

IRIS CORPORATION BERHAD

(Company No. 302232 - X)
(Incorporated in Malaysia)

Interim Financial Report for the Third quarter ended 31st December 2014

Contents: -	Page
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2-3
Condensed Consolidated Statement of Financial Position	4-5
Condensed Consolidated Statement of Changes in Equity	6-7
Condensed Consolidated Cash Flow Statement	8-9
Notes to the Interim Financial Report	10-23

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Third quarter ended 31st December 2014

	Individual 3 months ended		Cumulative 9 months ended	
	31 st December 2014 RM'000	31 st December 2013 RM'000	31 st December 2014 RM'000	31 st December 2013 RM'000
Revenue	141,762	149,543	426,526	414,814
Cost of sales	(94,090)	(103,052)	(303,691)	(297,517)
Depreciation and amortization	(5,817)	(8,388)	(17,628)	(19,365)
Gross profit	41,855	38,103	105,207	97,932
Other income	6,119	1,037	10,978	1,964
Administrative and operating expenses	(37,796)	(21,183)	(84,881)	(50,597)
Depreciation and amortisation	(563)	(1,957)	(4,158)	(5,237)
Finance costs	(6,183)	(5,414)	(18,541)	(15,220)
Share of loss of associates	(1,323)	(357)	(876)	(45)
Profit before taxation	2,109	10,229	7,729	28,797
Tax expense	(759)	(3,835)	(5,450)	(9,638)
Profit for the period	1,350	6,394	2,279	19,159
Other comprehensive income for the period				
Foreign currency translation	-	(32)	-	(32)
Fair value for available-for-sales financial assets		2,845		2,845
	-	2,813	-	2,813
Total comprehensive income for the period	1,350	9,207	2,279	21,972
Profit attributable to:				
Owners of the Company	2,321	5,444	5,452	20,429
Non-controlling interests	(971)	950	(3,173)	(1,270)
Profit for the period	1,350	6,394	2,279	19,159

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Third quarter ended 31st December 2014

(continued)

	Individual		Cumulative	
	3 months ended 31 st December 2014 RM'000	31 st December 2013 RM'000	9 months ended 31 st December 2014 RM'000	31 st December 2013 RM'000
Total comprehensive income attributable to:				
Owners of the Company	2,321	7,249	5,452	22,235
Non-controlling interests	(971)	1,958	(3,173)	(263)
Total comprehensive income for the period	1,350	9,207	2,279	21,972
Earnings per share attributable to owners of the Company:				
Basic (Sen)	0.11	0.33	0.27	1.23
Diluted (Sen)	0.11	0.31	0.25	1.15

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31st March 2014 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Financial PositionAs at 31st December 2014

	31 st December 2014 RM'000	31 st March 2014 RM'000
ASSETS		
NON-CURRENT ASSETS		
Investment in associates	23,905	7,598
Property, plant and equipment	171,823	229,902
Concession assets	177,086	178,746
Intellectual properties	15,527	17,468
Available-for-sale financial assets	14,052	7,906
Research and development expenditure	6,336	3,942
Deferred tax asset	144	129
Goodwill on consolidation	185,775	140,682
	594,648	586,373
CURRENT ASSETS		
Inventories	98,937	101,929
Trade receivables	311,506	280,236
Amount owing by contract customers	108,076	81,249
Other receivables, deposits & prepayments	131,774	149,922
Amount owing by associates	1	8
Amount owing by related parties	117	70
Property development expenditure	17,402	1,310
Tax refundable	7,655	26
Deposits with licensed banks	25,245	23,782
Cash and cash equivalents	31,221	81,670
	731,934	720,202
TOTAL ASSETS	1,326,582	1,306,575
EQUITY AND LIABILITIES		
EQUITY		
Share capital	306,025	306,025
Share premium	103,860	103,860
Treasury shares	-	(32,238)
Warrants reserve	10,598	10,598
Foreign exchange translation reserve	146	146
Revaluation reserve	38,793	38,783
Retained earnings	128,643	122,967
Total equity attributable to owners of the Company	588,065	550,141
Non-controlling interests	46,847	56,978
TOTAL EQUITY	634,912	607,119

Condensed Consolidated Statement of Financial PositionAs at 31st December 2014

(continued)

	31 st December 2014 RM'000	31 st March 2014 RM'000
NON-CURRENT LIABILITIES		
Other payables	50	29
Hire purchase payables	3,729	8,555
Lease payables	320	-
Term loan	170,029	67,487
Deferred tax liabilities	13,816	16,791
	187,944	92,862
CURRENT LIABILITIES		
Trade payables	25,010	39,553
Other payables and accruals	190,737	250,212
Amount owing to associates	422	422
Hire purchase payables	1,875	3,930
Lease payables	452	242
Short-term borrowings	278,439	279,315
Bank overdrafts	-	23,793
Provision for taxation	6,791	9,127
	503,726	606,594
TOTAL LIABILITIES	691,670	699,456
TOTAL EQUITY AND LIABILITIES	1,326,582	1,306,575
Net assets per ordinary share attributable to owners of the Company (sen)	28.82	28.75

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31st March 2014 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the Third quarter ended 31st December 2014

	← Non-Distributable				→ Distributable			Attributable to the owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Ordinary Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000			
At 1 st April 2013	236,459	35,211	10,609	(1,199)	-	26,904	108,075	416,059	41,141	457,200
Issuance of new shares	59,115	44,232	-	-	-	-	-	103,347	-	103,347
Warrant exercise	1	-	-	-	-	-	-	1	-	1
Acquisition/additional acquisition in a subsidiary	-	-	-	-	-	-	-	-	19,573	19,573
Shares subscribed by non-controlling interest	-	-	-	-	-	-	-	-	260	260
Realisation on usage of property	-	-	-	-	-	(246)	246	-	-	-
Dividend paid	-	-	-	-	-	-	(8,867)	(8,867)	-	(8,867)
Profits after taxation for the financial period	-	-	-	-	-	-	20,429	20,429	(1,270)	19,159
Other comprehensive income for the financial period										
- Foreign currency translation	-	-	-	(32)	-	-	-	(32)	-	(32)
- Fair value for available-for-sales financial assets	-	-	-	-	1,838	-	-	1,838	1,007	2,845
Total comprehensive income for the financial period	-	-	-	(32)	1,838	-	20,429	22,235	(263)	21,972
At 31st December 2013	295,575	79,443	10,609	(1,231)	1,838	26,658	119,883	532,775	60,711	593,486

Condensed Consolidated Statement of Changes in Equity

For the Third quarter ended 31st December 2014

(continued)

	← Non-Distributable				→ Distributable			Attributable to the owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Ordinary Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000			
At 1 st April 2014	306,025	103,860	(32,238)	10,598	146	38,783	122,967	550,141	56,978	607,119
Acquisition in subsidiaries	-	-	-	-	-	-	-	-	12,646	12,646
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(1,226)	(1,226)
De-consolidation of subsidiaries	-	-	32,238	-	-	234	-	32,472	(18,378)	14,094
Realisation on usage of property	-	-	-	-	-	(224)	224	-	-	-
Profit/(Loss) after taxation for the financial year	-	-	-	-	-	-	5,452	5,452	(3,173)	2,279
Total comprehensive income / (loss) for the financial period	-	-	-	-	-	-	5,452	5,452	(3,173)	2,279
At 31st December 2014	306,025	103,860	-	10,598	146	38,793	128,643	588,065	46,847	634,912

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31st March 2014 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Cash Flow StatementFor the Third quarter ended 31st December 2014

	Cumulative 31st December 2014 RM'000	Cumulative 31st December 2013 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	7,729	28,797
Adjustments for:		
Non-Cash Items	29,825	25,087
Interest income	(696)	(245)
Finance costs	18,541	15,220
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	55,399	68,859
Changes in working capital		
Net changes in current assets	(61,056)	(60,158)
Net changes in current liabilities	(72,297)	(55,386)
NET CASH GENERATED FOR OPERATIONS	(77,954)	(46,685)
Dividend received	120	85
Interest received	696	245
Interest paid	(18,541)	(15,220)
Tax paid	(14,818)	(6,022)
NET CASH FOR OPERATING ACTIVITIES	(110,497)	(67,597)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(1,501)	(12,240)
Acquisition of development expenditure	(2,393)	-
Acquisition of subsidiaries, net of cash acquired	(36,474)	(31,073)
Acquisition of investment in an associate	-	(12)
Divestment of a subsidiary, net of cash acquired	13,658	-
Net cash flows from additional investment in subsidiaries	-	(6,964)
Proceeds from shares subscribed by a non-controlling interest in a subsidiary	49	260
Proceeds from disposal of a subsidiary, net of cash	2,981	-
Proceeds from disposal of plant and equipment	5,346	-
Purchase of concession assets	(3,468)	(778)
Purchase of plant and equipment	(9,050)	(17,980)
NET CASH FOR INVESTING ACTIVITIES	(30,852)	(68,787)

Condensed Consolidated Cash Flow StatementFor the Third quarter ended 31st December 2014

(continued)

	Cumulative 31st December 2014 RM'000	Cumulative 31st December 2013 RM'000
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid to owners of the Company	-	(8,867)
Net proceeds from issuance of ordinary shares	-	103,348
Net repayment of hire purchase and lease payables	(1,314)	(155)
Net proceeds from short term borrowings	8,751	56,586
Proceeds from drawdown of trade and term loans	418,210	218,440
Repayment of trade and term loans	(309,492)	(224,033)
Placement of pledged deposit	(17)	-
NET CASH FROM FINANCING ACTIVITIES	116,138	145,319
Net changes in cash and cash equivalents	(25,211)	8,935
Effects of exchange rate changes	-	-
Cash and cash equivalents at beginning of the year	71,160	50,398
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	45,949	59,333

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

Deposits with licensed banks	25,245	63,042
Cash and bank balances	31,221	29,527
Less: Deposits pledged with licensed banks	(10,517)	(9,147)
Less: Bank overdrafts	-	(24,089)
	45,949	59,333

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Group for the financial year ended 31st March 2014 and the accompanying explanatory notes attached to the interim financial report.

Notes to the Interim Financial Report

For the Third quarter ended 31st December 2014

1. Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 31st December 2014 and has been prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31st March 2014.

2. Audit report of preceding annual financial statement

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

3. Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors in the Third quarter.

4. Segment information

The Group's operating segments information for the interim financial report to 31st December 2014 was as follows:-

	Trusted Identification & Payment and Transportation RM'000	Sustainable development, Agro and Food & Industrial Building Systems RM'000	Environment & Renewable Energy RM'000	Paper and plastic products, colour separation & printing RM'000	Education RM'000	Group RM'000
Revenue	286,582	80,925	31,774	24,549	2,696	426,526
Segment results	74,504	(15,595)	(4,660)	(1,281)	(4,583)	48,385
Unallocated corporate expenses						(32,217)
Other income						10,978
Operating profit						27,146
Finance costs						(18,541)
						8,605
Share of loss of associates						(876)
Profit before taxation						7,729
Income tax expense						(5,450)
Profit after taxation						2,729

5. Capital Commitments

	As at 31st December 2014 RM'000
Authorised and contracted for:-	
Purchase of property, plant and equipment	4,126

6. Debt and equity securities

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

7. Changes in the composition of the Group

There were no changes in the composition of the Group for this quarter except as disclosed below:

a) Acquisition of Northern Shine Holdings Limited

The Company had on 31st October, 2014 entered into a Share Sale Agreement (“SSA”) for the acquisition of 10 ordinary shares valued at USD1.00 each representing 100% in Northern Shine Holdings Limited (“NSH”), a company incorporated under the laws of the British Virgin Island, for a total cash consideration of USD4,950,000 (or equivalent to RM16,284,500 at the rate of USD1: RM3.2898).

NSH’s principal business is involved in investment holding.

8. Material changes in estimates

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current financial period.

9. Material events subsequent to the end of the interim period

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

10. Items of an unusual nature

There were no items of unusual nature, which affects assets, liabilities, equity, net income or cash flows in the third quarter except for the loss on disposal of Amata Waste-to-Energy Incineration Plant in Bangkok of approximately RM7.6million.

11. Valuations of property, plant and equipment

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

12. Changes in contingent liabilities and contingent assets**Contingent Liabilities**

There are no contingent liabilities incurred or known to be incurred by the Company and/or the Group as at 31st December 2014, except as disclosed below:

- i) The counter guarantees given to local and foreign banks for Performance Bond issued on behalf of the Group amounted to RM80,524,000.
- ii) A wholly-owned subsidiary with its joint venture partner in Turkey (“both parties are henceforth known as “JVCO”) is defending an action brought by Security General Directorate of Ministry of Interior or Emniyet Genel Mudrlugu (EGM”) in Turkey. If defence against the action is finally unsuccessful, then the estimated potential liability to the JVCO is limited to the total sum of RM9,093,982 which the ICB Group will be liable for 75% of the amount with interest. Further detailed information of this litigation case is disclosed in Note 24 of this report.

13. Taxation

	Individual		Cumulative	
	3 months ended	3 months ended	9 months ended	9 months ended
	31st	31st	31st	31st
	December	December	December	December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current financial year	(1,904)	(3,835)	(6,595)	(9,638)
- Over/(Under) provision in prior years	1,145	-	1,145	-
	(759)	(3,835)	(5,450)	(9,638)
Deferred tax				
- Current financial year	-	-	-	-
Total tax expense	(759)	(3,835)	(5,450)	(9,638)

The Group’s effective tax rate is higher than the statutory tax rate of 25% mainly due to losses in subsidiaries which were not available for tax relief at the Group level and the non-deductibility of certain operating expenses for tax purposes.

14. Related Party Transactions

The significant transactions with related parties of the Group for the cumulative 9 months period ended 31st December 2014 were as follows:

	RM'000
Major shareholder of the Company	
The Federal Land Development Authority (“FELDA”)	
- Sales of construction of sustainable development project	22,885

Additional information required by the AMLR

15.1 Review of Performance

For the current financial period ended 31st December 2014, the Group recorded a revenue and profit before taxation of RM141.8 million and RM2.1 million, representing a decrease of 5.2% and 79.4% from RM149.5 million and RM10.2 million respectively recorded in the previous comparable quarter last year.

The performance of the respective business segments for the quarter ended 31st December 2014 as compared to the previous comparable quarter is analysed as follows:-

The traditional core business - Trusted Identification Division and Payment & Transportation Division recorded revenue of RM101.9 million in the current financial quarter ended 31st December 2014 from RM121.5 million in the previous comparable quarter, representing an decrease of 16.1%. The revenue generated this quarter was mainly attributed by the contribution from the local and overseas contracts such as the Malaysia e-Passport Project, Nigeria e-Passport Project, Senegal e-Passport Project and Tanzania e-ID project in the current financial period.

The Sustainable Development, Agro & Food Technology and Koto Industrial Building Systems Division recorded higher revenue of RM25.4 million in the current financial quarter ended 31st December 2014 from RM14.8 million in the previous comparable quarter. The revenue showed an increase mainly due to the additional contribution from the recent contracts awarded for Rimbunan Kaseh and Sentuhan Kasih Programmes from the State Governments and FELDA respectively.

The Environment & Renewable Division recorded higher revenue of RM12.9 million this quarter from RM8.4 million compared to the same period in the financial quarter ended 31st December 2013. The revenue and profit from the division was mainly generated from its Waste-to-Energy Incinerator Plant in Phuket. In December 2014, the division has disposed off its 60 tonnes Waste-to-Energy Incineration Plant located at Amata Nakorn Industrial Estate in Bangkok. As a result, the division incurred a one off loss of RM7.6 million in the current reporting quarter.

The Education Division recorded revenue of RM1.5 million and no comparison is available as the acquisition of Stamford College Group took place during the 1st quarter of current financial year.

15.2 Comparison with Preceding Quarter

For the current financial quarter which ended on 31st December 2014, the Group recorded revenue of RM141.8 million, representing a decrease of 10.0% (or RM15.7mil) from RM157.5 million recorded in the preceding quarter ended 30th September 2014.

The decrease in revenue was mainly due to the divestment of 25% of Versatile Creative Berhad in last quarter and there is no consolidated revenue recognized from this Printing & Packaging Division this quarter.

The profit before taxation for the current financial quarter was RM2.1 million, recording a decrease of RM5.6 million as compared to RM7.7 million recorded in the preceding quarter ended 30th September 2014.

The decrease in profit before taxation for the current financial quarter is mainly affected by the loss on disposal of Amata Waste-to-Energy Incineration Plant in Bangkok amounted to RM7.6million this reporting quarter.

16. Prospects

For the financial year 2015, the prospects for the core business remains bright. This Division's revenue is expected to be derived mainly from the trusted identification projects, namely Malaysia e-Passport inlays, Nigeria e-Passport inlays, Tanzania e-ID cards project, Senegal e-Passport project, Guinea e-Passport project and Bangladesh MRP Passport project. The Automatic Fare Collection Project, payment cards and banking cards will continue to contribute positively to the Payment and Transportation's performance.

The Sustainable Development Division, Food & Agro Technology Division and Koto Industrialised Building Division remain challenging in the FYE 31st March 2015, these divisions are expected to achieve satisfactory performance if the respective divisions receive its targeted number of letter of award for the Rimbunan Kaseh and Sentuhan Kasih projects from the State Governments and FELDA respectively.

For the Environment & Renewable Energy Division, the 700-tonnes per day Waste-to-Energy Incinerator Plant in Phuket, Thailand is expected to produce positive results in the financial year 2015. The 300-tonnes per day Food Waste-to-Fertilizer Plant in Weinan, China is expected to contribute the earnings in the next financial year ending 31st March 2016.

In our maiden venture in Papua New Guinea ("PNG"), the high-end residential project called Gerehu Heights consisting of 290 units of landed villas has emerged as another growth opportunity for the Group. The property development in PNG is expected to produce positive results in the next financial year.

In view of the above, the operating performance of the Group is expected to be lower compared to the previous financial year.

17. Variance between actual results and forecasted profit and shortfall in profit guarantee

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

18. Unquoted Securities and/or Properties

There were no purchases or disposals of unquoted securities and/or properties for the current quarter and financial year to date except as disclosed in Note 7.

19. Quoted Securities

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

20. Available-for-sale financial assets

Available-for-sale financial assets represent investment and deposits paid in respect of:

	At 31st December 2014 RM'000
Investment in an unquoted shares in Malaysia	7,500
Investment in an unquoted shares in Singapore	2,378
Investment in an unquoted shares in Hong Kong	981
Investment in an unquoted shares in Republic of Palau	6,146
Golf Club Membership	406
(Less): Allowance for diminution in value	(3,359)
	14,052

21. Status of Corporate Proposals and utilisation of proceeds

There were no corporate proposals announced but not completed as at 17th February 2015, being the latest practicable date which is not earlier than seven (7) days from the date of issue of this quarterly report except as disclosed below:

Private Placement (2013)

On 13th September 2013, the Company served a Circular to shareholders in relation to a proposed private placement of up to 394,098,381 new ordinary shares of ICB to be issued to Federal Land Development Authority ("FELDA") or its wholly-owned subsidiary at an issue price of RM0.28 ("Private Placement") and subsequent on 30th September 2013, the proposed Private Placement was approved by the shareholders of the Company.

On 6th November 2013, the Private Placement funds amounting to RM110,347,547 has been raised by issuing of 394,098,381 new ordinary shares of ICB at an issue price of RM0.28 each to Capital Protocol Sdn Bhd, a wholly-owned subsidiary of Federal Land Development Authority ("FELDA").

The details of the utilisation of the proceeds from the Private Placement up to 17th February 2015 are as follows:

Description	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance to be utilised (RM'000)	Intended Timeframe for Utilisation
Partial repayment of short term borrowings	30,000	(30,000)	-	Within 12 months
Capital expenditure of ICB Group	25,000	(10,091)	14,909	Within 12 months
Working capital of ICB Group	47,000	(47,000)	-	Within 12 months
Estimated expenses in relation to the Proposed Private Placement	8,348	(8,348)	-	Within 6 months
Total	110,348	(95,439)	14,909	

22. Group Borrowings and Debt Securities

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

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Secured	278,439	170,029	448,468

All of the above borrowings are denominated in Ringgit Malaysia other than trade and term loan borrowings amounting to RM135.3million is denominated in USD dollar.

23. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 17th February 2015 being the latest practicable date which is not earlier than seven (7) days from date of issue of this quarterly report.

24. Material Litigation

Save for the material litigations as disclosed below, there are no other material litigations involving the Group as at 17th February 2015:

(i) **ICB v. Japan Airlines International Co. Ltd (United States)**

On 1 June 2007, ICB commenced a lawsuit against Japan Airlines International Co. Ltd. (“JAL”) in the United States District Court for the Eastern District of New York (“United States District Court”) alleging that JAL’s use of electronic passports as part of their check-in procedures at United States airports, in which JAL operates constitutes an infringement of ICB’s United States Patent No. 6,111,506 “Method of Making an Improved Security Identification Document Including Contactless Communication Insert Unit” (“Patent”). The case was dismissed on 30 September 2009. One of the grounds of dismissal was that the United States statutory and treaty requirements mandate that international airlines operating out of United States airports use passenger electronic passports as part of their check-in procedures and this pre-empted ICB’s right, if any, to collect patent infringement royalties on this use. ICB filed an appeal to the United States Court of Appeals for the Federal Circuit (“Appeal”).

The case has been fully briefed will be argued in open court on 8 September 2014. The United States Government has filed a friend of the court brief stating, in essence, that the District Court was incorrect, but nevertheless the case should be dismissed in that the proper defendant is the United States government in light of a change in the law that occurred subsequent to the filing of the appeal. The United States Airlines Industry Association has also filed a friend of the court brief agreeing with the position taken by the United States government.

On 21st October 2014 the United States Court of Appeals for the Federal Circuit gave its decision and ruled that ICB must sue the Federal Government under Section 28 U.S.C. 1498 for JAL’s use of its patent as part of JAL’s routine commercial operations at airports throughout the United States. The Federal Circuit’s decision marks an expansion for the protection of 1498(a) to private companies performing quasi-governmental functions outside of a government contract.

The three panel judge affirmed that JAL did not flout the US Patent Number: 6,111,506 owned by ICB. Pursuant to the above finding, ICB has not made a decision as to its next cause of action on whether it will commence a suit against the Federal Government as ruled and recommended by the United States Court of Appeal.

24. Material Litigation (cont'd)

(ii) (1) IRIS Technologies (M) Sdn Bhd (2) Kunt Electronic Sanayii ve Ticaret A.S (both parties are henceforth known as “JVCO”) vs Security General Directorate of Ministry of Interior or Emniyet Genel Mudurlugu (Turkey)

The Company received the update on the court proceedings of the consolidated Ankara 12th Civil Court of First Instance (2009/343) and 23rd Civil Court of First Instance Ankara (2010/347) and several merged cases relating thereto from its solicitors in Turkey.

The Company was informed that a decision was declared on 16th September 2014 and was duly served on the JVCO on 28th January 2015. The Company makes this announcement as soon as the facts and figures in the Judgment which is in the Turkish language is accurately verified and endorsed by its solicitors.

The Judgment declared the following:-

1. The JVCO's claim for unlawful termination by EGM and payment for the balance amount of (Turkish Lira) TL6.195.000 (equivalent to RM9,014,221) due to the JVCO for works completed was rejected.
2. EGM's claim for the refund of monies paid to the JVCO for the completion of Phase 1 (delivery of hardware and equipment) of the Project to the amount of TL6.195.000 (equivalent to RM9,014,221) was allowed and declared that the JVCO had to return the said amount to EGM with interest.
3. The JVCO to pay TL5.053,84 (equivalent to RM7,354) as compensation for loss suffered by EGM ; and
4. EGM's claim of TL49.761,53 (equivalent to RM72,407) as expenses arising from their performance of the contract and loss due to the termination was allowed and the JVCO was ordered to pay the said amount as compensation.

JVCO has duly notified its lawyers and is being advised as to the next course of action. The estimated potential liability to the JVCO is limited to the total sum of RM9,093,982 which the ICB Group will be liable for 75% of the above sum with interest.

(iii) IRIS Eco Power Sdn Bhd vs IPSA Group PLC (Court of Appeal, Civil Appeal No.: W-02(IM)(NCC)-781-05/2014)

On 1st August 2013, IRIS Eco Power Sdn Bhd (“IEPSB”) filed a claim in the Kuala Lumpur High Court (“Court”) against IPSA Group Plc (“IPSA”), a company registered in England and Wales for a breach of the Sale and Purchase Agreement of 2 Gas Turbine Generating Sets with Ancillary Equipment. IEPSB claimed for the sum of USD3,100,000 being the deposit paid to IPSA, USD500,000 being the purchase price of the shares in Oil Field Services Ltd (a subsidiary of IEPSB) and the sum of RM20,000,000 for loss and damages, together with interest and costs (“Claim”). The Court subsequently granted an order in terms for IEPSB to serve the Claim out of jurisdiction as IPSA is based on the United Kingdom. IEPSB managed to serve the Claim to IPSA.

24. Material Litigation (cont'd)

IPSA then filed an application to challenge the jurisdiction of the Court to determine the dispute in this case. On 25th March 2014, the Court struck out IEPSB's Claim with costs of RM30,000 to be paid by IEPSB to IPSA. IEPSB subsequently entered an appeal against this decision to the Court of Appeal on 25th March 2014. A case management for the appeal is fixed on 13th February 2015 with no hearing date fixed yet. ICB's solicitors are of the view that the prospect for success of the appeal is favorable.

(iv) **United Logistics Sdn Bhd vs Stamford College (PJ) Sdn Bhd, Stamford College Berhad and IRIS Corporation Berhad (High Court of Kuala Lumpur, Civil Suit No.: 22NCC 312-08/2014**

On 26th August 2014, United Logistics Sdn Bhd ("Plaintiff") had filed a Writ of Summons at the High Court of Kuala Lumpur against Stamford College (PJ) Sdn Bhd ("SCPJ"), a subsidiary of IRIS Corporation Berhad ("ICB"), as the Defendant. The Defendant further filed a Third Party Notice on 13th October 2014 against Stamford College Berhad ("SCB") hence adjoining SCB under this Writ.

Under the Statement of Claim, the Plaintiff alleges that it had provided 3 friendly loans to SCPJ wherein the First Loan for the amount of RM500,000 was paid on 23rd July 2012; the Second Loan on 3rd September 2012 for the sum of RM250,000 and the Third Loan was paid to Maju Institute of Educational Development ("MIED") for the sum RM1.5 Million on the instruction of SCPJ. The total sum claimed by the Plaintiff under the Writ is RM2,224,262.75, interest upon judgement sum at the rate of 5% per annum calculated on a daily basis from the date of filing the writ and costs. The Plaintiff further alleges that ICB had noticed of the 3 friendly loans given to SCPJ before it acquired the 51% shareholding of SCPJ and hence ICB shall be liable to pay the sums loaned by the Plaintiff to SCPJ.

SCB has via its solicitors filed a 4th Party Notice dated 12th November 2014 and served the same on ICB. The matter is now fixed for Case Management on 9th March 2015.

25. Realised and Unrealised retained earnings

Breakdown of retained earnings of the Group is as follows:

	As at 31st December 2014 RM'000	As at 31st March 2014 RM'000
Total retained earnings:		
i) The Company and its subsidiaries		
- Realised profits/(losses)	91,966	91,571
- Unrealised profits/(losses)	(14,477)	(19,758)
	77,489	71,813
ii) Associates		
- Realised profits/(losses)	(1,087)	1,948
- Unrealised profits/(losses)	-	-
	(1,087)	1,948
iii) Group consolidated adjustments	76,402	73,761
	52,241	49,206
Total retained earnings of the Group	128,643	122,967

26. Dividend

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

27. Earnings Per Ordinary Share

	Individual		Cumulative	
	3 months ended 31st December 2014	3 months ended 31st December 2013	9 months ended 31st December 2014	9 months ended 31st December 2013
(a) Basic earnings per ordinary share				
Profit attributable to owners of the Company for the period (RM'000)	2,321	5,444	5,452	20,429
Weighted average number of ordinary shares ('000)	2,040,168	1,655,504	2,040,168	1,655,504
Basic earnings per ordinary share (Sen)	0.11	0.33	0.27	1.23
(b) Diluted earnings per ordinary share				
Profit attributable to owners of the Company for the period (RM'000)	2,321	5,444	5,452	20,429
Adjustment for after tax effects of Warrants A (RM'000)	-	-	-	-
Adjustment for after tax effects of Warrants B (RM'000)	-	-	-	-
Adjusted net profit for the period (RM'000)	2,321	5,444	5,452	20,429
Weighted average number of ordinary shares ('000)	2,040,168	1,655,504	2,040,168	1,655,504
Adjustment for assumed exercise of Warrants A ('000)	23,175	21,040	23,175	21,040
Adjustment for assumed exercise of Warrants B ('000)	108,394	98,554	108,394	98,554
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	2,171,737	1,775,098	2,171,737	1,775,098
Diluted earnings per ordinary share (Sen)	0.11	0.31	0.25	1.15

28. Profit before taxation

	Individual 3 months ended 31st December 2014 RM'000	Cumulative 9 months ended 31st December 2014 RM'000
Profit before taxation is arrived at after charging/(crediting):		
- Amortisation of concession assets, intangible assets and depreciation of property, plant and equipment	6,379	21,786
- Loss on disposal of plant and equipment	7,587	7,587
- Net foreign exchange loss	1,082	6,786