of the Company on the basis of twenty ICPS and three (3) free Warrants A for every fifty (50) existing ordinary shares of RM0.15 each held in the Company. The Warrants A were listed on the ACE Market of Bursa Malaysia Securities Berhad. The main features of the 2006/2016 Warrants A are disclosed in Note 22 to the financial statements.

As at the end of the financial year, 45,318,073 Warrants A remained unexercised.

**Warrants B**

On 27 April 2010, the Company issued 212,326,987 units of new six-year warrants (2010/2016) ("Warrants B") to the shareholders of the Company on the basis of three (3) Warrants B for every twenty (20) existing ordinary shares held in the Company at the issue price of RM0.05 per Warrants B. The Warrants B were listed on the ACE Market of Bursa Malaysia Securities Berhad. The main features of the Warrants B are disclosed in Note 22 to the financial statements.

As at the end of the financial year, 212,278,987 Warrants B remained unexercised.

**BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, 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 impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## DIRECTORS' REPORT *cont'd*

### CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have 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 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 methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

The contingent liabilities of the Group and of the Company are disclosed in Note 47 to the financial statements. At the date of this report, there does not exist:-

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

No contingent or other liability of the Group and 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations 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 AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

**DIRECTORS**

The directors who served since the date of the last report are as follows:-

TAN SRI RAZALI BIN ISMAIL  
YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN  
DATUK TAN SAY JIM  
DATO' EOW KWAN HOONG  
DATO' HAMDAN BIN MOHD HASSAN  
DATUK KAMARUDDIN BIN TAIB  
SYED ABDULLAH BIN SYED ABD KADIR  
CHAN FEOI CHUN  
RIZAL FARIS BIN MOHIDEEN ABDUL KADER (VACATED OFFICE ON 13 MARCH 2013)

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in the shares in the Company and its related corporations during the financial year are as follows:-

|  | NUMBER OF ORDINARY SHARES OF RM0.15 EACH |           |             |                 |
|--|--|-----------|-------------|-----------------|
|  | AT<br>1.4.2012                           | BOUGHT    | SOLD        | AT<br>31.3.2013 |
| <b>THE COMPANY</b>   |  |           |             |                 |
| <b>DIRECT INTERESTS:</b>   |  |           |             |                 |
| Tan Sri Razali Bin Ismail  | 39,551,733                               | —         | —           | 39,551,733      |
| YAM Tunku Dato' Seri Shahabuddin Bin Tunku<br>Besar Burhanuddin    | 4,533,333                                | —         | (4,533,333) | —               |
| Datuk Tan Say Jim  | 46,492,233                               | —         | —           | 46,492,233      |
| Dato' Eow Kwan Hoong   | 1,593,333                                | —         | —           | 1,593,333       |
| Syed Abdullah Bin Syed Abd Kadir                                   | 466,666                                  | —         | —           | 466,666         |
| Chan Feoi Chun   | 100,000                                  | —         | —           | 100,000         |
| <b>INDIRECT INTERESTS:</b>   |  |           |             |                 |
| Datuk Tan Say Jim #  | 126,424,033                              | —         | —           | 126,424,033     |
| YAM Tunku Dato' Seri Shahabuddin Bin Tunku<br>Besar Burhanuddin ## | —  | 7,466,333 | —           | 7,466,333       |
| <b>IRIS LAND SDN BHD</b>   |  |           |             |                 |
| <b>DIRECT INTERESTS:</b>   |  |           |             |                 |
| Dato' Hamdan Bin Mohd Hassan                                       | 40,000                                   | —         | —           | 40,000          |

# Deemed interest by virtue of his direct substantial shareholding in Versatile Paper Boxes Sdn. Bhd.

## Deemed interest by virtue of the shares held by YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin's wife and daughter.

**DIRECTORS' REPORT** *cont'd***DIRECTORS' INTERESTS (CONT'D)**

|  | NUMBER OF WARRANTS A |         |                 |
|--|----------------------|---------|-----------------|
|  | AT<br>1.4.2012       | BOUGHT  | AT<br>31.3.2013 |
| <b>THE COMPANY</b>   |                      |         |                 |
| <b>DIRECT INTERESTS:</b>   |                      |         |                 |
| YAM Tunku Dato' Seri Shahabuddin Bin<br>Tunku Besar Burhanuddin    | 280,000              | —       | (280,000)       |
| Datuk Tan Say Jim  | 1,385,000            | —       | —               |
| Syed Abdullah Bin Syed Abd Kadir                                   | 19,999               | —       | —               |
| Chan Feoi Chun   | 1,800                | —       | —               |
| <b>INDIRECT INTERESTS:</b>   |                      |         |                 |
| Datuk Tan Say Jim #  | 40                   | —       | —               |
| YAM Tunku Dato' Seri Shahabuddin Bin<br>Tunku Besar Burhanuddin ## | —                    | 280,000 | —               |

|                                  | NUMBER OF WARRANTS B |           |                 |
|----------------------------------|----------------------|-----------|-----------------|
|                                  | AT<br>1.4.2012       | ALLOTMENT | AT<br>31.3.2013 |
| <b>THE COMPANY</b>               |                      |           |                 |
| <b>DIRECT INTERESTS:</b>         |                      |           |                 |
| Tan Sri Razali Bin Ismail        | 1,000,000            | —         | —               |
| Datuk Tan Say Jim                | 6,973,834            | —         | —               |
| Dato' Eow Kwan Hoong             | 250,000              | —         | —               |
| Syed Abdullah Bin Syed Abd Kadir | 49,999               | —         | —               |
| <b>INDIRECT INTEREST:</b>        |                      |           |                 |
| Datuk Tan Say Jim #              | 104                  | —         | —               |

# Deemed interest by virtue of his direct substantial shareholding in Versatile Paper Boxes Sdn. Bhd.

## Deemed interest by virtue of the shares held by YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin's wife and daughter.

By virtue of their interests in shares in the Company, Datuk Tan Say Jim is deemed to have interests in the shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965.

The other director, Datuk Kamaruddin Bin Taib had no interests in shares in the Company or its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 48 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company or its subsidiaries a party to any arrangements whose 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.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 50 to the financial statements.

**SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period are disclosed in Note 51 to the financial statements.

**AUDITORS**

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED**

**Datuk Tan Say Jim**

**Dato' Eow Kwan Hoong**



## STATEMENT BY DIRECTORS

We, Datuk Tan Say Jim and Dato' Eow Kwan Hoong, being two of the directors of IRIS Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 67 to 153 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2013 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 54, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

### SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED

Datuk Tan Say Jim

Dato' Eow Kwan Hoong

## STATUTORY DECLARATION

I, Datuk Tan Say Jim, I/C No. 571109-08-6215, being the director primarily responsible for the financial management of IRIS Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 67 to 153 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by  
Datuk Tan Say Jim, I/C No. 571109-08-6215,  
at Kuala Lumpur in the Federal Territory  
on this

Datuk Tan Say Jim

Before me  
Datin Hajah Raihela Wanchik  
(No. W -275)

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRIS CORPORATION BERHAD

(Incorporated in Malaysia) Company No: 302232 - X

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IRIS Corporation Berhad, which comprise the statements of financial position as at 31 March 2013 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 a summary of significant accounting policies and other explanatory information, as set out on pages 67 to 153.

### Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 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 1965 in Malaysia.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRIS CORPORATION BERHAD *cont'd*

(Incorporated in Malaysia) Company No: 302232 - X

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 54 on page 154 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### OTHER MATTERS

1. As stated in Note 3.1 to the financial statements, IRIS Corporation Berhad adopted Malaysian Financial Reporting Standards, International Financial Reporting Standards on 1 April 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2012 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 March 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 March 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2012 do not contain misstatements that materially affect the financial position as of 31 March 2013 and financial performance and cash flows for the financial year then ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### Crowe Horwath

Firm No: AF 1018  
Chartered Accountants

Kuala Lumpur  
30 July 2013

#### James Chan Kuan Chee

Approval No: 2271/10/13 (J)  
Chartered Accountant

**STATEMENTS OF FINANCIAL POSITION**

AS AT 31 MARCH 2013

|   |      | THE GROUP        |                     |                    | THE COMPANY      |           |          |
|---|------|------------------|---------------------|--------------------|------------------|-----------|----------|
|   |      | 31.3.2013        | RESTATED            | RESTATED           | 31.3.2013        | 31.3.2012 | 1.1.2011 |
|   | NOTE | RM'000           | 31.3.2012<br>RM'000 | 1.1.2011<br>RM'000 | RM'000           | RM'000    | RM'000   |
| <b>ASSETS</b>                               |      |                  |                     |                    |                  |           |          |
| <b>NON-CURRENT ASSETS</b>                   |      |                  |                     |                    |                  |           |          |
| Investment in subsidiaries                  | 5    | –                | –                   | –                  | <b>204,852</b>   | 149,631   | 180,294  |
| Investment in associates                    | 6    | <b>7,728</b>     | 40,802              | 42,497             | <b>5,638</b>     | 43,614    | 42,290   |
| Property, plant and equipment               | 7    | <b>162,354</b>   | 117,146             | 114,876            | <b>178,251</b>   | 108,185   | 4,004    |
| Concession assets                           | 8    | <b>185,892</b>   | 10,229              | 8,720              | <b>10,617</b>    | 10,229    | 8,720    |
| Development costs                           | 9    | –                | 336                 | 2,048              | –                | 336       | 2,048    |
| Intellectual properties                     | 10   | <b>7,628</b>     | 9,008               | 10,799             | <b>7,628</b>     | 9,008     | 5,122    |
| Available-for-sales financial assets        | 11   | <b>406</b>       | 406                 | 406                | <b>406</b>       | 406       | 406      |
| Deferred tax assets                         | 12   | –                | –                   | 1,929              | –                | –         | 1,929    |
| Goodwill on consolidation                   | 13   | <b>141,511</b>   | 135,403             | 133,982            | –                | –         | –        |
|   |      | <b>505,519</b>   | 313,330             | 315,257            | <b>407,392</b>   | 321,409   | 244,813  |
| <b>CURRENT ASSETS</b>                       |      |                  |                     |                    |                  |           |          |
| Inventories                                 | 14   | <b>94,616</b>    | 57,411              | 69,429             | <b>79,022</b>    | 48,367    | 43,207   |
| Trade receivables                           | 15   | <b>224,790</b>   | 210,542             | 140,995            | <b>170,689</b>   | 134,305   | 82,204   |
| Amount owing by contract customers          | 16   | <b>87,576</b>    | 30,850              | 21,752             | <b>61,967</b>    | 21,351    | 19,498   |
| Other receivables, deposits and prepayments | 17   | <b>109,094</b>   | 66,652              | 42,837             | <b>48,631</b>    | 56,633    | 25,940   |
| Amount owing by subsidiaries                | 18   | –                | –                   | –                  | <b>206,856</b>   | 119,709   | 60,820   |
| Amount owing by associates                  | 19   | <b>2,089</b>     | 17,016              | 62,947             | <b>2,089</b>     | 9,482     | 20,873   |
| Amount owing by related parties             | 20   | <b>215</b>       | 176                 | 353                | <b>215</b>       | 176       | 349      |
| Tax refundable                              |      | <b>9,211</b>     | 1,764               | 338                | <b>9,211</b>     | 1,764     | 338      |
| Deposits with licensed banks                | 21   | <b>21,687</b>    | 27,063              | 12,458             | <b>20,876</b>    | 26,252    | 10,765   |
| Cash and bank balances                      |      | <b>37,163</b>    | 61,761              | 19,218             | <b>27,816</b>    | 51,904    | 13,803   |
|   |      | <b>586,441</b>   | 473,235             | 370,327            | <b>627,372</b>   | 469,943   | 277,797  |
| <b>TOTAL ASSETS</b>                         |      | <b>1,091,960</b> | 786,565             | 685,584            | <b>1,034,764</b> | 791,352   | 522,610  |

*The annexed notes form an integral part of these financial statements*

**STATEMENTS OF FINANCIAL POSITION**AS AT 31 MARCH 2013 *cont'd*

|  |      | THE GROUP      |                       |                      | THE COMPANY    |           |          |
|--|------|----------------|-----------------------|----------------------|----------------|-----------|----------|
|  |      | 31.3.2013      | RESTATED<br>31.3.2012 | RESTATED<br>1.1.2011 | 31.3.2013      | 31.3.2012 | 1.1.2011 |
|  | NOTE | RM'000         | RM'000                | RM'000               | RM'000         | RM'000    | RM'000   |
| <b>EQUITY AND LIABILITIES</b>            |      |                |                       |                      |                |           |          |
| <b>EQUITY</b>                            |      |                |                       |                      |                |           |          |
| Share capital                            | 22   | <b>236,459</b> | 236,257               | 216,416              | <b>236,459</b> | 236,257   | 216,416  |
| Share premium                            | 23   | <b>35,211</b>  | 35,211                | 35,052               | <b>35,211</b>  | 35,211    | 35,052   |
| Warrants reserve                         | 24   | <b>10,609</b>  | 10,616                | 10,616               | <b>10,609</b>  | 10,616    | 10,616   |
| Foreign exchange translation reserve     | 25   | <b>(1,199)</b> | (412)                 | -                    | -              | -         | -        |
| Revaluation reserve                      | 26   | <b>26,904</b>  | 27,233                | 27,642               | -              | -         | -        |
| Retained earnings/<br>(Accumulated loss) | 27   | <b>108,075</b> | 93,773                | 56,798               | <b>28,905</b>  | 30,116    | (36,133) |
| <b>SHAREHOLDERS' FUND</b>                |      | <b>416,059</b> | 402,678               | 346,524              | <b>311,184</b> | 312,200   | 225,951  |
| Non-controlling interests                |      | <b>41,141</b>  | (1,000)               | -                    | -              | -         | -        |
| <b>TOTAL EQUITY</b>                      |      | <b>457,200</b> | 401,678               | 346,524              | <b>311,184</b> | 312,200   | 225,951  |
| <b>NON-CURRENT LIABILITIES</b>           |      |                |                       |                      |                |           |          |
| Hire purchase payables                   | 28   | <b>4,309</b>   | 2,729                 | 2,893                | <b>1,847</b>   | 2,120     | 1,742    |
| Lease payables                           | 29   | <b>242</b>     | 666                   | 1,255                | <b>242</b>     | 666       | 1,211    |
| Term loans                               | 30   | <b>98,498</b>  | 72,978                | 102,728              | <b>53,498</b>  | 72,978    | 102,728  |
| Deferred tax liabilities                 | 31   | <b>13,534</b>  | 12,580                | 15,288               | <b>13,525</b>  | 12,571    | -        |
| Other payables                           | 33   | <b>168</b>     | -                     | -                    | -              | -         | -        |
|  |      | <b>116,751</b> | 88,953                | 122,164              | <b>69,112</b>  | 88,335    | 105,681  |

*The annexed notes form an integral part of these financial statements*

|  |    | THE GROUP        |                     |                    | THE COMPANY      |           |          |
|--|----|------------------|---------------------|--------------------|------------------|-----------|----------|
|  |    | 31.3.2013        | RESTATED            | RESTATED           | 31.3.2013        | 31.3.2012 | 1.1.2011 |
| NOTE   |    | RM'000           | 31.3.2012<br>RM'000 | 1.1.2011<br>RM'000 | RM'000           | RM'000    | RM'000   |
| <b>CURRENT LIABILITIES</b>                         |    |                  |                     |                    |                  |           |          |
| Trade payables                                     | 32 | <b>42,163</b>    | 33,465              | 27,320             | <b>20,789</b>    | 25,735    | 9,564    |
| Other payables<br>and accruals                     | 33 | <b>293,574</b>   | 182,308             | 68,730             | <b>268,091</b>   | 175,189   | 49,142   |
| Amount owing to<br>subsidiaries                    | 18 | –                | –                   | –                  | <b>203,340</b>   | 127,616   | 32,294   |
| Amount owing to<br>associates                      | 19 | <b>418</b>       | 36                  | 19,191             | <b>418</b>       | 36        | 19,191   |
| Amount owing to<br>related parties                 | 20 | <b>5</b>         | 5                   | 235                | –                | –         | 222      |
| Hire purchase payables                             | 28 | <b>2,096</b>     | 782                 | 598                | <b>686</b>       | 619       | 407      |
| Lease payables                                     | 29 | <b>240</b>       | 470                 | 747                | <b>240</b>       | 470       | 406      |
| Short-term borrowings                              | 34 | <b>167,837</b>   | 72,753              | 90,914             | <b>150,166</b>   | 61,152    | 79,752   |
| Provision for taxation                             |    | <b>11,676</b>    | 6,115               | 9,161              | <b>10,738</b>    | –         | –        |
|  |    | <b>518,009</b>   | 295,934             | 216,896            | <b>654,468</b>   | 390,817   | 190,978  |
| <b>TOTAL LIABILITIES</b>                           |    | <b>634,760</b>   | 384,887             | 339,060            | <b>723,580</b>   | 479,152   | 296,659  |
| <b>TOTAL EQUITY<br/>AND LIABILITIES</b>            |    |                  |                     |                    |                  |           |          |
|  |    | <b>1,091,960</b> | 786,565             | 685,584            | <b>1,034,764</b> | 791,352   | 522,610  |
| <b>NET ASSETS PER<br/>ORDINARY SHARE<br/>(sen)</b> |    |                  |                     |                    |                  |           |          |
|  | 35 | <b>26.39</b>     | 25.56               | 24.45              |                  |           |          |

*The annexed notes form an integral part of these financial statements*



**STATEMENTS OF COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

|   |      | THE GROUP                             |                                       | THE COMPANY                           |                                       |
|---|------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   |      | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 |
|   | NOTE |                                       |                                       |                                       |                                       |
| REVENUE   | 36   | <b>537,066</b>                        | 483,790                               | <b>435,224</b>                        | 306,378                               |
| COST OF SALES   | 37   | <b>(430,723)</b>                      | (343,233)                             | <b>(341,622)</b>                      | (241,185)                             |
| GROSS PROFIT  |      | <b>106,343</b>                        | 140,557                               | <b>93,602</b>                         | 65,193                                |
| OTHER INCOME  |      | <b>3,727</b>                          | 3,548                                 | <b>3,384</b>                          | 81,128                                |
|   |      | <b>110,070</b>                        | 144,105                               | <b>96,986</b>                         | 146,321                               |
| ADMINISTRATIVE EXPENSES   |      | <b>(55,267)</b>                       | (56,836)                              | <b>(41,104)</b>                       | (42,634)                              |
| FINANCE COSTS   |      | <b>(13,262)</b>                       | (14,140)                              | <b>(9,855)</b>                        | (9,031)                               |
| OTHER OPERATING EXPENSES  |      | <b>(6,860)</b>                        | (12,844)                              | <b>(26,475)</b>                       | (5,631)                               |
|   |      | <b>34,681</b>                         | 60,285                                | <b>19,552</b>                         | 89,025                                |
| SHARE OF LOSS IN ASSOCIATES   |      | <b>(652)</b>                          | (2,208)                               | —                                     | —                                     |
| PROFIT BEFORE TAXATION  | 38   | <b>34,029</b>                         | 58,077                                | <b>19,552</b>                         | 89,025                                |
| INCOME TAX EXPENSE  | 39   | <b>(15,593)</b>                       | (17,233)                              | <b>(13,676)</b>                       | (15,689)                              |
| <b>PROFIT AFTER TAXATION</b>  |      | <b>18,436</b>                         | 40,844                                | <b>5,876</b>                          | 73,336                                |
| <b>OTHER COMPREHENSIVE<br/>INCOME, NET OF TAX FOR<br/>THE FINANCIAL YEAR/PERIOD</b> |      |                                       |                                       |                                       |                                       |
| - Foreign currency translation<br>for foreign operations                            |      | <b>(1,076)</b>                        | (412)                                 | —                                     | —                                     |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE FINANCIAL YEAR/PERIOD</b>                 |      | <b>17,360</b>                         | 40,432                                | <b>5,876</b>                          | 73,336                                |

*The annexed notes form an integral part of these financial statements*

|  |      | THE GROUP                             |                                       | THE COMPANY                           |                                       |
|--|------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|  |      | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 |
|  | NOTE |                                       |                                       |                                       |                                       |
| PROFIT AFTER TAXATION<br>ATTRIBUTABLE TO:-     |      |                                       |                                       |                                       |                                       |
| Owners of the Company                          |      | 21,060                                | 43,653                                | 5,876                                 | 73,336                                |
| Non-controlling interests                      |      | (2,624)                               | (2,809)                               | –                                     | –                                     |
|  |      | 18,436                                | 40,844                                | 5,876                                 | 73,336                                |
| TOTAL COMPREHENSIVE INCOME<br>ATTRIBUTABLE TO: |      |                                       |                                       |                                       |                                       |
| Owners of the Company                          |      | 20,273                                | 43,241                                | 5,876                                 | 73,336                                |
| Non-controlling interests                      |      | (2,913)                               | (2,809)                               | –                                     | –                                     |
|  |      | 17,360                                | 40,432                                | 5,876                                 | 73,336                                |
| Earnings Per Ordinary Share                    |      |                                       |                                       |                                       |                                       |
| - Basic  | 40   | 1.34sen                               | 2.91sen                               |                                       |                                       |
| - Diluted                                      | 40   | 1.31sen                               | 2.85sen                               |                                       |                                       |

*The annexed notes form an integral part of these financial statements*

**STATEMENTS OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

| <b>THE GROUP</b>  | <b>ORDINARY<br/>SHARE<br/>CAPITAL<br/>RM'000</b> | <b>NON-CUMULATIVE<br/>IRREDEEMABLE<br/>CONVERTIBLE<br/>PREFERENCE<br/>SHARES ("ICPS")<br/>RM'000</b> | <b>SHARE<br/>PREMIUM<br/>RM'000</b> |
|---|--|--|-------------------------------------|
| Balance at 1.1.2011 (as previously reported)  | 212,566  | 3,850  | 35,052                              |
| Effect of adopting MFRS   | —  | —  | —                                   |
| Balance at 1.1.2011 (as adjusted)   | 212,566  | 3,850  | 35,052                              |
| Issuance of new shares  | 19,841   | —  | 159                                 |
| Conversion of ICPS into ordinary shares   | 3,850  | (3,850)  | —                                   |
| Additional investment in a subsidiary   | —  | —  | —                                   |
| Shares subscribed by non-controlling interests  | —  | —  | —                                   |
| Realisation on usage of property  | —  | —  | —                                   |
| Dividend paid (Note 42)   | —  | —  | —                                   |
| Profit after taxation for the financial period  | —  | —  | —                                   |
| Other comprehensive income for the financial period, net of tax:<br>- Foreign currency translation for foreign operations (as adjusted) | —  | —  | —                                   |
| Total comprehensive income for the financial period   | —  | —  | —                                   |
| <b>Balance at 31.3.2012/1.4.2012</b>  | <b>236,257</b>                                   | <b>—</b>   | <b>35,211</b>                       |
| Warrant exercised   | 202  | —  | —                                   |
| Acquisition/Issue of share in subsidiaries  | —  | —  | —                                   |
| Shares subscribed by non-controlling interests  | —  | —  | —                                   |
| Realisation on usage of property  | —  | —  | —                                   |
| Dividend paid (Note 42)   | —  | —  | —                                   |
| Profit after taxation for the financial year  | —  | —  | —                                   |
| Other comprehensive income for the financial year, net of tax:<br>- Foreign currency translation  | —  | —  | —                                   |
| Total comprehensive income for the financial year   | —  | —  | —                                   |
| <b>Balance at 31.3.2013</b>   | <b>236,459</b>                                   | <b>—</b>   | <b>35,211</b>                       |

*The annexed notes form an integral part of these financial statements*

| NON-DISTRIBUTABLE             |   |                                  | DISTRIBUTABLE                  |   |  |                           |  |
|-------------------------------|---|----------------------------------|--------------------------------|---|--|---------------------------|--|
| WARRANTS<br>RESERVE<br>RM'000 | FOREIGN<br>EXCHANGE<br>TRANSLATION<br>RESERVE<br>RM'000 | REVALUATION<br>RESERVE<br>RM'000 | RETAINED<br>EARNINGS<br>RM'000 | ATTRIBUTABLE<br>TO OWNERS OF<br>THE COMPANY<br>RM'000 | NON-<br>CONTROLLING<br>INTERESTS<br>RM'000 | TOTAL<br>EQUITY<br>RM'000 |  |
| 10,616                        | (518)   | 27,642                           | 57,316                         | 346,524   | –  | 346,524                   |  |
| –                             | 518   | –                                | (518)                          | –   | –  | –                         |  |
| 10,616                        | –   | 27,642                           | 56,798                         | 346,524   | –  | 346,524                   |  |
| –                             | –   | –                                | –                              | 20,000  | –  | 20,000                    |  |
| –                             | –   | –                                | –                              | –   | –  | –                         |  |
| –                             | –   | –                                | –                              | –   | 1,421                                      | 1,421                     |  |
| –                             | –   | –                                | –                              | –   | 388  | 388                       |  |
| –                             | –   | (409)                            | 409                            | –   | –  | –                         |  |
| –                             | –   | –                                | (7,087)                        | (7,087)   | –  | (7,087)                   |  |
| –                             | –   | –                                | 43,653                         | 43,653  | (2,809)                                    | 40,844                    |  |
| –                             | (412)   | –                                | –                              | (412)   | –  | (412)                     |  |
| –                             | (412)   | –                                | 43,653                         | 43,241  | (2,809)                                    | 40,432                    |  |
| 10,616                        | (412)   | 27,233                           | 93,773                         | 402,678   | (1,000)                                    | 401,678                   |  |
| (7)                           | –   | –                                | 7                              | 202   | –  | 202                       |  |
| –                             | –   | –                                | –                              | –   | 33,476                                     | 33,476                    |  |
| –                             | –   | –                                | –                              | –   | 11,578                                     | 11,578                    |  |
| –                             | –   | (329)                            | 329                            | –   | –  | –                         |  |
| –                             | –   | –                                | (7,094)                        | (7,094)   | –  | (7,094)                   |  |
| –                             | –   | –                                | 21,060                         | 21,060  | (2,624)                                    | 18,436                    |  |
| –                             | (787)   | –                                | –                              | (787)   | (289)                                      | (1,076)                   |  |
| –                             | (787)   | –                                | 21,060                         | 20,273  | (2,913)                                    | 17,360                    |  |
| 10,609                        | (1,199)   | 26,904                           | 108,075                        | 416,059   | 41,141                                     | 457,200                   |  |

**STATEMENTS OF CHANGES IN EQUITY**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd*

|   | NON - DISTRIBUTABLE                    |  |                            |                               | DISTRIBUTABLE  |                           |
|---|--|--|----------------------------|-------------------------------|--|---------------------------|
|   | ORDINARY<br>SHARE<br>CAPITAL<br>RM'000 | NON-<br>CUMULATIVE<br>IRREDEEMABLE<br>CONVERTIBLE<br>PREFERENCE<br>SHARE<br>("ICPS")<br>RM'000 | SHARE<br>PREMIUM<br>RM'000 | WARRANTS<br>RESERVE<br>RM'000 | (ACCUMULATED<br>LOSSES)/<br>RETAINED<br>EARNINGS<br>RM'000 | TOTAL<br>EQUITY<br>RM'000 |
| <b>THE COMPANY</b>  |  |  |                            |                               |  |                           |
| Balance at 1.1.2011   | 212,566                                | 3,850  | 35,052                     | 10,616                        | (36,133)   | 225,951                   |
| Conversion of ICPS<br>into ordinary shares                                      | 3,850                                  | (3,850)  | —                          | —                             | —  | —                         |
| Issuance of shares  | 19,841                                 | —  | 159                        | —                             | —  | 20,000                    |
| Dividend paid (Note 42)   | —                                      | —  | —                          | —                             | (7,087)  | (7,087)                   |
| Profit after taxation/Total<br>comprehensive income for the<br>financial period | —                                      | —  | —                          | —                             | 73,336   | 73,336                    |
| <b>Balance at 31.3.2012/</b>  |  |  |                            |                               |  |                           |
| <b>1.4.2012</b>   | 236,257                                | —  | 35,211                     | 10,616                        | 30,116   | 312,200                   |
| Warrant exercised   | 202                                    | —  | —                          | (7)                           | 7  | 202                       |
| Dividend paid (Note 42)   | —                                      | —  | —                          | —                             | (7,094)  | (7,094)                   |
| Profit after taxation/Total<br>comprehensive income for the<br>financial year   | —                                      | —  | —                          | —                             | 5,876  | 5,876                     |
| <b>Balance at 31.3.2013</b>   | 236,459                                | —  | 35,211                     | 10,609                        | 28,905   | 311,184                   |

*The annexed notes form an integral part of these financial statements*

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

| NOTE   | THE GROUP                             |                                       | THE COMPANY                           |                                       |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|  | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 |
|  |                                       |                                       |                                       |                                       |
| <b>CASH FLOWS FROM/(FOR)</b>   |                                       |                                       |                                       |                                       |
| <b>OPERATING ACTIVITIES</b>  |                                       |                                       |                                       |                                       |
| Profit before taxation   | <b>34,029</b>                         | 58,077                                | <b>19,552</b>                         | 89,025                                |
| Adjustments for:-  |                                       |                                       |                                       |                                       |
| Allowance for impairment loss<br>on investment in a subsidiary             | –                                     | –                                     | <b>20,647</b>                         | –                                     |
| Allowance for impairment loss<br>on associates                             | –                                     | 1,264                                 | –                                     | 1                                     |
| Allowance for impairment loss<br>on related parties                        | <b>40</b>                             | 48                                    | <b>40</b>                             | 50                                    |
| Allowance for Impairment loss on receivables                               | <b>1,031</b>                          | 2,426                                 | <b>1,075</b>                          | 1,012                                 |
| Amortisation of concession assets  | <b>4,996</b>                          | 320                                   | <b>161</b>                            | 320                                   |
| Amortisation of intellectual properties                                    | <b>1,380</b>                          | 1,725                                 | <b>1,380</b>                          | 1,151                                 |
| Amortisation of development costs  | <b>336</b>                            | 1,712                                 | <b>336</b>                            | 1,712                                 |
| Bad debts written off  | –                                     | 183                                   | –                                     | 183                                   |
| Depreciation of property, plant<br>and equipment                           | <b>15,181</b>                         | 12,639                                | <b>11,820</b>                         | 6,994                                 |
| Finance costs  | <b>13,262</b>                         | 14,140                                | <b>9,855</b>                          | 9,031                                 |
| Inventories written down   | <b>3,292</b>                          | 3,500                                 | <b>1,292</b>                          | –                                     |
| Intellectual properties written off  | –                                     | 66                                    | –                                     | –                                     |
| Share of loss in associates  | <b>652</b>                            | 2,208                                 | –                                     | –                                     |
| Property, plant and equipment written off                                  | <b>3</b>                              | 264                                   | –                                     | 22                                    |
| Gain on disposal of plant and equipment                                    | <b>(61)</b>                           | (23)                                  | <b>(61)</b>                           | (32)                                  |
| Gain on remeasurement on acquisition                                       | <b>(723)</b>                          | –                                     | –                                     | –                                     |
| Interest income  | <b>(2,162)</b>                        | (526)                                 | <b>(2,133)</b>                        | (338)                                 |
| Dividend income  | –                                     | –                                     | –                                     | (80,075)                              |
| Unrealised loss on foreign exchange  | <b>3,131</b>                          | 1,470                                 | <b>3,066</b>                          | 1,368                                 |
| Writeback of allowance for impairment<br>loss on associates                | <b>(1)</b>                            | –                                     | <b>(1)</b>                            | –                                     |
| Operating profit before working capital<br>changes/Balance carried forward | <b>74,386</b>                         | 99,493                                | <b>67,029</b>                         | 30,424                                |

The annexed notes form an integral part of these financial statements



**STATEMENTS OF CASH FLOWS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd*

|   | THE GROUP          |           | THE COMPANY      |           |
|---|--------------------|-----------|------------------|-----------|
|   | 1.4.2012           | 1.1.2011  | 1.4.2012         | 1.1.2011  |
|   | TO                 | TO        | TO               | TO        |
|   | 31.3.2013          | 31.3.2012 | 31.3.2013        | 31.3.2012 |
| NOTE  | RM'000             | RM'000    | RM'000           | RM'000    |
| Operating profit before working capital changes/Balance brought forward | <b>74,386</b>      | 99,493    | <b>67,029</b>    | 30,424    |
| Change in inventories   | <b>(40,494)</b>    | 8,518     | <b>(31,947)</b>  | 18,719    |
| Change in trade and other receivables                                   | <b>(19,813)</b>    | (97,441)  | <b>(29,457)</b>  | (77,387)  |
| Change in trade and other payables                                      | <b>72,476</b>      | 119,723   | <b>84,890</b>    | 132,803   |
| Net change in amount owing by/to contract customers                     | <b>(56,726)</b>    | (9,098)   | <b>(40,616)</b>  | 40        |
| Net change in amount owing by/to subsidiaries                           | <b>–</b>           | –         | <b>(11,423)</b>  | (90,586)  |
| Net change in amount owing by/to associates                             | <b>15,310</b>      | 25,512    | <b>7,776</b>     | (15,170)  |
| Net change in amount owing by/to related parties                        | <b>(79)</b>        | (101)     | <b>(79)</b>      | (99)      |
| <b>CASH FROM/(FOR) OPERATIONS</b>                                       | <b>45,060</b>      | 146,606   | <b>46,173</b>    | (1,256)   |
| Dividend received   | <b>–</b>           | 75        | <b>–</b>         | 80,075    |
| Interest paid   | <b>(13,262)</b>    | (14,140)  | <b>(9,855)</b>   | (9,031)   |
| Interest received   | <b>2,162</b>       | 526       | <b>2,133</b>     | 338       |
| Net tax paid  | <b>(16,529)</b>    | (22,484)  | <b>(9,431)</b>   | (2,615)   |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                               | <b>17,431</b>      | 110,583   | <b>29,020</b>    | 67,511    |
| <b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>                       |                    |           |                  |           |
| Acquisition of concession assets  | <b>(88,657)</b>    | (1,829)   | <b>(549)</b>     | (1,829)   |
| Acquisition of subsidiaries, net of cash acquired                       | 41 <b>8,847</b>    | –         | <b>(6,400)</b>   | –         |
| Net cash flow on additional investment in subsidiaries                  | <b>11,578</b>      | –         | <b>(30,992)</b>  | (3,327)   |
| Net paid on acquisition of investment in associates                     | <b>(500)</b>       | (1,000)   | <b>(500)</b>     | (1,000)   |
| Purchase of property, plant and equipment                               | 43 <b>(31,222)</b> | (14,322)  | <b>(80,709)</b>  | (7,195)   |
| Proceeds from disposal of plant and equipment                           | <b>256</b>         | 36        | <b>97</b>        | 32        |
| Proceeds from redemption of redeemable convertible preference shares    | <b>–</b>           | –         | <b>–</b>         | 36,000    |
| Proceeds from non-controlling interests                                 | <b>–</b>           | 388       | <b>–</b>         | –         |
| <b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>                         | <b>(99,698)</b>    | (16,727)  | <b>(119,053)</b> | 22,681    |

*The annexed notes form an integral part of these financial statements*

|  |      | THE GROUP                             |                                       | THE COMPANY                           |                                       |
|--|------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|  |      | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 |
|  | NOTE |                                       |                                       |                                       |                                       |
| <b>CASH FLOWS FROM/(FOR)</b>   |      |                                       |                                       |                                       |                                       |
| <b>FINANCING ACTIVITIES</b>  |      |                                       |                                       |                                       |                                       |
| Dividend paid  | 42   | (7,094)                               | (7,087)                               | (7,094)                               | (7,087)                               |
| Drawdown of trade and term loans   |      | 204,300                               | –                                     | 191,016                               | –                                     |
| Net proceeds from/(repayment of)<br>bankers' acceptances                                 |      | 11,846                                | (11,769)                              | 11,846                                | (607)                                 |
| Proceeds from issuance of new shares   |      | 202                                   | 20,000                                | 202                                   | 20,000                                |
| Net repayment of hire<br>purchase and lease obligations                                  |      | (3,319)                               | (1,710)                               | (2,073)                               | (1,166)                               |
| Repayment of trade and term loans<br>(Placement)/Withdrawal of pledged<br>fixed deposits |      | (153,642)                             | (16,170)                              | (133,328)                             | (27,772)                              |
|  |      | (2,041)                               | 6,047                                 | (2,040)                               | 5,165                                 |
| <hr/>  |      |                                       |                                       |                                       |                                       |
| NET CASH FROM/(FOR)<br>FINANCING ACTIVITIES  |      | 50,252                                | (10,689)                              | 58,529                                | (11,467)                              |
| <hr/>  |      |                                       |                                       |                                       |                                       |
| NET (DECREASE)/INCREASE IN<br>CASH AND CASH EQUIVALENTS                                  |      | (32,015)                              | 83,167                                | (31,504)                              | 78,725                                |
| <hr/>  |      |                                       |                                       |                                       |                                       |
| CASH AND CASH EQUIVALENTS<br>AT BEGINNING OF THE<br>FINANCIAL YEAR/PERIOD                |      | 82,413                                | (754)                                 | 72,556                                | (6,169)                               |
| <hr/>  |      |                                       |                                       |                                       |                                       |
| CASH AND CASH EQUIVALENTS<br>AT END OF THE FINANCIAL<br>YEAR/PERIOD                      | 44   | 50,398                                | 82,413                                | 41,052                                | 72,556                                |

The annexed notes form an integral part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

### 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : Level 18, The Gardens North Tower,  
Mid Valley City, Lingkaran Syed Putra,  
59200 Kuala Lumpur.

Principal place of business : IRIS Smart Technology Complex,  
Technology Park Malaysia, Bukit Jalil,  
57000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 July 2013.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of technology consulting, and the implementation of trusted identification, payment and transportation and sustainable development. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial period, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impacts on the transition from FRSs to MFRSs are disclosed in Note 3.1(a) to the financial statements.

#### 3.1(a) Foreign currency translation reserves

Prior to 1st April 2012, the Group recognised translation differences on foreign operations as a separate component of equity. Upon the changes in Framework effective 1st April 2012, the Group used the transitional provision of first-time adoption whereby the cumulative foreign currency translation differences on all foreign operations are deemed to be zero at the date of transition as of 1st January 2011 to MFRS. Accordingly, at the date of transition to MFRS the cumulative foreign currency translation differences were adjusted to retained earnings and the impact of adopting this accounting policy is disclosed as below:

**3. BASIS OF PREPARATION (CONT'D)****3.1 (Cont'd)****3.1(a) Foreign currency translation reserves (Cont'd)**

The reconciliation of equity for comparative periods and of equity at the date of transition reported under FRS for those periods and at the date of transition under MFRS are shown as below:-

|   | AS<br>PREVIOUSLY<br>REPORTED<br>UNDER "FRS"<br>RM'000 | ADJUSTMENT<br>RM'000 | AS<br>RESTATE<br>D UNDER "MFRS"<br>RM'000 |
|---|---|----------------------|---|
| <i>Statements of Financial Position/<br/>Statement of Changes in Equity</i> |   |                      |   |
| <u>As at 1<sup>st</sup> January 2011</u>                                    |   |                      |   |
| Foreign currency translation reserve  | (518)   | 518                  | –   |
| Retained earnings   | 57,316  | (518)                | 56,798                                    |
| <u>As at 1<sup>st</sup> April 2012</u>                                      |   |                      |   |
| Foreign currency translation reserve  | (930)   | 518                  | (412)                                     |
| Retained earnings   | 94,291  | (518)                | 93,773                                    |

- 3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

| <b>MFRSs AND IC INTERPRETATIONS (INCLUDING THE CONSEQUENTIAL AMENDMENTS)</b>                   | <b>EFFECTIVE DATE</b> |
|--|-----------------------|
| MFRS 9 Financial Instruments   | 1 January 2015        |
| MFRS 10 Consolidated Financial Statements  | 1 January 2013        |
| MFRS 11 Joint Arrangements   | 1 January 2013        |
| MFRS 12 Disclosure of Interests in Other Entities  | 1 January 2013        |
| MFRS 13 Fair Value Measurement   | 1 January 2013        |
| MFRS 119 Employee Benefits   | 1 January 2013        |
| MFRS 127 Separate Financial Statements   | 1 January 2013        |
| MFRS 128 Investments in Associates and Joint Ventures  | 1 January 2013        |
| Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities      | 1 January 2013        |
| Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures | 1 January 2015        |
| Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance                                | 1 January 2013        |
| Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities                               | 1 January 2014        |
| Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities                  | 1 January 2014        |
| IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine                 | 1 January 2013        |
| Annual Improvements to MFRSs 2009 – 2011 Cycle   | 1 January 2013        |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd*

### 3. BASIS OF PREPARATION (CONT'D)

#### 3.2 (Cont'd)

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (i) MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.
- (ii) MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control.
- (iii) MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or consolidated structured entities. MFRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.
- (iv) MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosure about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.
- (v) The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Company upon its initial application other than the presentation format of the statement of profit or loss and other comprehensive income.
- (vi) The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Company upon their initial application.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Critical Accounting Estimates And Judgements (Cont'd)***(i) Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

*(ii) Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

*(iii) Impairment of Non-financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

*(iv) Amortisation of Development Costs*

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

*(v) Contracts*

Contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

- *Contract Revenue*

Contracts accounting requires that variation claims and incentives payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

- *Contract Cost*

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract management estimates the profitability of the contract on an individual basis any particular time.



**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Critical Accounting Estimates And Judgements (Cont'd)***(vi) Writedown of Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

*(vii) Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

*(viii) Revaluation of Properties*

The Group's properties which are reported at valuation are based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

*(ix) Impairment of Available-for-sale Financial Assets*

The Group reviews its available-for-sale financial assets at the end of each reporting year to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

*(x) Classification of Leasehold Land*

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Critical Accounting Estimates And Judgements (Cont'd)***(xi) Impairment of Goodwill*

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

*(xii) Contingent Liabilities*

The directors' are of the opinion that provisions are not required in respect of the contingent liabilities as it is not probable that a future sacrifice of economic benefit will be required.

*(xiii) Fair Value Estimates for Certain Financial Assets and Liabilities*

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

**(b) Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

*(i) Business Combinations*

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd*

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Basis of Consolidation (Cont'd)

##### (ii) *Non-controlling Interest*

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

##### (iii) *Acquisition of Non-controlling Interest*

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

##### (iv) *Loss of Control*

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

- (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (b) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

#### (c) Goodwill on Consolidation

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent year.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain profit or loss.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Functional and Foreign Currencies***(i) Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional and presentation currency.

*(ii) Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised to the statement of comprehensive income.

*(iii) Foreign Operations*

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition of foreign operations, are translated to RM for consolidation at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated into RM at the average rates for the financial year. All exchange differences arising from translation are recognised directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, accumulated translation differences recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to comprehensive income.

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of foreign currency balances at the end of the reporting year were as follows:-

|                                      | <b>31.3.2013</b> | <b>31.3.2012</b> |
|--------------------------------------|------------------|------------------|
|                                      | <b>RM</b>        | <b>RM</b>        |
| Canadian Dollar                      | <b>3.02</b>      | 3.08             |
| Euro                                 | <b>3.94</b>      | 4.10             |
| Egyptian Pound                       | <b>0.45</b>      | 0.51             |
| Pound Sterling                       | <b>4.67</b>      | 4.90             |
| Thai Baht                            | <b>0.10</b>      | 0.10             |
| United States Dollar                 | <b>3.07</b>      | 3.07             |
| Indian Rupee                         | <b>0.06</b>      | 0.06             |
| Bangladeshi Taka<br>("Banglad Taka") | <b>0.04</b>      | 0.04             |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd*

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in statement of comprehensive income. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

- *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial Instruments (Cont'd)***(i) Financial Assets (Cont'd)*

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting year. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

*(ii) Financial Liabilities*

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

*(iii) Equity Instruments*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

*(iv) Derecognition*

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) Intangible Assets****(i) Research and Development Expenditure**

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

- (i) its ability to measure reliably the expenditure attributable to the asset under development;
- (ii) the product or process is technically and commercially feasible;
- (iii) its future economic benefits are probable;
- (iv) its ability to use or sell the developed asset; and
- (v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent year.

The development expenditure is amortised on a straight-line method over a year of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

**(ii) Concession Asset**

Concession assets comprised the Phuket Waste-To-Energy Incineration Plant ("WTE") and Electronic Passport System ("EPS").

*Phuket Waste-To-Energy Incineration Plant*

WTE comprises of Municipal Solid Waste (MSW)'s receiving, storing and incineration system, boiler system, flue gas treatment system, raw water treatment system, slag and ash handling system, automatic control system and electrical generation system.

WTE is stated at cost less accumulated amortisation and impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 4(j)(ii) to the financial statements.

The amortisation is calculated by reference to the costs on a straight-line basis over the concession period of 15 years.

*Electronic Passport System*

EPS comprises computer hardware, software development and special equipment (to provide a fully integrated and highly secure system for production, issuance and authentication of e-passports) incurred in connection with the concession.

EPS is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(j)(ii) to the financial statements.

The amortisation formula applied in the preparation of the financial statements to arrive at the annual amortisation charge for each financial year is as follows:

$$\frac{\text{Cumulative Inlay Revenue To-date}}{\text{Total Inlay Revenue of The Concession}} \times \text{Cumulative Actual Development Expenditure} - \text{Accumulated Amortisation To-date}$$



#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (f) Intangible Assets (Cont'd)

###### (iii) Intellectual Property

The intellectual property consists of the acquisition cost of the exclusive rights of a suite of software modules, including the trademarks, copyright, source codes and associated documentation. The acquisition cost is capitalised as an intangible asset as it is able to generate future economic benefits to the Group.

The intellectual property is amortised on a straight-line basis over the period of 20 years during which its economic benefits are expected to be consumed.

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

##### (g) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting year if events or changes in circumstances indicate that their carrying values may not be recoverable, unless the investment is classified as held for sale.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

##### (h) Investment in Associates

An associate is an entity in which the Group and the Company has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting year if events or changes in circumstances indicate that the carrying values may not be recoverable.

Investments in associates, in the consolidated financial statements, are accounted for under the equity method, based on the financial statements of the associates made up to 31 March 2013. The Group's share of the post acquisition profits of the associates is included in the consolidated statement of comprehensive income and the Group's interests in associates are stated at cost plus the Group's share of the post-acquisition retained profits and reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

##### (i) Property, Plant and Equipment

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any.

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Property, Plant and Equipment (Cont'd)**

Freehold land is not amortised. Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

|  |                     |
|--|---------------------|
| Building                                 | 2%                  |
| Leasehold land                           | Over the lease term |
| Office equipment, furniture and fittings | 10% - 33.3%         |
| Motor vehicles                           | 20%                 |
| Plant and machinery                      | 7.5% - 33%          |

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting year to ensure that the amount, method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss in the year the asset is derecognised.

**(j) Impairment***(i) Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting year whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(j) Impairment (Cont'd)***(i) Impairment of Financial Assets (Cont'd)*

With the exception of available-for-sale equity instruments, if, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

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

*(ii) Impairment of Non-Financial Assets*

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting year for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

**(k) Assets under Hire Purchase and Lease**

Leases of plant and equipment where substantially all the benefits and risk of ownership are transferred to the Group are classified as finance leases.

Plant and equipment acquired under finance lease and hire purchase are capitalised in the financial statements.

Each lease or hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd*

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (k) Assets under Hire Purchase and Lease (Cont'd)

Finance charges are recognised in profit or loss over the year of the respective lease and hire purchase agreements.

Plant and equipment acquired under finance leases and hire purchase are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

#### (l) Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are charged to the profit or loss on a straight-line basis over the lease year. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

#### (m) Government Grants

Grants from the government are recognised initially as deferred income at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants that compensate the Group for expenses incurred are recognised in profit or loss over the periods necessary to match the grants with the related costs which they are intended to compensate on a systematic basis.

Grants that compensate the Group for the cost of an asset are recognised in profit or loss over the expected useful life of the relevant asset on a systematic basis.

#### (n) Revaluation Reserve

The revaluation of the building is undertaken periodically whenever the fair value of the revalued assets is expected to differ materially from their carrying value, or at least once in every 5 years. Surpluses arising from the revaluation of properties are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

In the year of disposal of the revalued asset, the attributable remaining revaluation surplus is transferred from the revaluation reserve account to retained earnings.

#### (o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (o) Inventories (Cont'd)

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

##### (p) Amounts Due By/To Contract Customers

The amounts due by/to contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

##### (q) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

##### (r) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each financial reporting year and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

##### (s) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd*

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (s) Income Taxes (Cont'd)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting year.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

#### (t) Employee Benefits

##### (i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

##### (ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

##### (iii) Share-based payments

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(u) Related Parties**

A party is related to an entity (referred to as the “reporting entity”) if:-

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(v) Revenue and Other Income***(i) Sale of Goods*

Revenue is recognised upon delivery of goods and customers’ acceptance and where applicable, net of returns and trade discounts.

*(ii) Services*

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

*(iii) Royalty Income*

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd*

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (v) Revenue and Other Income (Cont'd)

##### *(iv) Contract Revenue*

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on completion of a physical proportion of the contract work.

##### *(v) Interest Income*

Interest income is recognised as other income on an accrual basis based on the effective yield on the investment.

##### *(vi) Dividend Income*

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

##### *(vii) Rental Income*

Rental income is recognised as other income on an accrual basis.

#### (w) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All borrowing costs are recognised in profit or loss as expenses in the year in which they incurred.

#### (x) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**5. INVESTMENT IN SUBSIDIARIES**

|  | THE COMPANY         |                     |
|--|---------------------|---------------------|
|  | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| <b>Unquoted shares, at cost:-</b>                                |                     |                     |
| At 1 April 2012/1 January 2011                                   | 159,517             | 190,180             |
| Addition during the financial year/period                        | 37,392              | 3,327               |
| Reclassification from investment in associates (Note 6)          | 38,476              | –                   |
| Acquired through internal restructuring                          | –                   | 2,010               |
| Redemption of preference shares during the financial year/period | –                   | (36,000)            |
|  | <b>235,385</b>      | 159,517             |
| <b>Accumulated impairment losses:-</b>                           |                     |                     |
| At 1 April 2012/1 January 2011                                   | (9,886)             | (9,886)             |
| Addition during the financial year/period                        | (20,647)            | –                   |
|  | <b>(30,533)</b>     | (9,886)             |
| At 31 March  | <b>204,852</b>      | 149,631             |

Details of the subsidiaries are as follows:-

| NAME OF COMPANY                         | COUNTRY OF INCORPORATION | EFFECTIVE EQUITY INTEREST |                | PRINCIPAL ACTIVITIES  |
|---|--------------------------|---------------------------|----------------|---|
|   |                          | 31.3.2013<br>%            | 31.3.2012<br>% |   |
| <i>Direct Subsidiaries</i>              |                          |                           |                |   |
| IRIS Technologies (M) Sdn Bhd ("ITech") | Malaysia                 | 100                       | 100            | Research, development and manufacturing of contact and contactless smart technology based products. |
| IRIS Corporation North America Ltd *    | United States of America | 100                       | 100            | Dormant.  |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***5. INVESTMENT IN SUBSIDIARIES (CONT'D)**

Details of the subsidiaries are as follows (Cont'd):-

| NAME OF COMPANY                                      | COUNTRY OF INCORPORATION | EFFECTIVE EQUITY INTEREST |                | PRINCIPAL ACTIVITIES  |
|--|--------------------------|---------------------------|----------------|---|
|  |                          | 31.3.2013<br>%            | 31.3.2012<br>% |   |
| <b>Direct Subsidiaries</b>                           |                          |                           |                |   |
| 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 Eco Power Sdn Bhd                               | Malaysia                 | 100                       | 100            | Provision of waste management and power and energy related systems.   |
| IRIS Agrotech Sdn Bhd (“Agrotech”)                   | Malaysia                 | 100                       | 100            | Professional design, construction and maintenance of automatic watering and feeding system for agricultural horticultural and other purposes.                 |
| IRIS Egypt LLC* # (In Members’ Voluntary Winding Up) | Egypt                    | 87.5                      | 87.5           | Provision of products, services, maintenance and solutions for identity security documents, biometrics information technology and communication in Egypt.     |
| IRIS Koto (M) Sdn Bhd (“IRIS Koto”)                  | Malaysia                 | 51                        | 51             | Manufacture and supply of Integrated building system (“IBS”) and building material.   |
| Epoch Energy Technology Sdn Bhd                      | Malaysia                 | 70                        | 70             | Provision of products, services, maintenance and solutions for carbon cleaning system.  |
| IRIS Land Sdn Bhd                                    | Malaysia                 | 60                        | 60             | Dormant.  |
| IRIS Healthcare Sdn Bhd                              | Malaysia                 | 60                        | 60             | Dormant.  |
| Warisan Atlet (M) Sdn Bhd ^                          | Malaysia                 | 49                        | 49             | Dormant.  |

**5. INVESTMENT IN SUBSIDIARIES (CONT'D)**

Details of the subsidiaries are as follows (Cont'd):-

| NAME OF COMPANY  | COUNTRY OF INCORPORATION | EFFECTIVE EQUITY INTEREST |                | PRINCIPAL ACTIVITIES  |
|--|--------------------------|---------------------------|----------------|---|
|  |                          | 31.3.2013<br>%            | 31.3.2012<br>% |   |
| <b>Direct Subsidiaries</b>   |                          |                           |                |   |
| IRIS Rimbunan Kaseh Sdn Bhd (formerly known as IRIS WRP Eco Power Sdn Bhd) | Malaysia                 | 100                       | 100            | Dormant.  |
| Digital Identity Solutions Limited   | Bangladesh               | 100                       | –              | Dormant.  |
| PJT Technology Co. Ltd.  | Thailand                 | 51                        | 49             | Operation and maintenance of waste-to-energy incinerator plant. |
| Regal Energy Limited (“Regal Energy”)                                      | Hong Kong                | 100                       | 100            | Investment holding company                                      |
| IRIS Ecopower (S) Pte Ltd  | Singapore                | 100                       | –              | Dormant   |
| RB Biotech Sdn Bhd   | Malaysia                 | 66.67                     | 50             | Research, develop and produce hybrid rice seeds.                |
| IRIS Cafe Kaseh Sdn Bhd (formerly known as Aspirasi Hartajaya Sdn Bhd)     | Malaysia                 | 100                       | –              | Operate and manage cafes, cafe outlets and restaurants.         |
| <b>Subsidiary of Agrotech</b>  |                          |                           |                |   |
| Endah Farm Sdn Bhd   | Malaysia                 | 60                        | 60             | Involved in agricultural activities.                            |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***5. INVESTMENT IN SUBSIDIARIES (CONT'D)**

Details of the subsidiaries are as follows (Cont'd):-

| NAME OF COMPANY  | COUNTRY OF INCORPORATION | EFFECTIVE EQUITY INTEREST |                | PRINCIPAL ACTIVITIES  |
|--|--------------------------|---------------------------|----------------|---|
|  |                          | 31.3.2013<br>%            | 31.3.2012<br>% |   |
| <b>Subsidiary of<br/>IRIS Koto</b>                           |                          |                           |                |   |
| IPE Insulation (M) Sdn Bhd                                   | Malaysia                 | 90                        | 90             | Manufacture, supply and trading of Styrofoam products and consumable parts. |
| <b>Subsidiary of<br/>Regal Energy</b>                        |                          |                           |                |   |
| Weinan IRIS Envirowerks Zhouji Renewable Resources Co., Ltd. | China                    | 65                        | —              | Operation and maintenance of food waste-to-fertilizer plant.                |
| <b>Subsidiary of<br/>IRIS Land<br/>Sdn Bhd</b>               |                          |                           |                |   |
| IRIS Land (PNG) Limited                                      | Papua New Guinea         | 60                        | —              | Dormant   |

\* *These subsidiaries were audited by other firms of chartered accountants.*# *At an Extraordinary General Meeting held on 21 November 2010, the subsidiary was wound up via a Members Voluntary Winding Up and the winding up is in progress.*^ *The Group has the control over the subsidiary.*

The Company assessed the recoverable amount of investment in a subsidiary and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of the cash-generating unit is determined using the fair value less costs to sell approach, and this is derived from the net assets position of the subsidiary as at the end of the reporting period.

The net assets position of the subsidiary as at the end of the current reporting period has declined in the current financial year which was attributed to the continuing losses incurred.

**6. INVESTMENT IN ASSOCIATES**

|  | THE GROUP           |                     | THE COMPANY         |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| <b>Unquoted shares, at cost:-</b>                            |                     |                     |                     |                     |
| At 1 April 2012/1 January 2011                               | <b>45,290</b>       | 44,563              | <b>45,290</b>       | 43,290              |
| Addition during the financial year/period                    | <b>500</b>          | 1,000               | <b>500</b>          | 1,000               |
| Acquired through internal restructuring                      | –                   | –                   | –                   | 1,000               |
| Transfer to investment in subsidiaries (Note 5)              | <b>(38,476)</b>     | –                   | <b>(38,476)</b>     | –                   |
| Transfer to available-for-sales financial assets (Note 11)   | –                   | (273)               | –                   | –                   |
|  | <b>7,314</b>        | 45,290              | <b>7,314</b>        | 45,290              |
| <b>Accumulated impairment losses:-</b>                       |                     |                     |                     |                     |
| At 1 April 2012/1 January 2011                               | <b>(1,000)</b>      | (1,073)             | <b>(1,676)</b>      | (1,000)             |
| Acquired through internal restructuring                      | –                   | –                   | –                   | (676)               |
| Transfer to available-for-sales financial assets             | –                   | 73                  | –                   | –                   |
|  | <b>(1,000)</b>      | (1,000)             | <b>(1,676)</b>      | (1,676)             |
| Share of post acquisition reserves, net of dividend received | <b>(652)</b>        | (2,565)             | –                   | –                   |
| Share of post acquisition reserves realised                  | <b>2,066</b>        | –                   | –                   | –                   |
| Foreign exchange translation reserve                         | –                   | (923)               | –                   | –                   |
| At 31 March  | <b>7,728</b>        | 40,802              | <b>5,638</b>        | 43,614              |

(a) Share of results in associates is based on unaudited financial statements of the associates.

(b) Details of the associates are as follows:-

| NAME OF COMPANY                           | COUNTRY OF INCORPORATION | EFFECTIVE EQUITY INTEREST |                | PRINCIPAL ACTIVITIES  |
|---|--------------------------|---------------------------|----------------|---|
|   |                          | 31.3.2013<br>%            | 31.3.2012<br>% |   |
| <i>Direct associates</i>                  |                          |                           |                |   |
| Multimedia Display Technologies Sdn Bhd * | Malaysia                 | 44.4                      | 44.4           | Research, development, marketing and distribution of CRT/LCD display monitors and Radio frequency identity system (RFID). |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***6. INVESTMENT IN ASSOCIATES (CONT'D)**

(b) Details of the associates are as follows (Cont'd):-

| NAME OF COMPANY   | COUNTRY OF INCORPORATION | EFFECTIVE EQUITY INTEREST |                | PRINCIPAL ACTIVITIES  |
|---|--------------------------|---------------------------|----------------|---|
|   |                          | 31.3.2013<br>%            | 31.3.2012<br>% |   |
| <b>Direct associates</b>  |                          |                           |                |   |
| Paysys (M) Sdn Bhd *  | Malaysia                 | 30.0                      | 30.0           | Provision of terminals and solutions for credit card transactions.  |
| PJT Technology Co Ltd *   | Thailand                 | –                         | 49.0           | Provision of products and services for identity security solutions, and operation and maintenance of waste-to-energy incinerator plant. |
| GMPC Corporation Sdn Bhd *  | Malaysia                 | 25.0                      | 25.0           | Provision of multi-purpose Smart Cards to the Malaysian Government.   |
| RB Biotech Sdn Bhd  | Malaysia                 | –                         | 50.0           | Research, develop and produce hybrid rice seeds.  |
| Neurology Sdn Bhd   | Malaysia                 | 20.0                      | –              | Research and development in Electronics and IT.   |
| IRIS Koto Designs Sdn Bhd (formerly known as Solar Hub Sdn Bhd) * | Malaysia                 | 20.0                      | –              | Dormant.  |
| <b>Associates of Agrotech</b>                                     |                          |                           |                |   |
| Ubud Tower Sdn Bhd  | Malaysia                 | 50.0                      | 50.0           | Dormant.  |

\* Equity accounting was done based on the management financial statements as the audited financial statements of these companies were not available.



**6. INVESTMENT IN ASSOCIATES (CONT'D)**

The Group's share of the associates' revenue, expenses, assets and liabilities are as follows:-

|                                   | THE GROUP           |                     |
|-----------------------------------|---------------------|---------------------|
|                                   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| <b>Assets and Liabilities</b>     |                     |                     |
| Total assets                      | <b>6,352</b>        | 81,507              |
| Total liabilities                 | <b>2,203</b>        | 46,668              |
| <b>Results</b>                    |                     |                     |
| Revenue                           | <b>5,652</b>        | 42,232              |
| Profit/(Loss) for the year/period | <b>203</b>          | (2,208)             |

**7. PROPERTY, PLANT AND EQUIPMENT**

|   | AT<br>1.4.2012<br>RM'000 | ACQUISITION<br>OF<br>SUBSIDIARIES<br>RM'000 | ADDITIONS<br>RM'000 | DISPOSAL<br>RM'000 | WRITTEN<br>OFF<br>RM'000 | DEPRECIATION<br>CHARGE<br>RM'000 | AT<br>31.3.2013<br>RM'000 |
|---|--------------------------|---|---------------------|--------------------|--------------------------|----------------------------------|---------------------------|
| THE GROUP                                   |                          |   |                     |                    |                          |                                  |                           |
| <b>NET BOOK VALUE</b>                       |                          |   |                     |                    |                          |                                  |                           |
| Building                                    |                          |   |                     |                    |                          |                                  |                           |
| - at cost                                   | 38,028                   | 4,449                                       | 938                 | —                  | —                        | (1,957)                          | <b>41,458</b>             |
| - at valuation                              | 34,908                   | —   | —                   | —                  | —                        | (350)                            | <b>34,558</b>             |
| Freehold land                               | —                        | 1,777                                       | —                   | —                  | —                        | —                                | <b>1,777</b>              |
| Leasehold land                              | 12,302                   | —   | —                   | —                  | —                        | (335)                            | <b>11,967</b>             |
| Office equipment,<br>furniture and fittings | 6,185                    | 178   | 2,914               | (2)                | (3)                      | (2,411)                          | <b>6,861</b>              |
| Motor vehicles                              | 3,497                    | 944   | 3,246               | (192)              | —                        | (1,719)                          | <b>5,776</b>              |
| Plant and machinery                         | 22,226                   | 17,057                                      | 7,060               | (1)                | —                        | (8,409)                          | <b>37,933</b>             |
| Construction in-progress                    | —                        | —   | 22,024              | —                  | —                        | —                                | <b>22,024</b>             |
|   | 117,146                  | 24,405                                      | 36,182              | (195)              | (3)                      | (15,181)                         | <b>162,354</b>            |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

| THE GROUP                                   | AT<br>1.1.2011<br>RM'000 | ADDITIONS<br>RM'000 | DISPOSAL<br>RM'000 | WRITTEN<br>OFF<br>RM'000 | RECLASSI-<br>FICATION<br>RM'000 | DEPRECIATION<br>CHARGE<br>RM'000 | AT<br>31.3.2012<br>RM'000 |
|---|--------------------------|---------------------|--------------------|--------------------------|---------------------------------|----------------------------------|---------------------------|
| <b>NET BOOK VALUE</b>                       |                          |                     |                    |                          |                                 |                                  |                           |
| Building                                    |                          |                     |                    |                          |                                 |                                  |                           |
| - at cost                                   | 37,575                   | 2,017               | —                  | —                        | —                               | (1,564)                          | 38,028                    |
| - at valuation                              | 35,346                   | —                   | —                  | —                        | —                               | (438)                            | 34,908                    |
| Leasehold land                              | 12,721                   | —                   | —                  | —                        | —                               | (419)                            | 12,302                    |
| Office equipment,<br>furniture and fittings | 5,677                    | 2,875               | (13)               | (23)                     | (113)                           | (2,218)                          | 6,185                     |
| Motor vehicles                              | 3,770                    | 971                 | —                  | —                        | —                               | (1,244)                          | 3,497                     |
| Plant and machinery                         | 19,787                   | 9,323               | —                  | (241)                    | 113                             | (6,756)                          | 22,226                    |
|   | 114,876                  | 15,186              | (13)               | (264)                    | —                               | (12,639)                         | 117,146                   |

| THE GROUP                                | COST<br>RM'000 | AT<br>VALUATION<br>RM'000 | ACCUMULATED<br>DEPRECIATION<br>RM'000 | NET BOOK<br>VALUE<br>RM'000 |
|--|----------------|---------------------------|---------------------------------------|-----------------------------|
| <b>AT 31.3.2013</b>                      |                |                           |                                       |                             |
| Building                                 |                |                           |                                       |                             |
| - at cost                                | 50,737         | —                         | (9,279)                               | 41,458                      |
| - at valuation                           | —              | 37,446                    | (2,888)                               | 34,558                      |
| Freehold land                            | 1,777          | —                         | —                                     | 1,777                       |
| Leasehold land                           | 14,572         | —                         | (2,605)                               | 11,967                      |
| Office equipment, furniture and fittings | 24,468         | —                         | (17,607)                              | 6,861                       |
| Motor vehicles                           | 10,371         | —                         | (4,595)                               | 5,776                       |
| Plant and machinery                      | 133,535        | —                         | (95,602)                              | 37,933                      |
| Construction in-progress                 | 22,024         | —                         | —                                     | 22,024                      |
|  | 257,484        | 37,446                    | (132,576)                             | 162,354                     |

**AT 31.3.2012**

|  |         |        |           |         |
|--|---------|--------|-----------|---------|
| Building                                 |         |        |           |         |
| - at cost                                | 44,634  | —      | (6,606)   | 38,028  |
| - at valuation                           | —       | 37,446 | (2,538)   | 34,908  |
| Leasehold land                           | 14,572  | —      | (2,270)   | 12,302  |
| Office equipment, furniture and fittings | 21,095  | —      | (14,910)  | 6,185   |
| Motor vehicles                           | 5,874   | —      | (2,377)   | 3,497   |
| Plant and machinery                      | 94,919  | —      | (72,693)  | 22,226  |
|  | 181,094 | 37,446 | (101,394) | 117,146 |

**7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

|   | AT<br>1.4.2012<br>RM'000 | ADDITIONS<br>RM'000 | DISPOSALS<br>RM'000 | DEPRECIATION<br>CHARGE<br>RM'000 | AT<br>31.3.2013<br>RM'000 |
|---|--------------------------|---------------------|---------------------|----------------------------------|---------------------------|
| <b>THE COMPANY</b>                          |                          |                     |                     |                                  |                           |
| <b>NET BOOK VALUE</b>                       |                          |                     |                     |                                  |                           |
| Land and building                           | 85,047                   | –                   | –                   | (2,059)                          | <b>82,988</b>             |
| Office equipment,<br>furniture and fittings | 5,677                    | 1,711               | (1)                 | (2,071)                          | <b>5,316</b>              |
| Motor vehicles                              | 2,628                    | 1,461               | (35)                | (998)                            | <b>3,056</b>              |
| Plant and machinery                         | 14,833                   | 78,750              | –                   | (6,692)                          | <b>86,891</b>             |
|   | 108,185                  | 81,922              | (36)                | (11,820)                         | <b>178,251</b>            |

|   | AT<br>1.1.2011<br>RM'000 | ADDITIONS<br>RM'000 | ACQUIRED<br>THROUGH<br>INTERNAL<br>RESTRUCTURING<br>RM'000 | WRITTEN OFF<br>RM'000 | DEPRECIATION<br>CHARGE<br>RM'000 | AT<br>31.3.2012<br>RM'000 |
|---|--------------------------|---------------------|--|-----------------------|----------------------------------|---------------------------|
| <b>THE COMPANY</b>                          |                          |                     |  |                       |                                  |                           |
| <b>NET BOOK VALUE</b>                       |                          |                     |  |                       |                                  |                           |
| Land and building                           | –                        | 1,800               | 84,218   | –                     | (971)                            | 85,047                    |
| Office equipment,<br>furniture and fittings | 1,718                    | 2,311               | 3,111  | (22)                  | (1,441)                          | 5,677                     |
| Motor vehicles                              | 2,267                    | 316                 | 913  | –                     | (868)                            | 2,628                     |
| Plant and machinery                         | 19                       | 3,036               | 15,492   | –                     | (3,714)                          | 14,833                    |
|   | 4,004                    | 7,463               | 103,734  | (22)                  | (6,994)                          | 108,185                   |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

| THE COMPANY                              | COST<br>RM'000 | ACCUMULATED<br>DEPRECIATION<br>RM'000 | NET BOOK<br>VALUE<br>RM'000 |
|--|----------------|---------------------------------------|-----------------------------|
| <b>AT 31.3.2013</b>                      |                |                                       |                             |
| Land and building                        | 96,412         | (13,424)                              | 82,988                      |
| Office equipment, furniture and fittings | 21,987         | (16,671)                              | 5,316                       |
| Motor vehicles                           | 6,041          | (2,985)                               | 3,056                       |
| Plant and machinery                      | 166,544        | (79,653)                              | 86,891                      |
|  | <b>290,984</b> | <b>(112,733)</b>                      | <b>178,251</b>              |
| <b>AT 31.3.2012</b>                      |                |                                       |                             |
| Land and building                        | 96,412         | (11,365)                              | 85,047                      |
| Office equipment, furniture and fittings | 20,279         | (14,602)                              | 5,677                       |
| Motor vehicles                           | 4,757          | (2,129)                               | 2,628                       |
| Plant and machinery                      | 87,794         | (72,961)                              | 14,833                      |
|  | <b>209,242</b> | <b>(101,057)</b>                      | <b>108,185</b>              |

**Security**

All assets have been pledged to financial institutions as security for banking facilities of the Company as disclosed in Note 34 to the financial statements.

**Revaluation**

The property was revalued by the directors using the open market value basis based on the valuation carried out by an independent firm of professional valuers on 27 January 2010.

Had the revalued property been carried at cost less accumulated depreciation, the net book value of the property would have been RM36,491,680 (2012 - RM37,821,810) as at the end of the reporting year.

At the end of the reporting year, the net book values of the following assets of the Group and of the Company acquired under hire purchase and finance lease terms were as follows:-

|                     | THE GROUP           |                     | THE COMPANY         |                     |
|---------------------|---------------------|---------------------|---------------------|---------------------|
|                     | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Motor vehicles      | 4,788               | 3,438               | 2,501               | 2,611               |
| Plant and machinery | 2,824               | —                   | 615                 | —                   |

**8. CONCESSION ASSETS**

|   | THE GROUP           |                     | THE COMPANY         |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| At carrying amounts:-                     |                     |                     |                     |                     |
| Electronic Passport System                | 10,617              | 10,229              | 10,617              | 10,229              |
| Phuket Waste-To-Energy Incineration Plant | 175,275             | –                   | –                   | –                   |
|   | <b>185,892</b>      | 10,229              | <b>10,617</b>       | 10,229              |

Details of the Concession Assets are as follows:-

| THE GROUP AND THE COMPANY                                    | PHUKET WASTE-<br>TO-ENERGY<br>INCINERATION<br>PLANT<br>RM'000 | ELECTRONIC<br>PASSPORT<br>SYSTEM<br>RM'000 |
|--|---|--|
| <b>AT COST:-</b>   |   |  |
| At 1 January 2011  | –   | 9,455                                      |
| Addition during the financial period                         | –   | 1,829                                      |
| At 31 March 2012/1 April 2012                                | –   | 11,284                                     |
| Addition arising from acquisition of a subsidiary            | 93,657  | –  |
| Addition during the financial year                           | 10,772  | 549  |
| Reclassification from plant and equipment                    | 77,336  | –  |
| At 31 March 2013   | <b>181,765</b>  | <b>11,833</b>                              |
| <b>ACCUMULATED DEPRECIATION:-</b>                            |   |  |
| At 1 January 2011  | –   | (735)                                      |
| Amortisation charge for the financial period                 | –   | (320)                                      |
| At 31 March 2012/1 April 2012                                | –   | (1,055)                                    |
| Amortisation charge arising from acquisition of a subsidiary | (1,655)   | –  |
| Amortisation charge for the financial year                   | (4,835)   | (161)                                      |
| At 31 March 2013   | <b>(6,490)</b>  | <b>(1,216)</b>                             |
| <b>CARRYING AMOUNTS:-</b>                                    |   |  |
| At 31 March 2013   | 175,275   | 10,617                                     |
| At 31 March 2012   | –   | 10,229                                     |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***9. DEVELOPMENT COSTS**

|   | THE GROUP/THE COMPANY |                     |
|---|-----------------------|---------------------|
|   | 31.3.2013<br>RM'000   | 31.3.2012<br>RM'000 |
| <b>AT COST:-</b>                                  |                       |                     |
| At 1 April 2012/At 1 January 2011                 | <b>16,223</b>         | 16,223              |
| <b>AMORTISATION OF DEVELOPMENT COSTS:-</b>        |                       |                     |
| At 1 April 2012/At 1 January 2011                 | <b>(15,887)</b>       | (14,175)            |
| Amortisation charge for the financial year/period | <b>(336)</b>          | (1,712)             |
|   | <b>(16,223)</b>       | (15,887)            |
| At 31 March                                       | –                     | 336                 |

**10. INTELLECTUAL PROPERTIES**

|  | THE GROUP           |                     | THE COMPANY         |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| At cost                                      |                     |                     |                     |                     |
| At 1 April 2012/At 1 January 2011            | <b>28,151</b>       | 28,217              | <b>28,151</b>       | 12,851              |
| Acquisition through internal restructuring   | –                   | –                   | –                   | 15,300              |
| Written off during the financial year/period | –                   | (66)                | –                   | –                   |
|  | <b>28,151</b>       | 28,151              | <b>28,151</b>       | 28,151              |
| Accumulated amortisation                     |                     |                     |                     |                     |
| At 1 April 2012/At 1 January 2011            | <b>(19,143)</b>     | (17,418)            | <b>(19,143)</b>     | (7,729)             |
| Acquisition through internal restructuring   | –                   | –                   | –                   | (10,263)            |
| Charge during the financial year/period      | <b>(1,380)</b>      | (1,725)             | <b>(1,380)</b>      | (1,151)             |
|  | <b>(20,523)</b>     | (19,143)            | <b>(20,523)</b>     | (19,143)            |
| At 31 March                                  | <b>7,628</b>        | 9,008               | <b>7,628</b>        | 9,008               |

**11. AVAILABLE-FOR-SALES FINANCIAL ASSETS**

|   | THE GROUP           |                     | THE COMPANY         |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Unquoted shares                             |                     |                     |                     |                     |
| - in Malaysia                               | –                   | 273                 | –                   | –                   |
| - in Singapore                              | <b>2,378</b>        | 2,378               | <b>2,378</b>        | 2,378               |
| - in Hong Kong                              | <b>981</b>          | 981                 | <b>981</b>          | 981                 |
| Golf club membership                        | <b>406</b>          | 406                 | <b>406</b>          | 406                 |
|   | <b>3,765</b>        | 4,038               | <b>3,765</b>        | 3,765               |
| Less: Impairment loss in value              | <b>(3,359)</b>      | (3,632)             | <b>(3,359)</b>      | (3,359)             |
|   | <b>406</b>          | 406                 | <b>406</b>          | 406                 |
| Impairment loss in value:-                  |                     |                     |                     |                     |
| At 1 April 2012/1 January 2011              | <b>(3,632)</b>      | (3,359)             | <b>(3,359)</b>      | (3,359)             |
| Disposal during the financial year          | <b>273</b>          | –                   | –                   | –                   |
| Transfer from investment associate (Note 6) | –                   | (273)               | –                   | –                   |
|   | <b>(3,359)</b>      | (3,632)             | <b>(3,359)</b>      | (3,359)             |

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

**12. DEFERRED TAX ASSETS**

|  | THE GROUP/THE COMPANY |                     |
|--|-----------------------|---------------------|
|  | 31.3.2013<br>RM'000   | 31.3.2012<br>RM'000 |
| At 1 April 2012/1 January 2011         | –                     | 1,929               |
| Recognised in profit or loss (Note 39) | –                     | (1,929)             |
| At 31 March                            | –                     | –                   |

The above deferred tax assets are recognised to the extent that it is probable that the future taxable profits will allow the deferred tax assets to be recovered.



**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***13. GOODWILL ON CONSOLIDATION**

|                                 | THE GROUP           |                     |
|---------------------------------|---------------------|---------------------|
|                                 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| At 1 April 2012/1 January 2011  | <b>135,403</b>      | 133,982             |
| Acquisition of new subsidiaries | <b>6,108</b>        | 1,421               |
| At 31 March                     | <b>141,511</b>      | 135,403             |

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

|   | THE GROUP           |                     |
|---|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Trusted identification  | <b>128,268</b>      | 128,268             |
| Others segments – Phuket plant                                  | <b>5,279</b>        | –                   |
| Others segments – Food and Agro Technology                      | <b>6,543</b>        | 5,714               |
| Others segments – Koto Industrial Building Systems ('Koto IBS') | <b>1,421</b>        | 1,421               |
|   | <b>141,511</b>      | 135,403             |

(b) Key assumptions for value-in-use calculations

The basis of the determination of the recoverable amount is set out below.

The recoverable amount of a cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from this segment computed based on the projections of financial budgets approved by management covering a period of five years or the concession period of the project.

The key assumptions used in the determination of the recoverable amount are as follows:-

|                             | GROSS MARGIN |           | REVENUE<br>GROWTH RATE |           | DISCOUNT RATE |           |
|-----------------------------|--------------|-----------|------------------------|-----------|---------------|-----------|
|                             | 31.3.2013    | 31.3.2012 | 31.3.2013              | 31.3.2012 | 31.3.2013     | 31.3.2012 |
| Trusted Identification      | <b>23%</b>   | 35%       | <b>7%</b>              | 1%        | <b>6.3%</b>   | 7.6%      |
| Phuket Plant                | <b>46%</b>   | –         | –                      | –         | <b>8.55%</b>  | –         |
| Food and Agro<br>Technology | <b>25%</b>   | 25%       | –                      | 9%        | <b>6.3%</b>   | 7.6%      |
| Koto IBS                    | <b>14%</b>   | 20%       | <b>22%</b>             | 30%       | <b>6.3%</b>   | 7.6%      |

**13. GOODWILL ON CONSOLIDATION (CONT'D)**

(b) Key assumptions for value-in-use calculations (Cont'd)

| ITEMS                     | BASIS OF ASSUMPTIONS  |
|---------------------------|---|
| (a) Budgeted gross margin | The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures. |
| (b) Revenue growth rate   | The growth rates used are based on the most recent financial budgets approved by the management covering a five years period or the concession period of the project based on the expected projection of revenue.                           |
| (c) Discount rate         | The discount rate used is based on the weighted average cost of capital.  |

(c) Sensitivity to changes in assumptions

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially higher than its recoverable amount.

**14. INVENTORIES**

|                                  | THE GROUP           |                     | THE COMPANY         |                     |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                  | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| <b>AT COST:-</b>                 |                     |                     |                     |                     |
| Raw materials                    | 13,803              | 12,265              | 13,673              | 11,749              |
| Work-in-progress                 | 31,940              | 18,721              | 31,005              | 18,562              |
| Finished goods                   | 44,449              | 20,489              | 34,344              | 18,056              |
|                                  | 90,192              | 51,475              | 79,022              | 48,367              |
| <b>AT NET REALISABLE VALUE:-</b> |                     |                     |                     |                     |
| Finished goods                   | 4,424               | 5,936               | —                   | —                   |
| <b>TOTAL</b>                     | <b>94,616</b>       | <b>57,411</b>       | <b>79,022</b>       | <b>48,367</b>       |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***15. TRADE RECEIVABLES**

|  | THE GROUP           |                     | THE COMPANY         |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Trade receivables                      | <b>229,204</b>      | 213,921             | <b>173,616</b>      | 136,259             |
| Allowance for impairment losses        | <b>(4,414)</b>      | (3,379)             | <b>(2,927)</b>      | (1,954)             |
|  | <b>224,790</b>      | 210,542             | <b>170,689</b>      | 134,305             |
| Allowance for impairment losses        |                     |                     |                     |                     |
| At 1 April 2012/1 January 2011         | <b>(3,379)</b>      | (1,299)             | <b>(1,954)</b>      | (1,016)             |
| Addition for the financial year/period | <b>(1,035)</b>      | (2,080)             | <b>(973)</b>        | (938)               |
| At 31 March                            | <b>(4,414)</b>      | (3,379)             | <b>(2,927)</b>      | (1,954)             |

The Group and the Company's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

**16. AMOUNTS OWING BY CONTRACT CUSTOMERS**

The following tabulation of construction contracts shows the elements included in the amounts due from and due to the contract customers:

|                                  | THE GROUP           |                     | THE COMPANY         |                     |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                  | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Aggregate costs incurred to date | <b>862,895</b>      | 520,745             | <b>770,070</b>      | 480,855             |
| Attributable profit              | <b>258,030</b>      | 172,128             | <b>237,961</b>      | 164,545             |
|                                  | <b>1,120,925</b>    | 692,873             | <b>1,008,031</b>    | 654,400             |
| Progress billings                | <b>(1,033,349)</b>  | (662,023)           | <b>(946,064)</b>    | (624,049)           |
|                                  | <b>87,576</b>       | 30,850              | <b>61,967</b>       | 21,351              |
| Represented by:                  |                     |                     |                     |                     |
| Due by contract customers        | <b>87,576</b>       | 30,850              | <b>61,967</b>       | 21,351              |

**16. AMOUNTS OWING BY CONTRACT CUSTOMERS (CONT'D)**

The following tabulation of construction contracts shows the elements included in the amounts due from and due to the contract customers: (Cont'd)

|   | THE GROUP           |                     | THE COMPANY         |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Amount of contract revenue recognised as revenue during the financial year/period (Note 36) | <b>377,036</b>      | 230,086             | <b>320,509</b>      | 199,935             |
| Amount of contract costs recognised as expenses during the financial year/period (Note 37)  | <b>285,506</b>      | 191,626             | <b>251,694</b>      | 166,770             |

**17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|   | THE GROUP           |                     | THE COMPANY         |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Other receivables                                 | <b>76,867</b>       | 45,962              | <b>33,177</b>       | 42,033              |
| Allowance for impairment losses                   | <b>(696)</b>        | (700)               | <b>(406)</b>        | (304)               |
|   | <b>76,171</b>       | 45,262              | <b>32,771</b>       | 41,729              |
| Deposits  | <b>27,889</b>       | 14,779              | <b>15,396</b>       | 13,937              |
| Prepayments                                       | <b>5,034</b>        | 6,611               | <b>464</b>          | 967                 |
|   | <b>109,094</b>      | 66,652              | <b>48,631</b>       | 56,633              |
| Allowance for impairment losses:                  |                     |                     |                     |                     |
| At 1 April 2012/1 January 2011                    | <b>(700)</b>        | (354)               | <b>(304)</b>        | (230)               |
| Reversal/(Addition) for the financial year/period | <b>4</b>            | (346)               | <b>(102)</b>        | (74)                |
| At 31 March                                       | <b>(696)</b>        | (700)               | <b>(406)</b>        | (304)               |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***18. AMOUNTS OWING BY/(TO) SUBSIDIARIES**

|                                 | THE COMPANY         |                     |
|---------------------------------|---------------------|---------------------|
|                                 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Amount owing by:                |                     |                     |
| - trade balances                | 95,958              | 66,695              |
| - non-trade balances            | 111,332             | 53,448              |
| Allowance for impairment losses | (434)               | (434)               |
|                                 | 110,898             | 53,014              |
|                                 | 206,856             | 119,709             |
| Amount owing to:                |                     |                     |
| - trade balances                | (203,340)           | (127,616)           |

The Company's normal trade credit term is 30 days.

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

**19. AMOUNTS OWING BY/(TO) ASSOCIATES**

|                                     | THE GROUP           |                     | THE COMPANY         |                     |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                     | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Amount owing by:                    |                     |                     |                     |                     |
| - trade balances                    | 3,352               | 18,280              | 2,089               | 9,483               |
| Allowance for impairment losses     | (1,263)             | (1,264)             | –                   | (1)                 |
|                                     | 2,089               | 17,016              | 2,089               | 9,482               |
| Allowance for impairment losses:-   |                     |                     |                     |                     |
| At 1 April 2012/1 January 2011      | (1,264)             | –                   | (1)                 | –                   |
| Writeback during the financial year | 1                   | –                   | 1                   | –                   |
| Addition for the financial period   | –                   | (1,264)             | –                   | (1)                 |
| At 31 March                         | (1,263)             | (1,264)             | –                   | (1)                 |
| Amount owing to:                    |                     |                     |                     |                     |
| - non-trade                         | (418)               | (36)                | (418)               | (36)                |

The Group and the Company's normal trade credit terms is 30 days.

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

**20. AMOUNTS OWING BY/(TO) RELATED PARTIES**

|  | THE GROUP           |                     | THE COMPANY         |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Amount owing by:                       |                     |                     |                     |                     |
| - non-trade balances                   | 305                 | 226                 | 305                 | 226                 |
| Allowance for impairment losses        | (90)                | (50)                | (90)                | (50)                |
|  | 215                 | 176                 | 215                 | 176                 |
| Allowance for impairment losses:-      |                     |                     |                     |                     |
| At 1 April 2012/1 January 2011         | (50)                | (2)                 | (50)                | –                   |
| Addition for the financial year/period | (40)                | (48)                | (40)                | (50)                |
| At 31 March                            | (90)                | (50)                | (90)                | (50)                |
| Amount owing to:                       |                     |                     |                     |                     |
| - non-trade balances                   | (5)                 | (5)                 | –                   | –                   |
|  | (5)                 | (5)                 | –                   | –                   |

The Group and the Company's normal trade credit term is 30 days.

The non-trade amount owing is unsecured, interest-free, repayable on demand and to be settled either in cash or set off against the purchases.

**21. DEPOSITS WITH LICENSED BANKS**

|                                    | THE GROUP           |                     | THE COMPANY         |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                    | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Fixed deposits with licensed banks | 8,451               | 6,411               | 7,640               | 5,600               |
| Short term funds                   | 13,236              | 20,652              | 13,236              | 20,652              |
|                                    | 21,687              | 27,063              | 20,876              | 26,252              |

Fixed deposits with licensed banks of the Group and the Company amounting to RM8,451,727 (2012 – RM6,411,325) and RM7,640,402 (2012 - RM5,600,000) respectively have been pledged to the bank for credit facilities granted to the Group and the Company.

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***21. DEPOSITS WITH LICENSED BANKS (CONT'D)**

Short term funds amounting to RM13,235,264 (2012 – RM20,652,000) represent investments in a highly liquid market. This investment is convertible into cash in the short term period and has insignificant risk of changes in value.

The weighted average effective interest rates of the fixed deposits at the end of the reporting year ranged from 2.60% to 2.76% (2012 - 2.83% to 3.40%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (2012 - 1 to 365) days.

**22. SHARE CAPITAL**

|   | THE COMPANY      |           |                |           |
|---|------------------|-----------|----------------|-----------|
|   | 31.3.2013        | 31.3.2012 | 31.3.2013      | 31.3.2012 |
|   | NUMBER OF SHARE  |           |                |           |
| AUTHORISED  | '000             | '000      | RM'000         | RM'000    |
| Ordinary shares of RM0.15 each  | 2,500,000        | 2,500,000 | 375,000        | 375,000   |
| Non-cumulative Irredeemable Convertible Preference Shares ("ICPS") of RM0.15 each | 700,000          | 700,000   | 105,000        | 105,000   |
|   | <b>3,200,000</b> | 3,200,000 | <b>480,000</b> | 480,000   |
| <b>ISSUED AND FULLY PAID UP:</b>  |                  |           |                |           |
| Ordinary Shares of RM0.15 each:   |                  |           |                |           |
| At 1 January  | 1,575,046        | 1,417,104 | 236,257        | 212,566   |
| Issuance of new shares pursuant to the exercise of warrant                        | 1,348            | 132,275   | 202            | 19,841    |
| Issuance of shares pursuant to the conversion of ICPS to ordinary shares          | –                | 25,667    | –              | 3,850     |
| At 31 March   | <b>1,576,394</b> | 1,575,046 | <b>236,459</b> | 236,257   |
| Non-cumulative Irredeemable Convertible Preference Shares ("ICPS") of RM0.15 each |                  |           |                |           |
| At 1 January  | –                | 25,667    | –              | 3,850     |
| Conversion to ordinary shares   | –                | (25,667)  | –              | (3,850)   |
| At 31 March   | –                | –         | –              | –         |
| <b>TOTAL</b>  | <b>1,576,394</b> | 1,575,046 | <b>236,459</b> | 236,257   |

The Company increased its issued and paid up share capital from RM236,256,901 to RM236,459,020 by way of allotment of 1,347,516 new ordinary shares of RM0.15 each from the exercise of Warrants A of 1,299,516 units and Warrants B of 48,000 units respectively. The shares were issued for cash consideration. The new shares issued rank pari passu in all respects with the existing shares of the Company.

**22. SHARE CAPITAL (CONT'D)****Warrants**

The movement in the warrants is as follows:-

|                        | AT 1.4.2012<br>'000 | NUMBER OF WARRANTS |                   | AT 31.3.2013<br>'000 |
|------------------------|---------------------|--------------------|-------------------|----------------------|
|                        |                     | ADDITION<br>' 000  | EXERCISED<br>'000 |                      |
| Warrants A (2006/2016) | 46,618              | —                  | (1,300)           | <b>45,318</b>        |
| Warrants B (2010/2016) | 212,327             | —                  | (48)              | <b>212,279</b>       |

**Warrants A**

On 24 April 2006, the Company executed a deed poll ("Deed Poll") pertaining to the creation and issuance of 55,251,530 2006/2016 warrants on the basis of three (3) warrants for every fifty (50) existing ordinary shares held in the Company.

The Warrants A were listed on the Ace Market of Bursa Malaysia Securities Berhad.

On 27 June 2006, the Company issued 55,251,530 units of detachable warrants to the shareholders of the Company on the basis of twenty (20) ICPS and three (3) free warrants for every fifty (50) existing ordinary shares of RM0.15 each held in the Company.

A premium of RM0.15 is payable on conversion of each Warrants A into ordinary shares.

The main features of the Warrants A are as follows:-

- Each warrant will entitle the registered holder to subscribe for one (1) new ordinary share of par value of RM0.15 each in the Company at an exercise price of RM0.15 each subject to adjustment in accordance with the conditions stipulated in the Deed Poll;
- The warrants may be exercised at any time on or before the maturity date falling ten years (2006/2016) from the date of issue of the warrants on 27 June 2006. Warrants not exercised after the exercise period will thereafter lapse and cease to be valid;
- The new shares to be issued pursuant to the exercise of the warrants shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company in issue except that they will not be entitled to any dividends, rights, allotment or other distributions, the entitlement date of which is before the allotment and issuance of the new shares; and
- The persons to whom the warrants have been granted have no rights to participate in any distribution and/on offer of further securities in the Company until/and unless warrants holders exercise their warrant for new shares.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd*

### 22. SHARE CAPITAL (CONT'D)

#### Warrants (Cont'd)

##### Warrants B

On 27 April 2010, the Company issued 212,326,987 units of new six-year warrants (2011/2016) ("Warrants B") to the shareholders of the Company on the basis of three (3) Warrants B for every twenty (20) existing ordinary shares held in the Company at the issue price of RM0.05 per Warrants B.

The Warrants B were listed on the Ace Market of Bursa Malaysia Securities Berhad.

A premium of RM0.15 is payable on conversion of each Warrants B into ordinary shares.

The main features of the Warrants B are as follows:-

- a) Each warrant will entitle the registered holder to subscribe for one (1) new ordinary share of par value of RM0.15 each in the Company at an exercise price of RM0.15 each;
- b) The warrants may be exercised at any time on or before the maturity date falling five years (2011/2016) from the date of issue of the warrants on 27 April 2011. Warrants not exercised after the exercise period will thereafter lapse and cease to be valid;
- c) The new shares to be issued pursuant to the exercise of the warrants shall, upon allotment and issue, rank *pari passu* in all respects with the existing ordinary shares of the Company in issue except that they will not be entitled to any dividends, rights, allotment or other distributions, the entitlement date of which is before the allotment and issuance of the new shares; and
- d) The persons to whom the warrants have been granted have no rights to participate in any distribution and/on offer of further securities in the Company until/and unless warrants holders exercise their warrant for new shares.

### 23. SHARE PREMIUM

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

### 24. WARRANTS RESERVE

The warrants reserve arose from the proceeds from issuance of warrants and is non distributable by way of dividends. Warrants reserve is transferred to share premium upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry date of the warrants period will be transferred to retained earnings.

### 25. FOREIGN EXCHANGE TRANSLATION RESERVE

The exchange fluctuation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

**26. REVALUATION RESERVE**

The revaluation reserve represented surpluses which arose from the valuation of the property. This reserve is not distributable by way of dividends.

**27. RETAINED EARNINGS**

Subject to agreement with the tax authorities, at the end of the reporting year, the Company has sufficient tax credits under Section 108 of the Income Tax Act 1967 and tax-exempt income to frank the payment of dividends out of its entire profits without incurring additional tax liabilities.

At the end of the reporting year, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

**28. HIRE PURCHASE PAYABLES**

|   | THE GROUP           |                     | THE COMPANY         |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Minimum hire purchase payments:                     |                     |                     |                     |                     |
| - not later than one year                           | <b>2,459</b>        | 965                 | <b>818</b>          | 775                 |
| - later than one year and not later than five years | <b>4,619</b>        | 2,940               | <b>1,986</b>        | 2,251               |
| - later than five years                             | <b>120</b>          | 120                 | <b>11</b>           | 102                 |
|   | <b>7,198</b>        | 4,025               | <b>2,815</b>        | 3,128               |
| Less:   |                     |                     |                     |                     |
| Future finance charges                              | <b>(793)</b>        | (514)               | <b>(282)</b>        | (389)               |
| Present value of hire purchase payables             | <b>6,405</b>        | 3,511               | <b>2,533</b>        | 2,739               |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***28. HIRE PURCHASE PAYABLES (CONT'D)**

|   | THE GROUP           |                     | THE COMPANY         |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| The net hire purchase payables are repayable as follows:- |                     |                     |                     |                     |
| Current:  |                     |                     |                     |                     |
| - not later than one year                                 | <b>2,096</b>        | 782                 | <b>686</b>          | 619                 |
| Non-current:  |                     |                     |                     |                     |
| - later than one year and not later than five years       | <b>4,207</b>        | 2,604               | <b>1,837</b>        | 2,020               |
| - later than five years                                   | <b>102</b>          | 125                 | <b>10</b>           | 100                 |
|   | <b>4,309</b>        | 2,729               | <b>1,847</b>        | 2,120               |
|   | <b>6,405</b>        | 3,511               | <b>2,533</b>        | 2,739               |

The hire purchase payables of the Group and of the Company bore effective interest rates ranging from 4.27% to 7.96 % (2012 - 4.28% to 8.02%) per annum at the end of the reporting year.

**29. LEASE PAYABLES**

|   | THE GROUP           |                     | THE COMPANY         |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Minimum lease payments:                             |                     |                     |                     |                     |
| - not later than one year                           | <b>281</b>          | 536                 | <b>281</b>          | 536                 |
| - later than one year and not later than five years | <b>257</b>          | 701                 | <b>257</b>          | 701                 |
|   | <b>538</b>          | 1,237               | <b>538</b>          | 1,237               |
| Less: Future finance charges                        | <b>(56)</b>         | (101)               | <b>(56)</b>         | (101)               |
| Present value of lease payables                     | <b>482</b>          | 1,136               | <b>482</b>          | 1,136               |

**29. LEASE PAYABLES (CONT'D)**

|   | THE GROUP           |                     | THE COMPANY         |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| The net lease payables are repayable as follows:    |                     |                     |                     |                     |
| Current:  |                     |                     |                     |                     |
| - not later than one year                           | 240                 | 470                 | 240                 | 470                 |
| Non-current:  |                     |                     |                     |                     |
| - later than one year and not later than five years | 242                 | 666                 | 242                 | 666                 |
| Present value of lease payables                     | 482                 | 1,136               | 482                 | 1,136               |

The lease payables of the Group and of the Company bore an effective interest rate of 5.81% (2012 – 5.81% to 8.67%) per annum at the end of the reporting year.

**30. TERM LOANS**

|   | THE GROUP           |                     | THE COMPANY         |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Current portion:                        |                     |                     |                     |                     |
| - repayable within one year (Note 34)   | 41,647              | 21,200              | 29,647              | 21,200              |
| Non-current portion:                    |                     |                     |                     |                     |
| - repayable between one and two years   | 27,498              | 19,480              | 15,498              | 19,480              |
| - repayable between two and five years  | 71,000              | 41,498              | 38,000              | 41,498              |
| - repayable later than five years       | –                   | 12,000              | –                   | 12,000              |
|   | 98,498              | 72,978              | 53,498              | 72,978              |
| Present value of hire purchase payables | 140,145             | 94,178              | 83,145              | 94,178              |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***30. TERM LOANS (CONT'D)**

Details of the repayment terms are as follows:-

| NO.                | NUMBER OF<br>MONTHLY<br>INSTALMENT | MONTHLY<br>INSTALMENT<br>AMOUNTS<br>RM'000 | COMMENCEMENT<br>DATE OF<br>REPAYMENT | AMOUNT OUTSTANDING  |                     |
|--------------------|------------------------------------|--|--------------------------------------|---------------------|---------------------|
|                    |                                    |  |                                      | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| 1                  | 60                                 | 350  | November 2009                        | <b>2,130</b>        | 6,680               |
| 2                  | 60                                 | 333  | January 2010                         | <b>6,165</b>        | 10,498              |
| 3                  | 6                                  | *  | April 2013                           | <b>10,850</b>       | –                   |
| 4                  | #                                  | #  | June 2011                            | <b>64,000</b>       | 77,000              |
| <b>The Company</b> |                                    |  |                                      | <b>83,145</b>       | 94,178              |
| 5                  | 60                                 | 1,000                                      | January 2013                         | <b>57,000</b>       | –                   |
| <b>The Group</b>   |                                    |  |                                      | <b>140,145</b>      | 94,178              |

\* Repayable in 6 monthly instalments with 1st instalment of RM2,525,000, 2nd to 4th instalments of RM5,050,000 and the last instalment of RM5,325,000.

# Repayable in 28 quarterly instalments with the first 27 instalments of RM3,250,000 and the last instalment of RM2,250,000.

The loans 1 and 2 are secured by an assignment of all the contract proceeds received from certain projects.

The loans 3 and 4 are secured by the fixed and floating charges over all the present and future assets of the Company and certain subsidiaries.

The loan 5 is secured by the fixed and floating charges over all the present and future assets of a subsidiary.

The term loans of the Group and of the Company bore effective interest rates ranging from 4.45 to 7.60% (2012 - 7.0 to 7.6%) per annum at the end of the reporting year.

**31. DEFERRED TAX LIABILITIES**

|   | THE GROUP           |                     | THE COMPANY         |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| At 1 April 2012/1 January 2011                                    | <b>12,580</b>       | 15,288              | <b>12,571</b>       | –                   |
| Recognised in profit or loss                                      | <b>954</b>          | (2,708)             | <b>954</b>          | 12,571              |
| At 31 March   | <b>13,534</b>       | 12,580              | <b>13,525</b>       | 12,571              |
| The deferred tax liabilities are attributable to the followings:- |                     |                     |                     |                     |
| Deferred tax assets:  |                     |                     |                     |                     |
| Provision   | <b>(1,650)</b>      | (608)               | <b>(1,650)</b>      | (608)               |
| Other items   | <b>(318)</b>        | (727)               | <b>(318)</b>        | (737)               |
|   | <b>(1,968)</b>      | (1,335)             | <b>(1,968)</b>      | (1,345)             |
| Deferred tax liabilities:   |                     |                     |                     |                     |
| Accelerated capital allowances                                    | <b>6,476</b>        | 4,809               | <b>6,467</b>        | 4,810               |
| Revaluation reserve   | <b>9,026</b>        | 9,106               | <b>9,026</b>        | 9,106               |
|   | <b>15,502</b>       | 13,915              | <b>15,493</b>       | 13,916              |
| At 31 March   | <b>13,534</b>       | 12,580              | <b>13,525</b>       | 12,571              |

**32. TRADE PAYABLES**

The normal credit terms granted to the Group and the Company range from 30 to 120 days.

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***33. OTHER PAYABLES AND ACCRUALS**

|                | THE GROUP           |                     | THE COMPANY         |                     |
|----------------|---------------------|---------------------|---------------------|---------------------|
|                | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Current:       |                     |                     |                     |                     |
| Other payables | <b>141,516</b>      | 89,537              | <b>135,257</b>      | 87,423              |
| Accruals       | <b>152,058</b>      | 92,771              | <b>132,834</b>      | 87,766              |
|                | <b>293,574</b>      | 182,308             | <b>268,091</b>      | 175,189             |
| Non-Current    |                     |                     |                     |                     |
| Other payables | <b>168</b>          | –                   | –                   | –                   |

Included in the other payables and accruals of the Group and the Company at the end of the reporting year was an amount of approximately RM71 million (2012 - RM84 million) being advance received from contract customer.

**34. SHORT-TERM BORROWINGS**

|                      | THE GROUP           |                     | THE COMPANY         |                     |
|----------------------|---------------------|---------------------|---------------------|---------------------|
|                      | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Bankers' acceptances | <b>33,319</b>       | 21,473              | <b>33,319</b>       | 21,473              |
| Trade loans          | <b>92,871</b>       | 30,080              | <b>87,200</b>       | 18,479              |
| Term loans (Note 30) | <b>41,647</b>       | 21,200              | <b>29,647</b>       | 21,200              |
|                      | <b>167,837</b>      | 72,753              | <b>150,166</b>      | 61,152              |

The bankers' acceptances and trade loans bore effective interest rates ranging from 3.65% to 5.20% (2012 – 3.34% to 3.52%) and 2.55% to 5.38% (2012 – 3.39% to 5.47%) per annum respectively at the end of the reporting year.

The bankers' acceptances are secured by:-

- (a) a debenture creating fixed and floating charges over all the present and future assets of the Company;
- (b) a facility agreement executed between the customers and the bank; and
- (c) a letter of undertaking from the Group and the Company to effect the Deed of Assignment on future contracts.

The trade loans are secured by:-

- (a) a debenture creating fixed and floating charges over all the present and future assets of the Company; and
- (b) a letter of undertaking from the Group and the Company to effect the Deed of Assignment on future contracts.

**35. NET ASSETS PER ORDINARY SHARE**

The net assets per ordinary share is calculated based on the total equity attributable to owners of the Company at the end of the reporting year of RM416,059,406 (2012 - RM402,677,381) divided by the number of ordinary shares in issue at the end of the reporting year of 1,576,393,523 (2012 - 1,575,046,007).

**36. REVENUE**

Revenue of the Group and of the Company represents the invoiced value of goods sold and services rendered less discounts and returns.

Details of the revenue are as follows:-

|                            | THE GROUP           |                     | THE COMPANY         |                     |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
|                            | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Sale of goods              | <b>160,030</b>      | 253,704             | <b>114,715</b>      | 106,443             |
| Contract revenue (Note 16) | <b>377,036</b>      | 230,086             | <b>320,509</b>      | 199,935             |
|                            | <b>537,066</b>      | 483,790             | <b>435,224</b>      | 306,378             |

**37. COST OF SALES**

Details of the cost of sales are as follows:-

|                          | THE GROUP           |                     | THE COMPANY         |                     |
|--------------------------|---------------------|---------------------|---------------------|---------------------|
|                          | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Cost of inventories sold | <b>145,217</b>      | 151,607             | <b>89,928</b>       | 74,415              |
| Contract costs (Note 16) | <b>285,506</b>      | 191,626             | <b>251,694</b>      | 166,770             |
|                          | <b>430,723</b>      | 343,233             | <b>341,622</b>      | 241,185             |



**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***38. PROFIT BEFORE TAXATION**

|   | THE GROUP                             |                                       | THE COMPANY                           |                                       |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 |
| Profit before taxation is arrived at after charging/(crediting):- |                                       |                                       |                                       |                                       |
| Allowance for impairment loss on investment in a subsidiary       | -                                     | -                                     | <b>20,647</b>                         | -                                     |
| Allowance for impairment loss on associates                       | -                                     | 1,264                                 | -                                     | 1                                     |
| Allowance for impairment loss on related parties                  | <b>40</b>                             | 48                                    | <b>40</b>                             | 50                                    |
| Allowance for impairment loss on receivables                      | <b>1,031</b>                          | 2,426                                 | <b>1,075</b>                          | 1,012                                 |
| Amortisation of concession assets                                 | <b>4,996</b>                          | 320                                   | <b>161</b>                            | 320                                   |
| Amortisation of intellectual properties                           | <b>1,380</b>                          | 1,725                                 | <b>1,380</b>                          | 1,151                                 |
| Amortisation of development costs                                 | <b>336</b>                            | 1,712                                 | <b>336</b>                            | 1,712                                 |
| Audit fee   |                                       |                                       |                                       |                                       |
| - for the current financial year/period                           | <b>272</b>                            | 199                                   | <b>110</b>                            | 100                                   |
| - under provision in previous financial period/year               | -                                     | 8                                     | -                                     | -                                     |
| Bad debts written off   | -                                     | 183                                   | -                                     | 183                                   |
| Depreciation of property, plant and equipment                     | <b>15,181</b>                         | 12,639                                | <b>11,820</b>                         | 6,994                                 |
| Directors' remuneration   |                                       |                                       |                                       |                                       |
| - salaries and other remuneration                                 | <b>1,374</b>                          | 1,268                                 | <b>1,374</b>                          | 1,268                                 |
| - defined contribution plans                                      | <b>170</b>                            | 148                                   | <b>170</b>                            | 148                                   |
| Directors' fee  | <b>671</b>                            | 811                                   | <b>671</b>                            | 609                                   |
| Interest expense:   |                                       |                                       |                                       |                                       |
| - bank overdraft  | -                                     | 310                                   | -                                     | 310                                   |
| - bankers' acceptances and LC charges                             | <b>999</b>                            | 2,375                                 | <b>998</b>                            | 1,198                                 |
| - bonds   | -                                     | 8                                     | -                                     | 2                                     |
| - hire purchase and lease   | <b>549</b>                            | 342                                   | <b>369</b>                            | 319                                   |
| - loan  | <b>11,714</b>                         | 11,105                                | <b>8,488</b>                          | 7,202                                 |

**38. PROFIT BEFORE TAXATION (CONT'D)**

|   | THE GROUP                             |                                       | THE COMPANY                           |                                       |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 |
| Inventories written down                                    | <b>3,292</b>                          | 3,500                                 | <b>1,292</b>                          | –                                     |
| Lease rentals   | <b>759</b>                            | 2,954                                 | <b>759</b>                            | 2,954                                 |
| Intellectual properties written off                         | –                                     | 66                                    | –                                     | –                                     |
| Property, plant and equipment written off                   | <b>3</b>                              | 264                                   | –                                     | 22                                    |
| Rental expenses   | <b>2,530</b>                          | 1,596                                 | <b>531</b>                            | 1,877                                 |
| Research and development expenses                           | <b>373</b>                            | 1,281                                 | <b>366</b>                            | 563                                   |
| Royalty   | –                                     | 7                                     | –                                     | –                                     |
| Staff costs   |                                       |                                       |                                       |                                       |
| - salaries and other remuneration                           | <b>52,210</b>                         | 50,875                                | <b>38,261</b>                         | 28,599                                |
| - defined contribution plans                                | <b>4,792</b>                          | 4,815                                 | <b>3,335</b>                          | 2,637                                 |
| Dividend income   | –                                     | –                                     | –                                     | (80,075)                              |
| Gain on remeasurement on acquisition                        | <b>(723)</b>                          | –                                     | –                                     | –                                     |
| Gain on disposal of plant and equipment                     | <b>(61)</b>                           | (23)                                  | <b>(61)</b>                           | (32)                                  |
| (Gain)/Loss on foreign exchange:                            |                                       |                                       |                                       |                                       |
| - realised  | <b>(801)</b>                          | (263)                                 | <b>(810)</b>                          | (42)                                  |
| - unrealised  | <b>3,131</b>                          | 1,470                                 | <b>3,066</b>                          | 1,368                                 |
| Interest income   | <b>(2,162)</b>                        | (526)                                 | <b>(2,133)</b>                        | (338)                                 |
| Rental income   | <b>(639)</b>                          | (776)                                 | <b>(1,189)</b>                        | (597)                                 |
| Writeback of allowance for impairment<br>loss on associates | <b>(1)</b>                            | –                                     | <b>(1)</b>                            | –                                     |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***39. INCOME TAX EXPENSE**

|  | THE GROUP                             |                                       | THE COMPANY                           |                                       |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|  | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 |
| Current tax  |                                       |                                       |                                       |                                       |
| - for the financial year/period                                | <b>13,652</b>                         | 18,432                                | <b>10,690</b>                         | 1,189                                 |
| - under/(over) provision in the previous financial period/year | <b>987</b>                            | (420)                                 | <b>2,032</b>                          | –                                     |
|  | <b>14,639</b>                         | 18,012                                | <b>12,722</b>                         | 1,189                                 |
| Deferred tax   |                                       |                                       |                                       |                                       |
| - for the financial year/period                                | <b>954</b>                            | (779)                                 | <b>954</b>                            | 14,500                                |
|  | <b>15,593</b>                         | 17,233                                | <b>13,676</b>                         | 15,689                                |

Subject to agreement with the tax authorities, the Group and the Company has unutilised tax losses and unabsorbed capital allowances of approximately RM26,445,000 (2012-RM10,218,000) and RM8,086,000 (2012-RM4,327,000) respectively available at the end of the reporting period to be carried forward for offset against future taxable business income. No deferred tax assets are recognised on these items.

A reconciliation of income tax expense applicable to the profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

|   | THE GROUP                             |                                       | THE COMPANY                           |                                       |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 |
| Profit before taxation  | <b>34,029</b>                         | 58,077                                | <b>19,552</b>                         | 89,025                                |
| Tax at the statutory tax rate   | <b>8,507</b>                          | 14,519                                | <b>4,888</b>                          | 22,256                                |
| Non-taxable income  | <b>(165)</b>                          | –                                     | <b>(15)</b>                           | (20,000)                              |
| Non-deductible expenses   | <b>6,502</b>                          | 6,548                                 | <b>10,838</b>                         | 4,354                                 |
| Under/(Over) provision in the previous financial period/year                          |                                       |                                       |                                       |                                       |
| - current tax   | <b>987</b>                            | (420)                                 | <b>2,032</b>                          | –                                     |
| Deferred tax assets not recognised during the financial year/period                   | <b>4,996</b>                          | 2,515                                 | –                                     | –                                     |
| Reversal of deferred tax  | –                                     | (5,793)                               | –                                     | –                                     |
| (Realisation)/recognition of deferred taxation on factory building and leasehold land | –                                     | (136)                                 | –                                     | 9,079                                 |
| Tax incentive   | <b>(5,234)</b>                        | –                                     | <b>(4,067)</b>                        | –                                     |
| Tax expense for the financial year/period   | <b>15,593</b>                         | 17,233                                | <b>13,676</b>                         | 15,689                                |

**40. EARNINGS PER ORDINARY SHARE**

The basic earnings per ordinary share is arrived at by dividing the Group's profit attributable to the owners of the Company of RM21,060,270 (2012 - RM43,652,537) by the weighted average number of ordinary shares in issue, computed as follows:-

|   | <b>THE GROUP</b>                                |   |
|---|---|---|
|   | <b>1.4.2012<br/>TO<br/>31.3.2013<br/>RM'000</b> | <b>1.1.2011<br/>TO<br/>31.3.2012<br/>RM'000</b> |
| Profit attributable to owners of the Company          | <b>21,060</b>                                   | 43,653  |
| Weighted average number of ordinary shares:-          |   |   |
| Issued ordinary shares at 1 April/1 January ('000)    | <b>1,575,046</b>                                | 1,417,104                                       |
| Effect of share issued under conversion ('000)        | –   | 15,989  |
| Effect of share issued under Warrants exercised       | <b>623</b>                                      | –   |
| Effect of share issued under private placement ('000) | –   | 68,609  |
|   | <b>1,575,669</b>                                | 1,501,702                                       |
| Weighted average number of ordinary share at 31 March |   |   |
| Basic earnings per share (sen)                        | <b>1.34</b>                                     | 2.91  |
| Profit attributable to owners of the Company          | <b>21,060</b>                                   | 43,653  |
| Weighted average number of ordinary shares ('000)     | <b>1,575,669</b>                                | 1,501,702                                       |
| Adjustment for assumed exercise of Warrants A ('000)  | <b>5,332</b>                                    | 5,484   |
| Adjustment for assumed exercise of Warrants B ('000)  | <b>24,974</b>                                   | 24,980  |
|   | <b>1,605,975</b>                                | 1,532,166                                       |
| Weighted average number of ordinary share at 31 March |   |   |
| Diluted earnings per share (sen)                      | <b>1.31</b>                                     | 2.85  |

**41. ACQUISITION OF SUBSIDIARIES AND ASSOCIATES****(a) Acquisition of the paid-up share capital of Weinan IRIS Envirowerks Zhouji Renewable Resources Co., Ltd ("Weinan")**

Regal Energy Limited, a wholly-owned subsidiary of the Company, had, on July 2013, completed the subscription of the paid-up share capital of Weinan for a total cash consideration of RMB24,960,000 (equivalent to RM12,496,000), which represents a 65% equity interest in Weinan. Consequently Weinan became a subsidiary of the Company.

Weinan was a dormant company during the acquisition and its intended principal activity is to operate and maintain a food waste-to-fertilizer plant.

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***41. ACQUISITION OF SUBSIDIARIES AND ASSOCIATES (CONT'D)****(b) Acquisition of the additional issued and paid-up share capital of PJT Technology Co. Ltd ("PJT")**

The Company had on 13<sup>th</sup> July 2012 completed the subscription for the additional 540,000 out of the 800,000 new ordinary shares of THB100 each in the capital of PJT for a total cash consideration of THB54,000,000.00 (equivalent to RM5,400,000).

PJT was previously an associate company of the Company, of which the Company holds a 49% equity interest. Following the above additional acquisition, the Company now owned 51% of the equity interests of PJT and PJT became a subsidiary of the Company.

**(c) Incorporation of a new wholly-owned subsidiary company known as Digital Identity Solutions Limited, a company incorporated in Dhaka, Bangladesh**

The Company had on 27<sup>th</sup> August 2012 incorporated a wholly-owned subsidiary company known as Digital Identity Solutions Limited ("DISL") in Dhaka, Bangladesh, with an initial paid-up share capital of 10,000 ordinary shares of TK100 each for a total value of TK1,000,000 (equivalent to RM38,000).

**(d) Acquisition of the issued and paid-up share capital of IRIS Ecopower (S) Pte. Ltd.**

The Company had on 6<sup>th</sup> September 2012 acquired 100 ordinary shares of Singapore Dollars ("SGD") 1.00 each, which represents a 100% equity interest of IRIS ECOPOWER (S) PTE. LTD. ("IESL") for a total cash consideration of SGD100 (equivalent to RM250). Consequently IESL became a new wholly-owned subsidiary of the Company.

**(e) Acquisition of the issued and paid-up share capital of Neuralogy Sdn Bhd**

The Company had on 9<sup>th</sup> September 2012 acquired 200,000 ordinary shares of RM1.00 each in Neuralogy Sdn Bhd, representing a 20% equity interest for a total cash consideration of RM500,000.

**(f) Acquisition of the additional issued and paid-up share capital of RB Biotech Sdn Bhd ("RB Biotech")**

The Company had on 3<sup>rd</sup> October 2012 completed the acquisition for an additional 1,000,000 ordinary shares of RM1/- each of RB Biotech for a total cash consideration of RM1,000,000.

RB Biotech was previously an associate company of the Company, of which the Company holds a 50% equity interest. Following the above additional acquisition, the Company now owned 66.67% of the equity interests of RB Biotech and RB Biotech became a subsidiary of the Company.

**(g) Acquisition of the issued and paid-up share capital of Stamford College (PJ) Sdn Bhd and Stamford College (Malacca) Sdn Bhd**

The Company had on 4<sup>th</sup> October 2012 entered into an agreement to acquire:

- i) 1,389,846 ordinary shares of RM1.00 each in Stamford College (PJ) Sdn Bhd (SCPJ) representing a 51% equity interest in SCPJ; and
- ii) 382,500 ordinary shares of RM1.00 each in Stamford College (Malacca) Sdn Bhd (SCM) representing a 51% equity interest in SCM.

The total cash consideration for both the above companies' acquisition amounted to RM2,500,000. However, the above acquisitions are in dispute and are currently under litigation as disclosed in Note 50(a)(iii).

**41. ACQUISITION OF SUBSIDIARIES AND ASSOCIATES (CONT'D)****(h) Acquisition of the issued and paid-up share capital of IRIS Land (PNG) Limited**

IRIS Land Sdn Bhd, a subsidiary of the Company, had on 5<sup>th</sup> February 2013 acquired 1,000 ordinary shares of Papua New Guinea Kina (“Kina”) 1.00 each in IRIS Land (PNG) Limited, representing a 100% equity interest of IRIS Land (PNG) Limited for a total cash consideration of Kina1,000 (equivalent to RM1,453). IRIS Land (PNG) Limited hereby became a subsidiary of the Company.

**(i) Acquisition of the issued and paid-up share capital of IRIS Koto Designs Sdn Bhd (formerly known as Solar Hub Sdn Bhd)**

The Company had on 8<sup>th</sup> February 2013 acquired 2,000 ordinary shares of RM1.00 each in IRIS Koto Designs Sdn Bhd (formerly known as Solar Hub Sdn Bhd), representing a 20% equity interest for a total cash consideration of RM1.

**(j) Acquisition of the issued and paid-up share capital of IRIS Cafe Kaseh Sdn Bhd (formerly known as Aspirasi Hartajaya Sdn Bhd)**

The Company had on 14<sup>th</sup> March 2013 acquired 2 ordinary shares of RM1.00 each representing a 100% equity interest of IRIS Cafe Kaseh Sdn Bhd (formerly known as Aspirasi Hartajaya Sdn Bhd) for a total cash consideration of RM2.00.

IRIS Cafe Kaseh is to carry out business to operate and manage cafes, cafe outlets and restaurants.

All the above acquisition had the following effect on the Group's assets and liabilities on acquisition date:

|   | ACQUIREES' CARRYING AMOUNT<br>RM'000 | FAIR VALUE RECOGNISED ON ACQUISITION<br>RM'000 |
|---|--------------------------------------|--|
| Total assets  | 170,640                              | 170,640  |
| Total liabilities   | (169,625)                            | (169,625)                                      |
| Net identifiable assets and liabilities                   | 1,015                                | 1,015  |
| Goodwill on acquisition                                   | 6,108                                | 6,108  |
| Gain on remeasurement of previously held equity interests | (723)                                | (723)  |
| Consideration paid, satisfied in cash                     | 6,400                                | 6,400  |
| Less: Cash acquired                                       | (15,247)                             | (15,247)                                       |
| Net cash inflow to the Group                              | (8,847)                              | (8,847)  |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***42. DIVIDEND**

Dividend paid and proposed in respect of ordinary shares are as follows:-

|  | THE GROUP/THE COMPANY |                     |
|--|-----------------------|---------------------|
|  | 31.3.2013<br>RM'000   | 31.3.2012<br>RM'000 |
| Paid:-   |                       |                     |
| First and final tax-exempt dividend in respect of the financial year ended<br>31 March 2012 of 0.45 sen per ordinary share, paid on 28 November 2012 | <b>7,094</b>          | 7,087               |
| Proposed:-   |                       |                     |
| First and final tax-exempt dividend in respect of the current financial year<br>of 0.45 sen per ordinary share                                       | <b>7,094</b>          | 7,087               |

**43. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

|   | THE GROUP           |                     | THE COMPANY         |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Cost of property, plant and equipment<br>purchased              | <b>36,182</b>       | 15,186              | <b>81,922</b>       | 7,463               |
| Amount financed through hire purchase<br>and lease              | <b>(4,960)</b>      | (864)               | <b>(1,213)</b>      | (268)               |
| Cash disbursed for purchase of property,<br>plant and equipment | <b>31,222</b>       | 14,322              | <b>80,709</b>       | 7,195               |

**44. CASH AND CASH EQUIVALENTS**

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

|  | THE GROUP           |                     | THE COMPANY         |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Deposits with licensed banks (Note 21)       | <b>21,604</b>       | 27,063              | <b>20,793</b>       | 26,252              |
| Cash and bank balances                       | <b>37,246</b>       | 61,761              | <b>27,899</b>       | 51,904              |
| Less: Deposits pledged as security (Note 21) | <b>(8,452)</b>      | (6,411)             | <b>(7,640)</b>      | (5,600)             |
|  | <b>50,398</b>       | 82,413              | <b>41,052</b>       | 72,556              |

**45. CAPITAL COMMITMENTS**

|                              | THE GROUP           |                     |
|------------------------------|---------------------|---------------------|
|                              | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Approved and contracted for: |                     |                     |
| - plant and equipment        | 1,439               | 2,938               |

**46. OPERATING LEASE COMMITMENTS**

The Company has commitments for future minimum lease payments under the non-cancellable operating lease in respect of the rental of office.

|                            | THE GROUP/THE COMPANY |                     |
|----------------------------|-----------------------|---------------------|
|                            | 31.3.2013<br>RM'000   | 31.3.2012<br>RM'000 |
| The minimum lease payments |                       |                     |
| - Not more than 1 year     | –                     | 742                 |
| - Between 1 and 2 years    | –                     | –                   |
|                            | –                     | 742                 |

There are no operating lease commitments that exceeded five years.

**47. CONTINGENT LIABILITIES**

- (i) The counter guarantees given to local and foreign banks for Performance Bond issued on behalf of the Company amounted to RM115,057,551 (2012 – RM38,171,974).
- (ii) The Company entered into a Guarantee Agreement with PJT as the guarantor of PJT in favour of Government Savings Bank in Thailand (“The Bank”) for up to Thai Baht 640 million (equivalent to RM64.5 million), which is equivalent to the facilities limit of the Credit Facilities Agreement dated 14 May 2010 that has been entered into between PJT and the Bank.



**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***48. SIGNIFICANT RELATED PARTY DISCLOSURES**

## (a) Identities of related parties

- (i) the Company has related party relationships with its subsidiaries and associates as disclosed in Notes 5 and 6 to the financial statements;
- (ii) the executive directors who are the key management personnel; and
- (iii) entities controlled by certain key management personnel, directors and/or substantial shareholders.

- (b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with related parties during the financial year/period:

|   | <b>THE COMPANY</b>                              |   |
|---|---|---|
|   | <b>1.4.2012<br/>TO<br/>31.3.2013<br/>RM'000</b> | <b>1.1.2011<br/>TO<br/>31.3.2012<br/>RM'000</b> |
| <b>(i) Subsidiaries</b>                       |   |   |
| IRIS Technologies (M) Sdn. Bhd.               |   |   |
| - Royalty                                     | —   | 7,438   |
| - Sales                                       | —   | 2,366   |
| - Purchases                                   | —   | 10,570  |
| - Rental payable                              | —   | 1,546   |
| - Dividend                                    | —   | 80,000  |
| IRIS Information Technology Systems Sdn. Bhd. |   |   |
| - Sales                                       | <b>69,683</b>                                   | 45,365  |
| - Purchases                                   | —   | 1,393   |
| - Management fee                              | <b>240</b>                                      | 300   |
| - Rental income                               | <b>299</b>                                      | 149   |
| IRIS Agrotech Sdn. Bhd.                       |   |   |
| - Sales                                       | <b>540</b>                                      | —   |
| - Purchases                                   | <b>3,093</b>                                    | —   |
| - Rental income                               | <b>79</b>                                       | 39  |
| IRIS Koto (M) Sdn. Bhd.                       |   |   |
| - Purchases                                   | <b>8,657</b>                                    | —   |
| - Rental income                               | <b>172</b>                                      | 86  |

**48. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)**

|   |      | THE GROUP                             |                                       | THE COMPANY                           |                                       |
|---|------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   |      | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 | 1.4.2012<br>TO<br>31.3.2013<br>RM'000 | 1.1.2011<br>TO<br>31.3.2012<br>RM'000 |
|   | NOTE |                                       |                                       |                                       |                                       |
| <b>(ii) Associates</b>                        |      |                                       |                                       |                                       |                                       |
| GMPC Corporation Sdn. Bhd.                    |      |                                       |                                       |                                       |                                       |
| - Sales                                       |      | <b>3,696</b>                          | 83,166                                | <b>3,696</b>                          | 23,085                                |
| - Rental received                             |      | <b>6</b>                              | 8                                     | <b>6</b>                              | 3                                     |
| PJT Technology Co. Ltd                        |      |                                       |                                       |                                       |                                       |
| - Sales                                       |      | <b>3,002</b>                          | (2,849)                               | <b>3,002</b>                          | (4,016)                               |
| <b>(iii) Other Related Parties</b>            |      |                                       |                                       |                                       |                                       |
| Imagescan Creative<br>Sdn. Bhd. ("Imagescan") | (a)  |                                       |                                       |                                       |                                       |
| - Purchases                                   |      | <b>66</b>                             | 119                                   | <b>66</b>                             | 88                                    |
| Abadi Dredging<br>Sdn. Bhd. ("Abadi")         | (b)  |                                       |                                       |                                       |                                       |
| - Purchases                                   |      | <b>302</b>                            | –                                     | <b>302</b>                            | –                                     |
| <b>(iv) Key Management Personnel</b>          |      |                                       |                                       |                                       |                                       |
| - Short term employee benefits                |      | <b>5,715</b>                          | 5,983                                 | <b>4,627</b>                          | 4,847                                 |
| - Defined contribution plans                  |      | <b>677</b>                            | 596                                   | <b>547</b>                            | 475                                   |

(a) Datuk Tan Say Jim is a director and major shareholder of IRIS Corporation Berhad and has a substantial shareholding in Imagescan.

(b) Dato' Hamdan bin Mohd Hassan is a director of IRIS Corporation Berhad and has a substantial shareholding in Abadi.

**49. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The following summary describes the operations in each of the Group's reportable segments:

- (a) Trusted Identification & Payment and Transportation
- (b) Sustainable Development, Food and Agro Technology & Koto Industrialised Building Systems
- (c) Environment and Renewable Energy
- (d) Other businesses

The Executive Directors assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***49. OPERATING SEGMENTS (CONT'D)****BUSINESS SEGMENTS**

| 31.3.2013                      | TRUSTED<br>IDENTIFICATION &<br>PAYMENT AND<br>TRANSPORTATION<br>RM'000 | SUSTAINABLE<br>DEVELOPMENT,<br>FOOD AND AGRO<br>TECHNOLOGY<br>& KOTO<br>INDUSTRIALISED<br>BUILDING<br>SYSTEMS<br>RM'000 | ENVIRONMENT<br>& RENEWABLE<br>ENERGY<br>RM'000 | INTER-SEGMENT<br>ELIMINATION<br>RM'000 | GROUP<br>RM'000 |
|--------------------------------|--|---|--|--|-----------------|
| REVENUE                        |  |   |  |  |                 |
| External sales                 | 425,689  | 83,720  | 27,657   | –                                      | 537,066         |
| RESULTS                        |  |   |  |  |                 |
| Segment results                | 120,911  | (19,723)  | 5,155  | –                                      | 106,343         |
| Unallocated corporate expenses |  |   |  |  | (62,127)        |
| Operating profit               |  |   |  |  | 44,216          |
| Other income                   |  |   |  |  | 3,727           |
| Finance costs                  |  |   |  |  | (13,262)        |
| Share of loss in associates    |  |   |  |  | 34,681<br>(652) |
| Profit before taxation         |  |   |  |  | 34,029          |
| Income tax expense             |  |   |  |  | (15,593)        |
| Profit after taxation          |  |   |  |  | 18,436          |

| 31.3.2013                     | TRUSTED<br>IDENTIFICATION<br>& PAYMENT AND<br>TRANSPORTATION<br>RM'000 | SUSTAINABLE<br>DEVELOPMENT,<br>FOOD AND<br>AGRO<br>TECHNOLOGY<br>& KOTO<br>INDUSTRIALISED<br>BUILDING<br>SYSTEMS<br>RM'000 | ENVIRONMENT<br>& RENEWABLE<br>ENERGY<br>RM'000 | OTHERS<br>RM'000 | INTER-<br>SEGMENT<br>ELIMINATION<br>RM'000 | GROUP<br>RM'000 |
|-------------------------------|--|--|--|------------------|--|-----------------|
| OTHER INFORMATION             |  |  |  |                  |  |                 |
| Segmental assets #            | 706,956  | 74,633   | 295,720  | 5,440            | –  | 1,082,749       |
| Segment liabilities *         | 403,412  | 70,641   | 129,423  | 6,074            | –  | 609,550         |
| Capital expenditure           | 5,125  | 8,261  | 110,235  | 1,179            | –  | 124,800         |
| Depreciation and amortisation | 13,744   | 2,721  | 5,428  | –                | –  | 21,893          |

# - Segment assets comprise total current and non-current assets less unallocated assets.

\* - Segment liabilities comprise total current liabilities and non-current liabilities less unallocated liabilities.

**49. OPERATING SEGMENTS (CONT'D)****BUSINESS SEGMENTS**

| <b>31.3.2012</b>               | <b>TRUSTED<br/>IDENTIFICATION<br/>&amp; PAYMENT AND<br/>TRANSPORTATION<br/>RM'000</b> | <b>OTHERS<br/>RM'000</b> | <b>INTER-SEGMENT<br/>ELIMINATION<br/>RM'000</b> | <b>GROUP<br/>RM'000</b> |
|--------------------------------|---|--------------------------|---|-------------------------|
| REVENUE                        |   |                          |   |                         |
| External sales                 | 478,588   | 5,202                    | –   | 483,790                 |
| RESULTS                        | 148,890   | (8,333)                  | –   | 140,557                 |
| Segment results                |   |                          |   |                         |
| Unallocated corporate expenses |   |                          |   | (69,680)                |
| Operating profit               |   |                          |   | 70,877                  |
| Other income                   |   |                          |   | 3,548                   |
| Finance costs                  |   |                          |   | (14,140)                |
| Share of loss in associates    |   |                          |   | 60,285<br>(2,208)       |
| Profit before taxation         |   |                          |   | 58,077                  |
| Income tax expense             |   |                          |   | (17,233)                |
| Profit after taxation          |   |                          |   | 40,844                  |
| OTHER INFORMATION              |   |                          |   |                         |
| Segmental assets #             | 755,930   | 28,871                   | –   | 784,801                 |
| Segment liabilities *          | 361,653   | 4,539                    | –   | 366,192                 |
| Capital expenditure            | 10,032  | 6,983                    | –   | 17,015                  |
| Depreciation and amortisation  | 14,626  | 1,770                    | –   | 16,396                  |

# - Segment assets comprise total current and non-current assets less unallocated assets.

\* - Segment liabilities comprise total current liabilities and non-current liabilities less unallocated liabilities.

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***49. OPERATING SEGMENTS (CONT'D)****BY GEOGRAPHICAL LOCATION**

| <b>31.3.2013</b>                | <b>MALAYSIA<br/>RM'000</b> | <b>OTHERS<br/>RM'000</b> | <b>GROUP<br/>RM'000</b> |
|---------------------------------|----------------------------|--------------------------|-------------------------|
| Revenue from external customers | <b>233,004</b>             | <b>304,062</b>           | <b>537,066</b>          |
| Segment assets                  | <b>807,322</b>             | <b>270,063</b>           | <b>1,077,385</b>        |
| Capital expenditure             | <b>14,033</b>              | <b>110,767</b>           | <b>124,800</b>          |

**BY GEOGRAPHICAL LOCATION**

| <b>31.3.2012</b>                | <b>MALAYSIA<br/>RM'000</b> | <b>OTHERS<br/>RM'000</b> | <b>GROUP<br/>RM'000</b> |
|---------------------------------|----------------------------|--------------------------|-------------------------|
| Revenue from external customers | 262,755                    | 221,035                  | 483,790                 |
| Segment assets                  | 774,572                    | 10,229                   | 784,801                 |
| Capital expenditure             | 15,186                     | 1,829                    | 17,015                  |

**MAJOR CUSTOMERS**

Revenue from two (2) major customers, with revenue equal to or more than 10% of the Group's revenue, amounting to RM165,502,125 arose from sales of the Trusted Identification segment.

**50. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are as follows:-

**(a) Material Litigations**

- (i) On 29 November 2006, IRIS Corporation Berhad ("ICB", "IRIS" or "the Company") filed a lawsuit against Japan Airlines International Co., Ltd. ("JAL") in the U.S. District Court, Eastern District of New York for JAL's infringement of ICB's US patent. This claim is based on the allegation that JAL's inspection of passports at the United States ("US") airports infringed ICB's patent over a method of manufacturing secured electronic passports.

JAL had filed a motion to dismiss the claim. ICB's solicitors (the "Solicitors") had opposed the motion to dismiss. The briefs on the motion had been filed in June 2007. The District Court had on 30 September 2009 granted JAL's motion to dismiss the claim and the decision had stated that the patent protections conferred on ICB conflicted with, and were superseded by JAL's federal legal obligation to inspect passengers' passports. ICB filed a notice of appeal to the United States Court of Appeals for the Federal Circuit in Washington. Subsequent to the appeal, JAL filed for bankruptcy protection in the US. The appeal was then stayed by pending the outcome of the JAL's bankruptcy proceedings. On 28 March 2011, JAL has completed its corporate reorganisation proceedings in Japan.

**50. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)****(a) Material Litigations (Cont'd)****(i) (Cont'd)**

Regarding the bankruptcy proceedings, pursuant to the latest Appellee's Status Report dated 26 April 2013, although JAL is out of bankruptcy in Japan, the bankruptcy proceedings are still pending in the US Bankruptcy Court and therefore the stay is still in effect. The next quarterly report is due from JAL on 1 August 2013.

The Solicitors stated that there are no US case precedents to indicate the likelihood of success on appeal. However, by analogy, the Solicitors pointed out that there are many regulations affecting airlines, such as JAL, as well as affecting other commercial operations, requiring these commercial entities to use intellectual property and other property that they do not own. These commercial entities do not get such property for free, and must buy them, even though regulations require that they use them. The Solicitors argued further that JAL should not be able to use IRIS's intellectual property for free, as part of their commercial operations.

The Solicitors further informed that in any event, it does not appear that this case will be heard within the next year or two, as the Federal Circuit in Washington proceedings are dependent upon the outcome of the Japanese bankruptcy proceedings. Until these proceedings are completed there is nothing for the Company to do with respect to the JAL litigation.

- (ii) IRIS Technologies (M) Sdn Bhd ("ITSB"), a wholly owned subsidiary of the Company, and its joint venture Turkish partner Kunt Elektronik San.Ve Tic. A.S ("KUNT") ("JV Company") had on 17 September 2010 received a Letter of Termination dated 14 September 2010 ("Letter of Termination"), from Emniyet Genel Mudurlugu ("EGM"), known as General Directorate of Security in relation to the provision of the Electronic Passport Issuing Systems in Turkey ("The Agreement").

Pursuant to the Letter of Termination, EGM requested for refund of New Turkish Lira ("YTL") 6.195 million (equivalent to approximately RM14.6 million at an exchange rate of YTL 1: RM2.36 as at 18 September 2009) which is equivalent to the first phase payment received by the Joint Venture Company between ITSB and KUNT. Subsequently, all the hardware and equipment delivered shall be returned to the JV Company.

On 18 September 2009, Messrs Sen & Arpaci had on behalf of the JV Company, made an application to the Ankara Civil Court of Turkey ("Court"), for an injunction to restrain EGM from claiming on the performance bond submitted by the JV Company in year 2007.

On 24 September 2009, an interlocutory injunction was obtained by the JV Company from the Court. Subsequently, Messrs Sen & Arpaci had on 5 October 2009 filed a lawsuit against EGM in Ankara Court of First Instance ("Ankara Court") for the unlawful termination of the Agreement. The JV Company is claiming a total of YTL 5 million from EGM and the return of the performance bond.

On 23 March 2010, EGM presented a counter claim, claiming approximately YTL 5.25 million from the JV Company. Specifically, EGM is seeking to return all the hardware and equipments to the JV Company in exchange for a refund of YTL 5.25 million paid to the JV Company. On 10 June 2010, the judge had requested the JV Company to submit the precise damages amount(s) to be claimed against EGM so that the judge can decide which component court will hear the matter.

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***50. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)****(a) Material Litigations (Cont'd)****(ii) (Cont'd)**

On 5 October 2010, the Courts accepted the JV Company's new evidences submission and ordered EGM to reply to the new evidences submitted by the JV Company within 20 days from 5 October 2010. However, no decision was granted at this stage to the EGM for their claims of refund of YTL 5.25 million they have paid for the completion of phase 1 of the Project (for hardware and equipments delivered). At the same hearing, the Courts appointed three expert witnesses to study and analyse the case and the submissions of both Parties on commercial and technical grounds since the case is highly technical in nature.

On 20 March 2012, the Expert Report submitted was unfavourable towards the JV Company. The JV Company proceeded to file an appeal against the findings of the said Expert Technical Report. The Court decided that the file is to be sent to the same Court Experts for an additional technical report to be prepared on the grounds that the appeal is to be evaluated.

In parallel, EGM filed additional claims of loss of opportunity amounting to YTL 13.041 million against the JV Company on 14 September 2010. On 30 November 2010, the JV Company submitted evidences substantiating grounds for the rebuttal of this EGM's additional claims. On 12 April 2011, the Court appointed two experts who are experienced in law and finance matters to resubmit a report on the case.

The Expert Report was submitted on 27 March 2012. The JV Company then appointed lawyers Messrs Sen & Arpaci to appeal against the submission of the negative indemnity provision reported in the said Expert Report. The Court has further adjourned pending the submission of an additional Expert Report.

On 4th October 2012, the Court decided to merge both the abovementioned cases so that they can be heard concurrently.

Messrs. Sen & Arpaci are of opinion that the JV Company has a good chance of recovering the amount claimed. Messrs Sen & Arpaci is also of the view that the counter claim filed by EGM is likely to be rejected by the Ankara Court based on multiple legal issues that will be contemplated by the additional report.

- (iii) IRIS Corporation Berhad ("the Company"/"Plaintiff") had on 4 October 2012 entered into a Share Sale Agreement ("the Agreement") with Stamford College Berhad ("SCB") whereby Company agreed to purchase 51% of the fully paid up ordinary shares of Stamford College (PJ) Sdn Bhd ("SCPJ") and Stamford College (Malacca) Sdn Bhd ("SCM") (collectively referred to as the "Sale Shares") for a total purchase consideration of RM2,500,000 ("the Purchase Consideration").

Pursuant to the terms and conditions of the Agreement, the Company paid a sum of RM250,000 ("Deposit") representing 10% of the Purchase Consideration and agreed to pay the balance Purchase Consideration subject to fulfillment of both parties obligations under Clause 4 of the Agreement. The Plaintiff avers that it has fulfilled its obligations under Clause 4 and sent a letter of demand for the balance Purchase Consideration via their then solicitors Messrs Tee, Tan & Partner. Upon not receiving the balance Purchase Consideration, the Plaintiff's filed the Writ and Statement of Claim praying for the following:-

- (a) balance Purchase Consideration of RM2,250,000;
- (b) interest thereon at 5% per annum from the date of Judgement to full realisation;
- (c) interest on RM2,250,000.00 at 5% per annum from date of Judgement to full date of realisation; and
- (d) cost in the action and other such relief as the Court deems fit.

**50. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)****(a) Material Litigations (Cont'd)**

(iii) (Cont'd)

The Company has filed its Defence and Counterclaim. The Company as the Defendant prays for the following under the Defence and Counterclaim.

- (a) the Plaintiff refund the sum of RM250,000 being the forfeited deposit and advance monies paid by for debts on behalf of the Defendant;
- (b) general damages; and
- (c) interest at such rate the Courts deem fit, costs and other relief.

The High Court at Kuala Lumpur has postponed the hearing of the Plaintiff's application for Summary Judgment and the Company's application to strike off the application for Summary Judgment and the Company's application for Security for Cost simultaneously on 19 August 2013. The Court has also fixed the trial dates from 23 to 25 of September 2013 in the event the matter proceeds to trial.

**(b) Proposed acquisition of 2,550,000 ordinary shares of Arab Emirates Dirham (AED) 1 each ("Sale Shares") by IRIS Eco Power Sdn. Bhd. ("IEP"), a wholly owned subsidiary of IRIS Corporation Berhad ("ICB") representing 51% equity interest in Oil Field Services LTD for an indicative purchase consideration of USD3,500,000 ("Purchase Consideration") only**

IRIS Eco Power Sdn. Bhd. ("IEP"), a wholly owned subsidiary of the Company, had on 20 July 2012 entered into a conditional Sales and Purchase of Shares Agreement ("Conditional SPA") to acquire 51% of the issued and paid up capital of Oil Field Limited, which is equivalent to 2,550,000 ordinary Shares of AED 1 each for a total consideration of USD3,500,000.

Oil Field Services Ltd is a limited company incorporated on 18 February 2009 under the laws of the UAE and is classified as an International Offshore Business company in Ras Al Khaimah (RAK), Dubai, UAE. Oil Field Services Ltd has an authorised, issued and paid up capital of five million (5,000,000) Ordinary Shares of par value AED 1 each.

Subsequently on 29 June 2013, IEP and the owner have mutually agreed to rescind the abovementioned Conditional SPA due to non-completion of certain conditions.

**51. SIGNIFICANT EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD**

- (a) The Company had on 11th April 2013 acquired 2 ordinary shares of RM1.00 each representing a 100% equity interest in Platinum Encoded Sdn Bhd for a total cash consideration of RM2.00.

Platinum Encoded is currently dormant and its intended business activity is to be an investment holding company for all educational business undertaken by ICB's subsidiaries.



**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***51. SIGNIFICANT EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD (CONT'D)**

- (b) On 26 July 2013, IRIS Eco Power Sdn Bhd ("IEP"/"Plaintiff"), a wholly-owned subsidiary of the Company, has via it's solicitors' Messrs Chellam & Wong filed a Writ of Summons and Statement of Claim against IPSA Group Plc, a public listed company incorporated in the United Kingdom (the "Defendant").

The legal suit is pursuant to IEP's purchase of Equipment (defined as 2 gas turbine generating sets with ancillary equipment) from IPSA for a total purchase price of USD31,000,000 (equivalent to RM95,945,000) wherein the IEP paid a Deposit of USD3,100,000 (equivalent to RM 9,594,500) being 10% of the total purchase price.

As the Defendant failed to resolve certain pre-sales requirements raised by IEP, IEP has filed a claim for a refund of the Deposit paid to the Defendant amounting to USD3,100,000 (equivalent to RM9,594,500) together with the damages claim amounting to approximately RM21,500,000 in respect or in connection with the purchase of the said Equipment.

**52. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**(a) Financial Risk Management Policies**

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(i) Market Risk***(i) Foreign Currency Risk*

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, Euro, Thai Baht and Egyptian Pound. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

The net unhedged financial assets and liabilities of the Group that are not denominated in RM are as follows:-

| THE GROUP                    | THAI<br>BAHT<br>RM'000 | UNITED<br>STATES<br>DOLLAR<br>RM'000 | EURO<br>RM'000 | CHINESE<br>RENMINBI<br>RM'000 | EGYPTIAN<br>POUND<br>RM'000 | INDIAN<br>RUPEE<br>RM'000 | BANGLAD<br>TAKA<br>RM'000 | OTHERS<br>RM'000 |
|------------------------------|------------------------|--------------------------------------|----------------|-------------------------------|-----------------------------|---------------------------|---------------------------|------------------|
| <b>31.3.2013</b>             |                        |                                      |                |                               |                             |                           |                           |                  |
| Trade and other receivables  | 30,104                 | 143,839                              | 13,928         | 5,541                         | 4,706                       | 3,825                     | 1,790                     | -                |
| Trade and other payables     | (9,834)                | (143,815)                            | (1,459)        | (7,051)                       | -                           | -                         | -                         | (31)             |
| Trade and term loans         | (57,000)               | (30,176)                             | (2,846)        | -                             | -                           | -                         | -                         | -                |
| Cash and bank balances       | 2,884                  | 6,429                                | 5,843          | 607                           | 9,880                       | -                         | -                         | -                |
| Deposits with licensed banks | -                      | 13,153                               | -              | -                             | -                           | -                         | -                         | -                |
| Currency exposure            | <b>(33,846)</b>        | <b>(10,570)</b>                      | <b>15,466</b>  | <b>(903)</b>                  | <b>14,586</b>               | <b>3,825</b>              | <b>1,790</b>              | <b>(31)</b>      |

**52. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(i) Market Risk (Cont'd)***(i) Foreign Currency Risk (cont'd)*

The net unhedged financial assets and liabilities of the Group that are not denominated in RM are as follows (cont'd):-

| THE GROUP                    | THAI<br>BAHT<br>RM'000 | UNITED<br>STATES<br>DOLLAR<br>RM'000 | EURO<br>RM'000 | CHINESE<br>RENMINBI<br>RM'000 | EGYPTIAN<br>POUND<br>RM'000 | INDIAN<br>RUPEE<br>RM'000 | BANGLAD<br>TAKA<br>RM'000 | OTHERS<br>RM'000 |
|------------------------------|------------------------|--------------------------------------|----------------|-------------------------------|-----------------------------|---------------------------|---------------------------|------------------|
| <b>31.3.2012</b>             |                        |                                      |                |                               |                             |                           |                           |                  |
| Amount owing by associates   | 9,482                  | 7,534                                | –              | –                             | –                           | –                         | –                         | –                |
| Trade and other receivables  | –                      | 111,782                              | 20,250         | 711                           | 7,005                       | 2,713                     | 1,444                     | –                |
| Trade and other payables     | –                      | (106,435)                            | (564)          | (1)                           | (17)                        | –                         | –                         | (832)            |
| Trade loan                   | –                      | (8,799)                              | –              | –                             | –                           | –                         | –                         | –                |
| Cash and bank balances       | 12                     | 33,216                               | 5,252          | –                             | 6,690                       | –                         | –                         | –                |
| Deposits with licensed banks | –                      | 20,652                               | –              | –                             | –                           | –                         | –                         | –                |
| Currency exposure            | 9,494                  | 57,950                               | 24,938         | 710                           | 13,678                      | 2,713                     | 1,444                     | (832)            |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***52. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(i) Market Risk (Cont'd)***(i) Foreign Currency Risk (cont'd)*

The net unhedged financial assets and liabilities of the Company that are not denominated in RM are as follows:-

| THE COMPANY                 | THAI<br>BAHT | UNITED<br>STATES<br>DOLLAR | EURO    | EGYPTIAN<br>POUND | INDIAN<br>RUPEE | BANGLAD<br>TAKA | OTHERS |
|-----------------------------|--------------|----------------------------|---------|-------------------|-----------------|-----------------|--------|
| 31.3.2013                   | RM'000       | RM'000                     | RM'000  | RM'000            | RM'000          | RM'000          | RM'000 |
| Amount owing by subsidiary  | 15,600       | 2,488                      | -       | -                 | -               | -               | -      |
| Trade and other receivables | -            | 134,244                    | 13,928  | 4,706             | 3,384           | 1,790           | -      |
| Trade and other payables    | -            | (142,239)                  | (1,382) | -                 | -               | -               | (75)   |
| Trade and term loan         | -            | (30,176)                   | (2,846) | -                 | -               | -               | -      |
| Cash and bank balances      | 15           | 6,429                      | 5,843   | 9,880             | -               | -               | -      |
| Deposits with licensed bank | -            | 13,153                     | -       | -                 | -               | -               | -      |
| Currency exposure           | 15,615       | (16,101)                   | 15,543  | 14,586            | 3,384           | 1,790           | (75)   |

| THE COMPANY                 | THAI<br>BAHT | UNITED<br>STATES<br>DOLLAR | EURO   | EGYPTIAN<br>POUND | INDIAN<br>RUPEE | BANGLAD<br>TAKA | OTHERS |
|-----------------------------|--------------|----------------------------|--------|-------------------|-----------------|-----------------|--------|
| 31.3.2012                   | RM'000       | RM'000                     | RM'000 | RM'000            | RM'000          | RM'000          | RM'000 |
| Amount owing by associates  | 9,482        | -                          | -      | -                 | -               | -               | -      |
| Trade and other receivables | -            | 111,689                    | 19,670 | 7,005             | 2,713           | 1,444           | -      |
| Trade and other payables    | -            | (104,957)                  | (469)  | (17)              | -               | -               | (806)  |
| Trade loan                  | -            | (5,882)                    | -      | -                 | -               | -               | -      |
| Cash and bank balances      | 12           | 32,192                     | 365    | 6,690             | -               | -               | -      |
| Deposits with licensed bank | -            | 20,652                     | -      | -                 | -               | -               | -      |
| Currency exposure           | 9,494        | 53,694                     | 19,566 | 13,678            | 2,713           | 1,444           | (806)  |

**52. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(i) Market Risk (Cont'd)***(i) Foreign Currency Risk (cont'd)*Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting year, with all other variables held constant:-

|  | THE GROUP                                      |  | THE COMPANY                                    |  |
|--|--|--|--|--|
|  | 31.3.2013<br>INCREASE/<br>(DECREASE)<br>RM'000 | 31.3.2012<br>INCREASE/<br>(DECREASE)<br>RM'000 | 31.3.2013<br>INCREASE/<br>(DECREASE)<br>RM'000 | 31.3.2012<br>INCREASE/<br>(DECREASE)<br>RM'000 |
| <b>Effects on profit<br/>after taxation/equity</b> |  |  |  |  |
| Strengthened by 10%                                |  |  |  |  |
| - Thai Baht  | (2,538)  | 712  | 1,171  | 712  |
| - United States Dollar                             | (793)  | 4,346  | (1,208)  | 4,027  |
| - Euro   | 1,160  | 1,870  | 1,166  | 1,467  |
| - Chinese Renminbi                                 | (68)   | 53   | –  | –  |
| - Canadian Dollar                                  | –  | 60   | –  | 60   |
| - Egyptian Pound                                   | 1,094  | 1,026  | 1,094  | 1,026  |
| - Indian Rupee                                     | 254  | 203  | 254  | 203  |
| - Banglad Taka                                     | 134  | 108  | 134  | 108  |
| Weakened by 10%                                    |  |  |  |  |
| - Thai Baht  | 2,538  | (712)  | (1,171)  | (712)  |
| - United States Dollar                             | 793  | (4,346)  | 1,208  | (4,027)  |
| - Euro   | (1,160)  | (1,870)  | (1,166)  | (1,467)  |
| - Chinese Renminbi                                 | 68   | (53)   | –  | –  |
| - Canadian Dollar                                  | –  | (60)   | –  | (60)   |
| - Egyptian Pound                                   | (1,094)  | (1,026)  | (1,094)  | (1,026)  |
| - Indian Rupee                                     | (254)  | (203)  | (254)  | (203)  |
| - Banglad Taka                                     | (134)  | (108)  | (134)  | (108)  |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***52. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 52(a)(v) to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting year with all other variables held constant:-

|   | THE GROUP                                  |  | THE COMPANY                                |  |
|---|--|--|--|--|
|   | 31.3.2013<br>INCREASE/<br>(DECREASE)<br>RM | 31.3.2012<br>INCREASE/<br>(DECREASE)<br>RM | 31.3.2013<br>INCREASE/<br>(DECREASE)<br>RM | 31.3.2012<br>INCREASE/<br>(DECREASE)<br>RM |
| <b>Effects on profit after taxation</b> |  |  |  |  |
| Increase of 100 basis points (bp)       | (1,448)                                    | (1,485)                                    | (1,077)                                    | (972)                                      |
| Decrease of 100 bp                      | 1,448                                      | 1,485                                      | 1,077                                      | 972  |

**(iii) Equity Price Risk**

The Group does not have any quoted investment and hence is not exposed to equity price risk.

**(iv) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

**52. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(iv) Credit Risk (Cont'd)**Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by three (3) customers which constituted approximately 68% of its trade receivables as at the end of the reporting year.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting year.

The exposure of credit risk for trade receivables (including amount owing by subsidiaries and associates) by geographical region is as follows:-

|                          | THE GROUP           |                     | THE COMPANY         |                     |
|--------------------------|---------------------|---------------------|---------------------|---------------------|
|                          | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Domestic - Malaysia      | 69,014              | 88,732              | 116,289             | 72,207              |
| African countries        | 91,099              | 60,171              | 91,099              | 60,171              |
| Other Asian countries    | 55,992              | 57,291              | 50,574              | 57,204              |
| North American countries | 6,907               | 20,198              | 6,907               | 20,198              |
| European countries       | 3,867               | 1,166               | 3,867               | 702                 |
|                          | <b>226,879</b>      | <b>227,558</b>      | <b>268,736</b>      | <b>210,482</b>      |

Ageing analysis

The ageing analysis of the Group's trade receivables (including amount owing by associates) as at 31 March 2013 is as follows:-

|                      | GROSS<br>AMOUNT<br>RM'000 | INDIVIDUAL<br>IMPAIRMENT<br>RM'000 | COLLECTIVE<br>IMPAIRMENT<br>RM'000 | CARRYING<br>VALUE<br>RM'000 |
|----------------------|---------------------------|------------------------------------|------------------------------------|-----------------------------|
| Not past due         | 71,597                    | —                                  | —                                  | 71,597                      |
| Past due:-           |                           |                                    |                                    |                             |
| - less than 3 months | 57,000                    | —                                  | —                                  | 57,000                      |
| - 3 to 6 months      | 20,473                    | —                                  | —                                  | 20,473                      |
| - over 6 months      | 83,486                    | (4,823)                            | (854)                              | 77,809                      |
|                      | <b>232,556</b>            | <b>(4,823)</b>                     | <b>(854)</b>                       | <b>226,879</b>              |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***52. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(iv) Credit Risk (Cont'd)**Ageing analysis (Cont'd)

|                      | GROSS<br>AMOUNT<br>RM'000 | INDIVIDUAL<br>IMPAIRMENT<br>RM'000 | COLLECTIVE<br>IMPAIRMENT<br>RM'000 | CARRYING<br>VALUE<br>RM'000 |
|----------------------|---------------------------|------------------------------------|------------------------------------|-----------------------------|
| 31.3.2012            |                           |                                    |                                    |                             |
| Not past due         | 51,114                    | —                                  | —                                  | 51,114                      |
| Past due:-           |                           |                                    |                                    |                             |
| - less than 3 months | 26,630                    | —                                  | —                                  | 26,630                      |
| - 3 to 6 months      | 86,642                    | —                                  | —                                  | 86,642                      |
| - over 6 months      | 67,815                    | (3,923)                            | (720)                              | 63,172                      |
|                      | 232,201                   | (3,923)                            | (720)                              | 227,558                     |

At the end of the reporting year, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

*Trade receivables that are past due but not impaired*

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

*Trade receivables that are neither past due nor impaired*

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

**(v) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

**52. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(v) Liquidity Risk (Cont'd)**

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

| THE GROUP                       | CONTRACTUAL<br>UN-           |                                    |                            |                          |                          |                           |
|---------------------------------|------------------------------|------------------------------------|----------------------------|--------------------------|--------------------------|---------------------------|
|                                 | CARRYING<br>AMOUNT<br>RM'000 | DISCOUNTED<br>CASH FLOWS<br>RM'000 | WITHIN<br>1 YEAR<br>RM'000 | 1 - 2<br>YEARS<br>RM'000 | 2 - 5<br>YEARS<br>RM'000 | OVER<br>5 YEARS<br>RM'000 |
| <b>31.3.2013</b>                |                              |                                    |                            |                          |                          |                           |
| Bankers' acceptances            | 33,319                       | 33,789                             | 33,789                     | –                        | –                        | –                         |
| Trade loan                      | 92,871                       | 94,564                             | 94,564                     | –                        | –                        | –                         |
| Term loan                       | 140,145                      | 157,453                            | 48,645                     | 32,604                   | 76,204                   | –                         |
| Hire purchase payables          | 6,405                        | 7,198                              | 2,459                      | 2,297                    | 2,322                    | 120                       |
| Lease payables                  | 482                          | 538                                | 281                        | 257                      | –                        | –                         |
| Trade payables                  | 42,163                       | 42,163                             | 42,163                     | –                        | –                        | –                         |
| Other payables                  | 293,742                      | 293,742                            | 293,742                    | –                        | –                        | –                         |
| Amount owing to associates      | 418                          | 418                                | 418                        | –                        | –                        | –                         |
| Amount owing to related parties | 5                            | 5                                  | 5                          | –                        | –                        | –                         |
|                                 | 609,550                      | 629,870                            | 516,066                    | 35,158                   | 78,526                   | 120                       |

| THE GROUP                       | CONTRACTUAL<br>UN-           |                                    |                            |                          |                          |                           |
|---------------------------------|------------------------------|------------------------------------|----------------------------|--------------------------|--------------------------|---------------------------|
|                                 | CARRYING<br>AMOUNT<br>RM'000 | DISCOUNTED<br>CASH FLOWS<br>RM'000 | WITHIN<br>1 YEAR<br>RM'000 | 1 - 2<br>YEARS<br>RM'000 | 2 - 5<br>YEARS<br>RM'000 | OVER<br>5 YEARS<br>RM'000 |
| <b>31.3.2012</b>                |                              |                                    |                            |                          |                          |                           |
| Bankers' acceptances            | 21,473                       | 21,632                             | 21,632                     | –                        | –                        | –                         |
| Trade loan                      | 30,080                       | 30,303                             | 30,303                     | –                        | –                        | –                         |
| Term loan                       | 94,178                       | 101,053                            | 22,748                     | 20,902                   | 44,527                   | 12,876                    |
| Hire purchase payables          | 3,511                        | 4,025                              | 965                        | 965                      | 1,975                    | 120                       |
| Lease payables                  | 1,136                        | 1,237                              | 536                        | 701                      | –                        | –                         |
| Trade payables                  | 33,465                       | 33,465                             | 33,465                     | –                        | –                        | –                         |
| Other payables                  | 182,308                      | 182,308                            | 182,308                    | –                        | –                        | –                         |
| Amount owing to associates      | 36                           | 36                                 | 36                         | –                        | –                        | –                         |
| Amount owing to related parties | 5                            | 5                                  | 5                          | –                        | –                        | –                         |
|                                 | 366,192                      | 374,064                            | 291,998                    | 22,568                   | 46,502                   | 12,996                    |



**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***52. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(v) Liquidity Risk (Cont'd)**

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

| THE COMPANY                  | CONTRACTUAL UN-              |                                   |                            |                          |                          |                           |
|------------------------------|------------------------------|-----------------------------------|----------------------------|--------------------------|--------------------------|---------------------------|
|                              | CARRYING<br>AMOUNT<br>RM'000 | DISCOUNTED<br>CASH FLOW<br>RM'000 | WITHIN<br>1 YEAR<br>RM'000 | 1 – 2<br>YEARS<br>RM'000 | 2 – 5<br>YEARS<br>RM'000 | OVER<br>5 YEARS<br>RM'000 |
| <b>31.3.2013</b>             |                              |                                   |                            |                          |                          |                           |
| Bankers' acceptances         | 33,319                       | 33,789                            | 33,789                     | –                        | –                        | –                         |
| Trade loan                   | 87,200                       | 88,788                            | 88,788                     | –                        | –                        | –                         |
| Term loan                    | 83,145                       | 93,466                            | 34,579                     | 18,973                   | 39,914                   | –                         |
| Hire purchases payables      | 2,533                        | 2,815                             | 818                        | 796                      | 1,190                    | 11                        |
| Lease payables               | 482                          | 538                               | 281                        | 257                      | –                        | –                         |
| Trade payables               | 20,789                       | 20,789                            | 20,789                     | –                        | –                        | –                         |
| Other payables               | 268,091                      | 268,091                           | 268,091                    | –                        | –                        | –                         |
| Amount owing to associates   | 418                          | 418                               | 418                        | –                        | –                        | –                         |
| Amount owing to subsidiaries | 203,340                      | 203,340                           | 203,340                    | –                        | –                        | –                         |
|                              | <b>699,317</b>               | <b>712,034</b>                    | <b>650,893</b>             | <b>20,026</b>            | <b>41,104</b>            | <b>11</b>                 |

| THE COMPANY                  | CONTRACTUAL UN-              |                                   |                            |                          |                          |                           |
|------------------------------|------------------------------|-----------------------------------|----------------------------|--------------------------|--------------------------|---------------------------|
|                              | CARRYING<br>AMOUNT<br>RM'000 | DISCOUNTED<br>CASH FLOW<br>RM'000 | WITHIN<br>1 YEAR<br>RM'000 | 1 – 2<br>YEARS<br>RM'000 | 2 – 5<br>YEARS<br>RM'000 | OVER<br>5 YEARS<br>RM'000 |
| <b>31.3.2012</b>             |                              |                                   |                            |                          |                          |                           |
| Bankers' acceptances         | 21,473                       | 21,632                            | 21,632                     | –                        | –                        | –                         |
| Trade loan                   | 18,479                       | 18,616                            | 18,616                     | –                        | –                        | –                         |
| Term loan                    | 94,178                       | 101,053                           | 22,748                     | 20,902                   | 44,527                   | 12,876                    |
| Hire purchases payables      | 2,739                        | 3,128                             | 775                        | 775                      | 1,476                    | 102                       |
| Lease payables               | 1,136                        | 1,237                             | 536                        | 701                      | –                        | –                         |
| Trade payables               | 25,735                       | 25,735                            | 25,735                     | –                        | –                        | –                         |
| Other payables               | 175,189                      | 175,189                           | 175,189                    | –                        | –                        | –                         |
| Amount owing to associates   | 36                           | 36                                | 36                         | –                        | –                        | –                         |
| Amount owing to subsidiaries | 127,616                      | 127,616                           | 127,616                    | –                        | –                        | –                         |
|                              | <b>466,581</b>               | <b>474,242</b>                    | <b>392,883</b>             | <b>22,378</b>            | <b>46,003</b>            | <b>12,978</b>             |

**52. FINANCIAL INSTRUMENTS (CONT'D)****(b) Capital Risk Management**

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The debt-to-equity ratio of the Group as at the end of the reporting year was as follows:-

|  | <b>THE GROUP</b>                  |                                   |
|--|-----------------------------------|-----------------------------------|
|  | <b>31.3.2013</b><br><b>RM'000</b> | <b>31.3.2012</b><br><b>RM'000</b> |
| Bankers' acceptances                           | <b>33,319</b>                     | 21,473                            |
| Trade loans                                    | <b>92,871</b>                     | 30,080                            |
| Term loans                                     | <b>140,145</b>                    | 94,178                            |
| Hire purchase payables                         | <b>6,405</b>                      | 3,511                             |
| Lease payables                                 | <b>482</b>                        | 1,136                             |
| Trade payables                                 | <b>42,163</b>                     | 33,465                            |
| Other payables and accruals                    | <b>293,742</b>                    | 182,308                           |
| Amount owing to associates and related parties | <b>423</b>                        | 41                                |
|  | <b>609,550</b>                    | 366,192                           |
| Less: Deposits with licensed banks             | <b>(21,687)</b>                   | (27,063)                          |
| Less: Cash and bank balances                   | <b>(37,163)</b>                   | (61,761)                          |
| Net debts                                      | <b>550,700</b>                    | 277,368                           |
| Total equity                                   | <b>457,200</b>                    | 401,678                           |
| Debt-to-equity ratio                           | <b>1.20</b>                       | 0.69                              |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***52. FINANCIAL INSTRUMENTS (CONT'D)****(b) Capital Risk Management (Cont'd)**

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Company is required to maintain its shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

**(c) Classification Of Financial Instruments**

|  | THE GROUP           |                     | THE COMPANY         |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| <b>Financial assets</b>                      |                     |                     |                     |                     |
| <u>Available-for-sale financial assets</u>   |                     |                     |                     |                     |
| Other investments                            | <b>406</b>          | 406                 | <b>406</b>          | 406                 |
| <u>Loan and receivables financial assets</u> |                     |                     |                     |                     |
| Trade receivables                            | <b>224,790</b>      | 210,542             | <b>170,689</b>      | 134,305             |
| Other receivables and deposits               | <b>104,060</b>      | 60,041              | <b>48,167</b>       | 55,666              |
| Amount owing by subsidiaries                 | —                   | —                   | <b>206,856</b>      | 119,709             |
| Amount owing by associates                   | <b>2,089</b>        | 17,016              | <b>2,089</b>        | 9,482               |
| Amount owing by related parties              | <b>215</b>          | 176                 | <b>215</b>          | 176                 |
| Deposits with licensed banks                 | <b>21,687</b>       | 27,063              | <b>20,876</b>       | 26,252              |
| Cash and bank balances                       | <b>37,163</b>       | 61,761              | <b>27,816</b>       | 51,904              |
|  | <b>390,004</b>      | 376,599             | <b>476,708</b>      | 397,494             |

**52. FINANCIAL INSTRUMENTS (CONT'D)****(c) Classification Of Financial Instruments (Cont'd)**

|                                    | THE GROUP           |                     | THE COMPANY         |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                    | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| <b>Financial liabilities</b>       |                     |                     |                     |                     |
| <u>Other financial liabilities</u> |                     |                     |                     |                     |
| Trade payables                     | 42,163              | 33,465              | 20,789              | 25,735              |
| Other payables and accruals        | 293,742             | 182,308             | 268,091             | 175,189             |
| Amount owing by subsidiaries       | –                   | –                   | 203,340             | 127,616             |
| Amount owing by associates         | 418                 | 36                  | 418                 | 36                  |
| Amount owing by related parties    | 5                   | 5                   | –                   | –                   |
| Hire purchase payables             | 6,405               | 3,511               | 2,533               | 2,739               |
| Lease payables                     | 482                 | 1,136               | 482                 | 1,136               |
| Bankers' acceptances               | 33,319              | 21,473              | 33,319              | 21,473              |
| Trade loans                        | 92,871              | 30,080              | 87,200              | 18,479              |
| Term loans                         | 140,145             | 94,178              | 83,145              | 94,178              |
|                                    | 609,550             | 366,192             | 699,317             | 466,581             |

**(d) Fair Values Of Financial Instruments**

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2013.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

**(e) Fair Value Hierarchy**

As at 31 March 2013, there were no financial instruments carried at fair values.

**53. TRANSITION TO THE MFRS FRAMEWORK**

As stated in Note 3.1 to the financial statements, these are the first financial statements of the Group and the Company prepared in accordance with MFRSs. The accounting policies in Note 4 to the financial statements have been applied to all financial information covered under this set of financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 *cont'd***54. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)**

The breakdown of retained earnings of the Group and the Company at the end of reporting year into realised and unrealised profits or losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

|   | THE GROUP           |                     | THE COMPANY         |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2012<br>RM'000 |
| Total retained earnings/(accumulated losses):   |                     |                     |                     |                     |
| - realised                                      | <b>74,140</b>       | 47,359              | <b>44,557</b>       | 47,912              |
| - unrealised                                    | <b>(17,220)</b>     | (19,330)            | <b>(15,652)</b>     | (17,796)            |
|   | <b>56,920</b>       | 28,029              | <b>28,905</b>       | 30,116              |
| Add:  |                     |                     |                     |                     |
| Total share of accumulated losses of associate: |                     |                     |                     |                     |
| - realised                                      | <b>3,090</b>        | (2,565)             | –                   | –                   |
| - unrealised                                    | –                   | (923)               | –                   | –                   |
|   | <b>60,010</b>       | 24,541              | <b>28,905</b>       | 30,116              |
| Less: Consolidation adjustments                 | <b>48,065</b>       | 69,232              | –                   | –                   |
| At 31 March                                     | <b>108,075</b>      | 93,773              | <b>28,905</b>       | 30,116              |

**STATISTICS ON SHAREHOLDINGS**

AS AT 14 AUGUST 2013

|  |   |                      |
|--|---|----------------------|
| Authorised Share Capital   |   |                      |
| Ordinary Shares of RM0.15 each   | : | RM375,000,000        |
| Non-cumulative Irredeemable Convertible Preference Shares of RM0.15 each | : | RM105,000,000        |
|  |   | <b>RM480,000,000</b> |
| Issued and Fully Paid-Up Share Capital                                   |   |                      |
| Ordinary Shares of RM0.15 each   | : | RM236,459,029        |
|  |   | <b>RM236,459,029</b> |

**DISTRIBUTION OF SHAREHOLDINGS****ORDINARY SHARES**

| SIZE OF HOLDINGS          | NO. OF<br>HOLDERS | %              | NO. OF<br>SHARES     | %              |
|---------------------------|-------------------|----------------|----------------------|----------------|
| 1 - 99                    | 43                | 0.281          | 1,701                | 0.000          |
| 100 - 1,000               | 820               | 5.370          | 633,326              | 0.040          |
| 1,001 - 10,000            | 6,216             | 40.709         | 40,517,968           | 2.570          |
| 10,001 - 100,000          | 6,667             | 43.663         | 270,776,537          | 17.176         |
| 100,001 - 78,819,675 (*)  | 1,521             | 9.961          | 1,033,333,224        | 65.550         |
| 78,819,676 AND ABOVE (**) | 2                 | 0.013          | 231,130,767          | 14.661         |
| <b>TOTAL</b>              | <b>15,269</b>     | <b>100.000</b> | <b>1,576,393,523</b> | <b>100.000</b> |

REMARK : \* - LESS THAN 5% OF ISSUED SHARES

\*\* - 5% AND ABOVE OF ISSUED SHARES

**VOTING RIGHTS OF ORDINARY SHARES** : ON SHOW OF HANDS : ONE VOTE FOR EACH SHAREHOLDER  
ON POLL : ONE VOTE FOR EACH ORDINARY SHARE

**VOTING RIGHTS OF NON-CUMULATIVE IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES** : ONE VOTE AT CLASS MEETING

**STATISTICS ON SHAREHOLDINGS**AS AT 14 AUGUST 2013 *cont'd***DISTRIBUTION OF SHAREHOLDINGS****WARRANT A**

| SIZE OF HOLDINGS         | NO. OF<br>HOLDERS | %              | NO. OF<br>WARRANTS | %              |
|--------------------------|-------------------|----------------|--------------------|----------------|
| 1 - 99                   | 273               | 16.269         | 10,899             | 0.024          |
| 100 - 1,000              | 488               | 29.082         | 184,046            | 0.406          |
| 1,001 - 10,000           | 433               | 25.804         | 2,478,300          | 5.468          |
| 10,001 - 100,000         | 409               | 24.374         | 15,793,578         | 34.850         |
| 100,001 - 2,265,902 (*)  | 74                | 4.410          | 24,376,750         | 53.790         |
| 2,265,903 AND ABOVE (**) | 1                 | 0.059          | 2,474,500          | 5.460          |
| <b>TOTAL</b>             | <b>1,678</b>      | <b>100.000</b> | <b>45,318,073</b>  | <b>100.000</b> |

REMARK : \* - LESS THAN 5% OF ISSUED WARRANTS

\*\* - 5% AND ABOVE OF ISSUED WARRANTS

**WARRANT B**

| SIZE OF HOLDINGS          | NO. OF<br>HOLDERS | %              | NO. OF<br>WARRANTS | %              |
|---------------------------|-------------------|----------------|--------------------|----------------|
| 1 - 99                    | 123               | 3.970          | 5,645              | 0.002          |
| 100 - 1,000               | 249               | 8.037          | 177,810            | 0.083          |
| 1,001 - 10,000            | 1,442             | 46.546         | 6,725,643          | 3.168          |
| 10,001 - 100,000          | 1,014             | 32.730         | 39,209,684         | 18.470         |
| 100,001 - 10,613,948 (*)  | 270               | 8.715          | 166,160,205        | 78.274         |
| 10,613,949 AND ABOVE (**) | 0                 | 0.000          | 0                  | 0.000          |
| <b>TOTAL</b>              | <b>3,098</b>      | <b>100.000</b> | <b>212,278,987</b> | <b>100.000</b> |

REMARK : \* - LESS THAN 5% OF ISSUED WARRANTS

\*\* - 5% AND ABOVE OF ISSUED WARRANTS

**LIST OF 30 LARGEST SHAREHOLDERS AS AT 14 AUGUST 2013****ORDINARY SHARES**

| <b>NO.</b> | <b>NAME OF SHAREHOLDERS</b>   | <b>NO. OF SHARES</b> | <b>% OF SHARES</b> |
|------------|---|----------------------|--------------------|
| 1          | PERBADANAN NASIONAL BERHAD  | 132,275,100          | 8.390              |
| 2          | EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>PLEDGED SECURITIES ACCOUNT FOR VERSATILE PAPER BOXES SDN BHD (JTR)     | 98,855,667           | 6.271              |
| 3          | MCS MICROSYSTEMS SDN BHD  | 65,333,333           | 4.144              |
| 4          | TL TECHNOLOGY RESEARCH (HK) LIMITED   | 56,000,000           | 3.552              |
| 5          | RAZALI BIN ISMAIL   | 39,493,333           | 2.505              |
| 6          | HSBC NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT<br>SINGAPORE BRANCH(A/C CLIENTS-FGN) | 39,280,556           | 2.491              |
| 7          | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR ULTRA PROGRESSIVE SDN BHD                     | 33,655,300           | 2.134              |
| 8          | EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>PLEDGED SECURITIES ACCOUNT FOR VERSATILE PAPER BOXES SDN. BHD. (SS2)   | 27,568,366           | 1.748              |
| 9          | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LEE KWEE HIANG                                | 19,563,000           | 1.240              |
| 10         | HLIB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM                                    | 16,648,900           | 1.056              |
| 11         | CHANG CHENG HUAT  | 15,729,000           | 0.997              |
| 12         | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM                                     | 15,000,000           | 0.951              |
| 13         | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LEE KWEE HIANG                                  | 15,000,000           | 0.951              |
| 14         | YAP LAI KUAN  | 12,713,900           | 0.806              |
| 15         | HLIB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM (MG0210-328)                       | 10,000,000           | 0.634              |



**STATISTICS ON SHAREHOLDINGS**AS AT 14 AUGUST 2013 *cont'd***LIST OF 30 LARGEST SHAREHOLDERS AS AT 14 AUGUST 2013 (CONT'D)****ORDINARY SHARES (CONT'D)**

| NO. NAME OF SHAREHOLDERS   | NO. OF SHARES      | % OF SHARES   |
|--|--------------------|---------------|
| 16 CITIGROUP NOMINEES (ASING) SDN BHD<br>CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND              | 9,648,900          | 0.612         |
| 17 LIM KIM HUA   | 9,519,600          | 0.603         |
| 18 CHOO SEONG KIAT   | 9,487,706          | 0.601         |
| 19 ULTRA PROGRESSIVE SDN BHD   | 7,836,666          | 0.497         |
| 20 TEOH HOOI BIN   | 6,105,500          | 0.387         |
| 21 ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHAI HON WAI (8072204) | 6,000,000          | 0.380         |
| 22 CITIGROUP NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)                      | 6,000,000          | 0.380         |
| 23 CITIGROUP NOMINEES (ASING) SDN BHD<br>CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES                | 5,978,600          | 0.379         |
| 24 JEANETTE IVY ROBERTSON LOMAX  | 5,766,333          | 0.365         |
| 25 LIEW SZE FOOK   | 5,500,000          | 0.348         |
| 26 CHIA SEAW LENG  | 5,000,000          | 0.317         |
| 27 TONG WEE YONG   | 5,000,000          | 0.317         |
| 28 WAN TAK CHUEN   | 4,958,000          | 0.314         |
| 29 YEOH LIAN TEE   | 4,900,000          | 0.310         |
| 30 TAN SAY JIM   | 4,843,333          | 0.307         |
| <b>TOTAL</b>   | <b>693,661,093</b> | <b>44.003</b> |

**LIST OF 30 LARGEST WARRANT HOLDERS AS AT 14 AUGUST 2013****WARRANT A**

| <b>NO.</b> | <b>NAME OF WARRANT HOLDERS</b>  | <b>NO. OF SHARES</b> | <b>% OF SHARES</b> |
|------------|---|----------------------|--------------------|
| 1          | WONG SIEW CHAN  | 2,474,500            | 5.460              |
| 2          | HSBC NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) S.A. (SPORE TST AC CL)              | 2,150,000            | 4.744              |
| 3          | GOH CHYE KEAT   | 1,500,000            | 3.309              |
| 4          | LEE KWEE HIANG  | 1,026,000            | 2.263              |
| 5          | CK GOH HOLDINGS SDN BHD   | 1,000,000            | 2.206              |
| 6          | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>LEE WAH KEE  | 800,000              | 1.765              |
| 7          | HLIB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM                                | 708,000              | 1.562              |
| 8          | TAN SAY JIM   | 677,000              | 1.493              |
| 9          | NG LIAN CHENG   | 650,000              | 1.434              |
| 10         | PM NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR MOHD ZALGHANI BIN HASSAN (A)                 | 600,000              | 1.323              |
| 11         | MAK LYE WOH   | 576,600              | 1.272              |
| 12         | ANG LAY HONG  | 500,000              | 1.103              |
| 13         | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LIM KOK WAI (SEA PARK-CL)                | 500,000              | 1.103              |
| 14         | UOBM NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE<br>BRANCH(CUST ASSET) | 500,000              | 1.103              |
| 15         | YANG TAI TAI  | 450,000              | 0.992              |

**STATISTICS ON SHAREHOLDINGS**AS AT 14 AUGUST 2013 *cont'd***LIST OF 30 LARGEST WARRANT HOLDERS AS AT 14 AUGUST 2013 (CONT'D)****WARRANT A (CONT'D)**

| <b>NO.</b>   | <b>NAME OF WARRANT HOLDERS</b>   | <b>NO. OF SHARES</b> | <b>% OF SHARES</b> |
|--------------|--|----------------------|--------------------|
| 16           | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TIONG ING PING (ET)                        | 400,000              | 0.882              |
| 17           | YAP KIT HOONG  | 399,900              | 0.882              |
| 18           | AFFIN NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TEOH BOON IANG                               | 390,000              | 0.860              |
| 19           | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LEE KWEE HIANG                               | 360,000              | 0.794              |
| 20           | MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHAI YENG SUN (REM 868- MARGIN) | 353,100              | 0.779              |
| 21           | HOH SAI KHONG  | 350,000              | 0.772              |
| 22           | MAK NGUOY YEE  | 330,000              | 0.728              |
| 23           | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LAN CHAT MAN (KELANA JY-CL)                 | 325,000              | 0.717              |
| 24           | HLIB NOMINEES (TEMPATAN) SDN BHD<br>HONG LEONG BANK BHD FOR CHOOI GIAP KEE                                       | 321,000              | 0.708              |
| 25           | WONG POK SENG  | 303,000              | 0.668              |
| 26           | ANDREW TEO TIONG CHUAN   | 300,000              | 0.661              |
| 27           | JF APEX NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHOW HENG LAN (MARGIN)                     | 300,000              | 0.661              |
| 28           | SOO WEI CHUNG  | 300,000              | 0.661              |
| 29           | TOH BEE LAN  | 300,000              | 0.661              |
| 30           | TAN LYE PENG   | 293,200              | 0.646              |
| <b>TOTAL</b> |  | <b>19,137,300</b>    | <b>42.228</b>      |

**LIST OF 30 LARGEST WARRANT HOLDERS AS AT 14 AUGUST 2013****WARRANT B**

| <b>NO.</b> | <b>NAME OF WARRANT HOLDERS</b>   | <b>NO. OF SHARES</b> | <b>% OF SHARES</b> |
|------------|--|----------------------|--------------------|
| 1          | CHIA SEAW LENG   | 10,000,000           | 4.710              |
| 2          | TL TECHNOLOGY RESEARCH (HK) LIMITED  | 8,400,000            | 3.957              |
| 3          | HLIB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM (MG0210-328)                      | 6,973,834            | 3.285              |
| 4          | HSBC NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) S.A. (SPORE TST AC CL)                 | 5,050,000            | 2.378              |
| 5          | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>CHUNG TAT WING (T-471429)   | 5,000,000            | 2.355              |
| 6          | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR SATKUNABALAN A/L K SABARATNAM                | 4,350,000            | 2.049              |
| 7          | MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHAI YENG SUN (REM 868- MARGIN) | 4,327,100            | 2.038              |
| 8          | TA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR WONG MING SHYAN                                 | 4,207,000            | 1.981              |
| 9          | YIP CHENG YUE  | 3,500,000            | 1.648              |
| 10         | GOH CHYE KEAT  | 3,300,000            | 1.554              |
| 11         | PM NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR MOHD ZALGHANI BIN HASSAN (A)                    | 3,250,000            | 1.531              |
| 12         | TEOH HOOI BIN  | 3,068,900            | 1.445              |
| 13         | AFFIN NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TEOH BOON IANG                               | 3,006,000            | 1.416              |
| 14         | UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LIM TEONG KIAT                        | 3,000,000            | 1.413              |
| 15         | NGUI NYUK KYOON  | 2,904,700            | 1.368              |

**STATISTICS ON SHAREHOLDINGS**AS AT 14 AUGUST 2013 *cont'd***LIST OF 30 LARGEST WARRANT HOLDERS AS AT 14 AUGUST 2013 (CONT'D)****WARRANT B (CONT'D)**

| <b>NO.</b>   | <b>NAME OF WARRANT HOLDERS</b>  | <b>NO. OF SHARES</b> | <b>% OF SHARES</b> |
|--------------|---|----------------------|--------------------|
| 16           | GOH KAR KEONG   | 2,710,000            | 1.276              |
| 17           | LEE KWEE HIANG  | 2,578,100            | 1.214              |
| 18           | NURUL AMIRAH SYAZANA BINTI MOHD AMIR  | 2,000,000            | 0.942              |
| 19           | TAY KAI GUAN  | 2,000,000            | 0.942              |
| 20           | UOBM NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST,<br>SINGAPORE BRANCH(CUST ASSET) | 2,000,000            | 0.942              |
| 21           | TA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YOW FOOK LEONG                               | 1,815,000            | 0.855              |
| 22           | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)      | 1,539,506            | 0.725              |
| 23           | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LEE KWEE HIANG                            | 1,432,500            | 0.674              |
| 24           | MUHAMMAD AMIRUN NAZREEN BIN SAMSUL  | 1,371,100            | 0.645              |
| 25           | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>KOH CHIN LIANG   | 1,350,000            | 0.635              |
| 26           | TAN AUW HOCK  | 1,350,000            | 0.635              |
| 27           | CK GOH HOLDINGS SDN BHD   | 1,000,000            | 0.471              |
| 28           | NURUL AMIRA SYAFINAS BINTI MOHD AMIR  | 1,000,000            | 0.471              |
| 29           | RAZALI BIN ISMAIL   | 1,000,000            | 0.471              |
| 30           | YII LEH KIEW  | 1,000,000            | 0.471              |
| <b>TOTAL</b> |   | <b>94,483,740</b>    | <b>44.509</b>      |

**SUBSTANTIAL SHAREHOLDERS AS AT 14 AUGUST 2013****ORDINARY SHARES**

| NO. SHAREHOLDERS                | NO. OF SHARES      |              |                    |             |
|---------------------------------|--------------------|--------------|--------------------|-------------|
|                                 | DIRECT             | %            | INDIRECT           | %           |
| 1 PERBADANAN NASIONAL BERHAD    | 132,275,100        | 8.39         |                    |             |
| 2 VERSATILE PAPER BOXES SDN BHD | 126,424,033        | 8.02         | —                  | —           |
| 3 DATUK TAN SAY JIM             | 46,492,233         | 2.95         | * 126,424,033      | 8.02        |
| <b>TOTAL</b>                    | <b>305,191,366</b> | <b>19.36</b> | <b>126,424,033</b> | <b>8.02</b> |

\* Deemed interest by virtue of his direct substantial shareholding in Versatile Paper Boxes Sdn Bhd.

**DIRECTORS' SHAREHOLDING AS AT 14 AUGUST 2013****ORDINARY SHARES**

| NO. SHAREHOLDERS   | NO. OF SHARES     |             |                    |             |
|--|-------------------|-------------|--------------------|-------------|
|  | DIRECT            | %           | INDIRECT           | %           |
| 1 TAN SRI RAZALI BIN ISMAIL                                    | 39,551,733        | 2.51        | —                  | —           |
| 2 YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN | —                 | —           | # 7,466,333        | 0.47        |
| 3 DATUK TAN SAY JIM  | 46,492,233        | 2.95        | * 126,424,033      | 8.02        |
| 4 DATO' EOW KWAN HOONG   | 1,593,333         | 0.10        | —                  | —           |
| 5 SYED ABDULLAH BIN SYED ABD KADIR                             | 466,666           | 0.03        | —                  | —           |
| 6 DATUK KAMARUDDIN BIN TAIB                                    | —                 | —           | —                  | —           |
| 7 CHAN FEOI CHUN   | 100,000           | 0.01        | —                  | —           |
| 8 DATO' HAMDAN BIN MOHD HASSAN                                 | —                 | —           | —                  | —           |
| <b>TOTAL</b>   | <b>88,203,965</b> | <b>5.60</b> | <b>133,890,366</b> | <b>8.49</b> |

# Deemed interest by virtue of the shares held by YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin's wife.

\* Deemed interest by virtue of his direct substantial shareholding in Versatile Paper Boxes Sdn Bhd.

**STATISTICS ON SHAREHOLDINGS**AS AT 14 AUGUST 2013 *cont'd***DIRECTORS' SHAREHOLDING AS AT 14 AUGUST 2013****WARRANT A**

| NO. WARRANT HOLDERS  | NO. OF SHARES    |             |                |             |
|--|------------------|-------------|----------------|-------------|
|  | DIRECT           | %           | INDIRECT       | %           |
| 1 TAN SRI RAZALI BIN ISMAIL                                    | —                | —           | —              | —           |
| 2 YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN | —                | —           | # 280,000      | 0.62        |
| 3 DATUK TAN SAY JIM  | 1,385,000        | 3.06        | * 40           | 0.00        |
| 4 DATO' EOW KWAN HOONG   | —                | —           | —              | —           |
| 5 SYED ABDULLAH BIN SYED ABD KADIR                             | 19,999           | 0.04        | —              | —           |
| 6 DATUK KAMARUDDIN BIN TAIB                                    | —                | —           | —              | —           |
| 7 CHAN FEOI CHUN   | 1,800            | 0.00        | —              | —           |
| 8 DATO' HAMDAN BIN MOHD HASSAN                                 | —                | —           | —              | —           |
| <b>TOTAL</b>   | <b>1,406,799</b> | <b>3.10</b> | <b>280,040</b> | <b>0.62</b> |

# Deemed interest by virtue of the shares held by YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin's wife.

\* Deemed interest by virtue of his direct substantial shareholding in Versatile Paper Boxes Sdn Bhd.

**WARRANT B**

| NO. WARRANT HOLDERS  | NO. OF SHARES    |             |            |             |
|--|------------------|-------------|------------|-------------|
|  | DIRECT           | %           | INDIRECT   | %           |
| 1 TAN SRI RAZALI BIN ISMAIL                                    | 1,000,000        | 0.47        | —          | —           |
| 2 YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN | —                | —           | —          | —           |
| 3 DATUK TAN SAY JIM  | 6,973,834        | 3.28        | * 104      | 0.00        |
| 4 DATO' EOW KWAN HOONG   | 250,000          | 0.12        | —          | —           |
| 5 SYED ABDULLAH BIN SYED ABD KADIR                             | 49,999           | 0.02        | —          | —           |
| 6 DATUK KAMARUDDIN BIN TAIB                                    | —                | —           | —          | —           |
| 7 CHAN FEOI CHUN   | —                | —           | —          | —           |
| 8 DATO' HAMDAN BIN MOHD HASSAN                                 | —                | —           | —          | —           |
| <b>TOTAL</b>   | <b>8,273,833</b> | <b>3.90</b> | <b>104</b> | <b>0.00</b> |

\* Deemed interest by virtue of his direct substantial shareholding in Versatile Paper Boxes Sdn Bhd

## NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at The Auditorium, 1<sup>st</sup> Floor, Lot 8 & 9, IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur on Monday, 30 September 2013 at 11.00 a.m. to transact the following businesses:-

### AGENDA

#### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2013 together with the Reports of the Directors and Auditors thereon. (SEE NOTE 2)
2. To approve the payment of a first and final tax-exempt dividend of 0.45 sen per ordinary share in respect of the financial year ended 31 March 2013. (Resolution 1)
3. To re-elect the following Directors who retire pursuant to Article 86 of the Company's Articles of Association.
  - (i) Datuk Tan Say Jim (Resolution 2)
  - (ii) Dato' Eow Kwan Hoong (Resolution 3)
4. To approve the payment of Directors' Fees for the financial year ended 31 March 2013. (Resolution 4)
5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

#### SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following Resolutions in accordance with Section 129(6) of the Companies Act, 1965:- (SEE NOTE 3)
  - (i) "THAT Tan Sri Razali Bin Ismail, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 6)

- (ii) "THAT YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 7)

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions of the Company:-

#### 7. **ORDINARY RESOLUTION** (SEE NOTE 4) **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approval of any other governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company for the time being 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 the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting." (Resolution 8)



**NOTICE OF NINETEENTH ANNUAL GENERAL MEETING***cont'd***8. ORDINARY RESOLUTION (SEE NOTE 5)  
CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

- (i) "THAT subject to the passing of Resolution 7 above, approval be and is hereby given to YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." (Resolution 9)
  - (ii) "THAT, approval be and is hereby given to Syed Abdullah Bin Syed Abd Kadir who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." (Resolution 10)
  - (iii) "THAT, approval be and is hereby given to Datuk Kamaruddin Bin Taib who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." (Resolution 11)
9. To transact any other business of which due notice has been given.

**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Nineteenth Annual General Meeting to be held on 30 September 2013, a first and final tax exempt dividend of 0.45 sen per ordinary share in respect of the financial year ended 31 March 2013 will be paid on 29 November 2013.

The entitlement date for the dividend is 8 November 2013.

A depositor shall qualify for the entitlement to the dividend only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 8 November 2013 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

**NG YEN HOONG (LS 008016)**  
**JOANNE TOH JOO ANN (LS 0008574)**  
Company Secretaries

Kuala Lumpur  
6 September 2013

**NOTES:-****1. APPOINTMENT OF PROXY**

- (a) A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (b) To be valid, the form of proxy, duly completed must be deposited at the Registered Office at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting Provided That in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/her proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).
- (c) A Member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, in which event it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
- (d) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (e) Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
- (f) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- (g) A Member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy but however such attendance shall automatically revoke the authority granted to the proxy.
- (h) Only members whose names appear in the Record of Depositors as at 20 September 2013 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

**2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013**

Item 1 of Agenda – The Audited Financial Statements in Agenda 1 is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

**3. RE-APPOINTMENT OF DIRECTORS PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965**

The proposed Resolution 6 and Resolution 7, if passed, will authorise the continuity in office of the Directors (who are over the age of 70 years) until the next Annual General Meeting.

**4. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

The proposed Resolution 8 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). As at the date of this Notice, the Company did not allot and issue any shares pursuant to the mandate granted to the Directors at the Eighteenth Annual General Meeting held on 25 September 2012 as there were no requirement for such fund raising activities.

The proposed Resolution 8, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

**5. CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

Pursuant to the Malaysian Code on Corporate Governance 2012, the Board of Directors has assessed the independence of YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, Syed Abdullah Bin Syed Abd Kadir, and Datuk Kamaruddin Bin Taib who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- (i) each of them fulfills the criteria of an Independent Director pursuant to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (ii) each of them is familiar with the Company's business operations as he has been with the Company for more than 9 years;
- (iii) each of them has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company; and
- (iv) each of them has exercised due care during his tenure as an Independent Director of the Company and carried out his duty in the interest of the Company and shareholders.

The proposed Resolutions 9, 10 and 11, if passed, will enable YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, Syed Abdullah Bin Syed Abd Kadir and Datuk Kamaruddin Bin Taib to continue to act as Independent Non-Executive Directors of the Company.

## **STATEMENT ACCOMPANYING NOTICE OF NINETEENTH ANNUAL GENERAL MEETING** (PURSUANT TO RULE 8.29(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR ACE MARKET)

Directors who are standing for re-appointment at the Nineteenth Annual General Meeting are as follows:-

1. Tan Sri Razali Bin Ismail
2. YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin

The profiles of the above Directors are set out in the section entitled "Profiles of Directors" on pages 32 to 37 of the 2013 Annual Report.

# PROXY FORM



**IRIS CORPORATION BERHAD**  
(302232-X)  
(INCORPORATED IN MALAYSIA)

NUMBER OF SHARES HELD

CDS ACCOUNT NO.

IF MORE THAN 1 PROXY, PLEASE SPECIFY NUMBER  
OF SHARES REPRESENTED BY EACH PROXY

NAME OF PROXY 1:

NAME OF PROXY 2:

I/ We

(FULL NAME IN BLOCK LETTERS)

NRIC No./Company No. of

(FULL ADDRESS)

being a Member/Members of **IRIS CORPORATION BERHAD** hereby appoint

NRIC No.

(FULL NAME IN BLOCK LETTERS)

of

(FULL ADDRESS)

or failing him, NRIC No.

(FULL NAME IN BLOCK LETTERS)

of

(FULL ADDRESS)

as my/our proxy to vote for me/us and on my/our behalf, at the Nineteenth Annual General Meeting of the Company to be held at The Auditorium, 1<sup>st</sup> Floor, Lot 8 & 9, IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur on Monday, 30 September 2013 at 11.00 a.m. and at any adjournment thereof.

## NO. RESOLUTIONS

FOR AGAINST

| NO. | RESOLUTIONS   | FOR | AGAINST |
|-----|---|-----|---------|
| 1   | To approve the payment of a first and final tax-exempt dividend of 0.45 sen per ordinary share in respect of the financial year ended 31 March 2013.        |     |         |
| 2   | To re-elect Datuk Tan Say Jim, who retires pursuant to Article 86 of the Company's Articles of Association, as Director.                                    |     |         |
| 3   | To re-elect Dato' Eow Kwan Hoong, who retires pursuant to Article 86 of the Company's Articles of Association, as Director.                                 |     |         |
| 4   | To approve the payment of Directors' Fees for the financial year ended 31 March 2013.   |     |         |
| 5   | To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.                                     |     |         |
| 6   | To re-appoint Tan Sri Razali Bin Ismail, who retires pursuant to Section 129(6) of the Companies Act, 1965, as Director.                                    |     |         |
| 7   | To re-appoint YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, who retires pursuant to Section 129(6) of the Companies Act, 1965, as Director. |     |         |
| 8   | To grant authority to issue shares pursuant to Section 132D of the Companies Act, 1965.   |     |         |
| 9   | To approve YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin to continue to act as an Independent Non-Executive Director.                        |     |         |
| 10. | To approve Syed Abdullah Bin Syed Abd Kadir to continue to act as an Independent Non-Executive Director.  |     |         |
| 11  | To approve Datuk Kamaruddin Bin Taib to continue to act as an Independent Non-Executive Director.   |     |         |

(Please indicate with an "X" in the space provided above how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

As witness my/our hand(s) this day of 2013

Signature of Member(s) /Common Seal

**NOTES:**

- (a) A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (b) To be valid, the form of proxy, duly completed must be deposited at the Registered Office at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting Provided That in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).
- (c) A Member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, in which event it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
- (d) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (e) Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
- (f) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- (g) A Member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy but however such attendance shall automatically revoke the authority granted to the proxy.
- (h) Only members whose names appear in the Record of Depositors as at 20 September 2013 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

**FOLD HERE****AFFIX  
POSTAGE  
HERE****THE COMPANY SECRETARIES****IRIS CORPORATION BERHAD**

(302232-X)

LEVEL 18  
THE GARDENS NORTH TOWER  
MID VALLEY CITY  
LINGKARAN SYED PUTRA  
59200 KUALA LUMPUR

**FOLD HERE**

## **ERRATA TO THE ANNUAL REPORT 2013**

To All Shareholders of IRIS Corporation Berhad,

Reference is hereby made to page 55 ("Additional Compliance Information") of the Annual Report 2013.

We wish to inform that there are errors on page 55 of the Annual Report 2013, which are amended and highlighted in bold italic as follows:-

**Note 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL**

There were no proceeds raised by the Company from corporate proposals during the financial year ended from 1 ***April*** 2012 to 31 March 2013.

**Note 7. VARIATION IN RESULTS**

There is no material variance between the audited results for the financial ***year ended*** from 1 ***April 2012*** to 31 March ***2013*** and the unaudited results previously announced.

We apologise for the above errors and any inconvenience caused.

Yours faithfully,

For and on Behalf of the Board of Directors

**IRIS CORPORATION BERHAD**

**DATUK TAN SAY JIM**

**Group Managing Director & Chief Executive Officer**

Kuala Lumpur

6 September 2013