

IRIS CORPORATION BERHAD

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

Interim Financial Report for the Third Quarter Ended 31st December 2020

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

Condensed Consolidated Statement of Comprehensive IncomeFor the Third Quarter Ended 31st December 2020

	Individual		Cumulative	
	3 months ended	3 months ended	9 months ended	9 months ended
	31st	31st	31th	31st
	December	December	December	December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
				<i>Restated</i>
<i>Continuing operations</i>				
Revenue	21,036	43,719	67,396	188,434
Cost of sales	(19,385)	(34,000)	(59,999)	(143,890)
Depreciation and amortisation	(925)	(919)	(2,815)	(6,298)
Gross profit	726	8,800	4,582	38,246
Other income (<i>Note 29</i>)	1,803	2,132	4,356	4,401
Administrative, operating and other expenses	(3,018)	(8,506)	(13,199)	(22,955)
Depreciation and amortisation	(766)	(741)	(2,272)	(2,222)
Finance costs	(671)	(796)	(1,775)	(2,690)
Share of results of associates, net of tax	(3)	(1)	13	11
(Loss)/Profit before taxation	(1,929)	888	(8,295)	14,791
Income tax expenses	1,349	(336)	2,792	(336)
(Loss)/Profit from continuing operations	(580)	552	(5,503)	14,455
<i>Discontinued operations</i>				
Gain from discontinued operations, net of tax	-	-	-	5,479
(Loss)/Profit for the period	(580)	552	(5,503)	19,934
Other comprehensive income, net of tax				
Foreign currency translation for foreign operations	23	89	15	19
	23	89	15	19
Total comprehensive (loss)/income for the period	(557)	641	(5,488)	19,953

Condensed Consolidated Statement of Comprehensive IncomeFor the Third Quarter Ended 31st December 2020

(continued)

	Individual 3 months ended 31st		Cumulative 9 months ended 31st	
	December 2020	December 2019	December 2020	December 2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to:				
Owners of the Company	(557)	525	(5,768)	19,928
Non-controlling interests	(23)	27	265	6
(Loss)/Profit for the period	(580)	552	(5,503)	19,934
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(534)	614	(5,753)	19,947
Non-controlling interests	(23)	27	265	6
Total comprehensive (loss)/income for the period	(557)	641	(5,488)	19,953
(Loss)/Earnings per share attributable to owners of the Company:				
Basic (Sen)				
- continuing operations	(0.02)	0.02	(0.19)	0.49
- discontinued operations	-	-	-	0.18
	(0.02)	0.02	(0.19)	0.67
Diluted (Sen)				
- continuing operations	(0.02)	0.02	(0.19)	0.49
- discontinued operations	-	-	-	0.18
	(0.02)	0.02	(0.19)	0.67

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 2020 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Financial PositionAs at 31st December 2020

	31 st December 2020 RM'000	31 st March 2020 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment & right-of-use assets	89,475	92,965
Intangible assets	131,427	132,342
Operating financial assets	10,398	10,398
Investment in associates	4,464	4,450
	235,764	240,155
CURRENT ASSETS		
Inventories	18,152	15,826
Operating financial assets	1,029	1,029
Trade receivables	72,734	127,573
Other receivables, deposits & prepayments	8,133	19,156
Contract assets	11,432	6,491
Current tax assets	1,316	947
Cash and short-term deposits (<i>Note 30</i>)	100,542	76,750
	213,338	247,772
TOTAL ASSETS	449,102	487,927
EQUITY AND LIABILITIES		
EQUITY		
Share capital	558,532	539,602
Foreign currency translation reserve	45	30
Revaluation reserve	32,357	33,080
Accumulated losses	(291,592)	(286,547)
Total equity attributable to owners of the Company	299,342	286,165
Non-controlling interests	(20,591)	(20,856)
TOTAL EQUITY	278,751	265,309

Condensed Consolidated Statement of Financial PositionAs at 31st December 2020

(continued)

	31st December 2020	31st March 2020
	RM'000	RM'000
NON-CURRENT LIABILITIES		
Loans and borrowings	9,375	18,750
Deferred tax liabilities	7,200	10,714
	<u>16,575</u>	<u>29,464</u>
CURRENT LIABILITIES		
Short-term loans and borrowings	12,500	12,500
Current tax liabilities	699	4
Trade payables	38,944	62,711
Other payables and accruals	98,399	114,037
Contract liabilities	3,234	3,902
	<u>153,776</u>	<u>193,154</u>
TOTAL LIABILITIES	<u>170,351</u>	<u>222,618</u>
TOTAL EQUITY AND LIABILITIES	<u>449,102</u>	<u>487,927</u>
Net assets per ordinary share attributable to owners of the Company (sen)	<u>9.84</u>	<u>9.65</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31st March 2020 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 2020

	← Attributable to the owners of the Company →						
	Ordinary Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Sub-total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 st April 2019	539,602	158	34,043	(301,222)	272,581	(22,597)	249,984
<i>Total comprehensive income for the financial period</i>							
Profit after taxation for the financial period	-	-	-	19,928	19,928	6	19,934
Other comprehensive income for the financial period, net of tax -foreign currency translation	-	19	-	-	19	-	19
Total comprehensive income	-	19	-	19,928	19,947	6	19,953
Realisation on revaluation reserve	-	-	(722)	722	-	-	-
At 31st December 2019	539,602	177	33,321	(280,572)	292,528	(22,591)	269,937

Condensed Consolidated Statement of Changes in Equity

For the Third Quarter Ended 31st December 2020 (continued)

	← Attributable to the owners of the Company →						
	Ordinary Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Sub-Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 st April 2020	539,602	30	33,080	(286,547)	286,165	(20,856)	265,309
Transactions with owners							
Issuance of new shares	18,930	-	-	-	18,930	-	18,930
Total transactions with owners	18,930	-	-	-	18,930	-	18,930
Total comprehensive income/(loss) for the financial period							
Loss after taxation for the financial period	-	-	-	(5,768)	(5,768)	265	(5,503)
Other comprehensive income for the financial period, net of tax - foreign currency translation	-	15	-	-	15	-	15
Total comprehensive (loss)/income	-	15	-	(5,768)	(5,753)	265	(5,488)
Realisation on revaluation reserve	-	-	(723)	723	-	-	-
At 31st December 2020	558,532	45	32,357	(291,592)	299,342	(20,591)	278,751

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 2020 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Cash FlowsFor the Third Quarter Ended 31st December 2020

	Cumulative 9 months ended 31st December 2020 RM'000	Cumulative 9 months ended 31st December 2019 RM'000 <i>Restated</i>
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation		
- continuing operations	(8,295)	14,791
- discontinued operations	-	5,479
	<u>(8,295)</u>	<u>20,270</u>
<i>Adjustments for:</i>		
Allowance for impairment loss of receivables	3,618	818
Amortisation of intangible assets	1,091	4,999
Depreciation of property, plant and equipment	3,996	3,521
Finance costs	1,775	2,690
Gain on disposal of a subsidiary	-	(5,479)
Gain on disposal of plant and equipment	(142)	(587)
Interest income	(1,016)	(2,618)
Plant and equipment written off	1	-
Reversal of provision of staff related expenses	-	(5,337)
Write back of account payables and accrual	(10,976)	-
Share of results of associates	(13)	(11)
Unrealised foreign exchange (gain)/loss	(1,816)	2,206
	<u>(11,777)</u>	<u>20,472</u>
OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES	(11,777)	20,472
<i>Changes in working capital:</i>		
Contract assets and liabilities	(5,610)	3,755
Inventories	(2,326)	2,588
Trade and other receivables	62,243	(27,316)
Trade and other payables	(26,626)	(15,696)
	<u>15,904</u>	<u>(16,197)</u>
NET CASH FROM/(USED IN) OPERATIONS	15,904	(16,197)
Interest received	1,016	2,618
Interest paid	(1,775)	(2,690)
Income tax paid	(369)	5,938
	<u>14,776</u>	<u>(10,331)</u>
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	14,776	(10,331)

Condensed Consolidated Statement of Cash FlowsFor the Third Quarter Ended 31st December 2020 (continued)

	Cumulative 9 months ended 31st December 2020 RM'000	Cumulative 9 months ended 31st December 2019 RM'000 <i>Restated</i>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of development expenditure	(177)	-
Acquisition of plant and equipment	(505)	(7,867)
Proceeds from capital reduction of an associate	-	6,454
Proceeds from disposal of plant and equipment	143	593
NET CASH USED IN INVESTING ACTIVITIES	(539)	(820)
CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from issuance of ordinary shares	18,930	-
Payment of hire purchase and lease payables	-	(156)
Repayment of revolving loan	-	(5,000)
Repayment of term loans	(9,375)	(9,375)
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	9,555	(14,531)
Net increase/(decrease) in cash and cash equivalents	23,792	(25,682)
Cash and cash equivalents at beginning of the period	76,750	117,407
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	100,542	91,725

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

Cash and bank balances	12,114	45,466
Short-term deposits placed	88,428	46,259
	100,542	91,725

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31st March 2020 and the accompanying explanatory notes attached to the interim financial report.

Notes to the Interim Financial Report

For the Third Quarter Ended 31st December 2020

1. Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 31 December 2020 and has been prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2020.

2. Changes in Accounting Policies

The accounting policies adopted for this interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2020 except for those standards, amendments and IC Interpretation, which are in effective for financial period beginning on or after 1 April 2020 and are applicable to the Group.

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations (Definition of a Business)
MFRS 7	Financial Instruments: Disclosures – Interest Rate Benchmark Reform
MFRS 9	Financial Instruments
MFRS 101	Presentation of Financial Statements (Definition of Material)
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above MFRSs and IC Interpretation does not have any material impact of the financial statements of the Group.

3. Audit report of preceding annual financial statement

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

4. Seasonal or cyclical factors

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

5. Segment information

The Group's operating segments information for the interim financial report to 31 December 2020 was as follows:-

	← Continuing operations →			
	Trusted ID & IT Division RM'000	Sustainable Development Division RM'000	Adjustments & Eliminations RM'000	Total continuing operations RM'000
Revenue from external customers	66,111	1,285	-	67,396
Segment results (Note A)	6,974	(2,097)	92	4,969
Unallocated corporate expenses	-	-	(13,277)	(13,277)
Share of results of associates, net of tax	-	-	13	13
Profit/(Loss) before taxation	6,974	(2,097)	(13,172)	(8,295)
Income tax expense	2,792	-	-	2,792
Profit/(Loss) after taxation	4,797	(4,541)	(5,759)	(5,503)

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

	← Continuing operations →			
	Trusted ID & IT Division RM'000	Sustainable Development Division RM'000	Adjustments & Eliminations RM'000	Total continuing operations RM'000
Operating results	9,432	(2,035)	-	7,397
Add/(Less):				
- Depreciation and amortisation	(5,179)	-	92	(5,087)
- Interest income	1,016	-	-	1,016
- Other income	3,341	-	-	3,341
- Write back of payables and accrual	10,187	789	-	10,976
- Impairment of other receivables	(2,618)	(1,000)	-	(3,618)
- Finance costs	(1,775)	-	-	(1,775)
- Administrative, operating and other expenses	(7,430)	149	-	(7,281)
	(2,458)	(62)	92	(2,428)
Segment results	6,974	(2,097)	92	4,969

6. Capital Commitments

**As at
31st December
2020
RM'000**

Approved and contracted for:-

Purchase of equipment

37

7. Debt and equity securities

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

8. Changes in the composition of the Group

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

9. Material changes in estimates

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

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

There were no material events subsequent to the end of this financial quarter except for the following:

On 29 January 2021, the Group received a Letter of Award from Kementerian Dalam Negeri for the project known as National Integrated Immigration System (NIISe) with a total contract value of RM1,159,428,000 (inclusive of 6% SST). NIISe is expected to contribute positively to the earning of the Group in coming financial years.

11. Items of an unusual nature

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

12. Valuations of property, plant and equipment

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

13. Changes in contingent liabilities and contingent assets

There are no contingent liabilities and assets incurred or known to be incurred by the Company and/or the Group as at 31 December 2020.

14. Taxation

	Individual		Cumulative	
	3 months ended	3 months ended	9 months ended	9 months ended
	31st	31st	31st	31st
	December	December	December	December
	2020	2019	2020	2019
<u>Continuing operations</u>	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current financial year	(91)	(336)	(722)	(336)
Deferred tax				
- Current financial year	1,440	-	3,514	-
Income tax credit recognized in profit or loss	<u>1,349</u>	<u>(336)</u>	<u>2,792</u>	<u>(336)</u>

The Group had made a reversal of deferred tax liabilities in current financial quarter mainly due to the increase in deferred tax assets in view of tax losses incurred in current financial quarter. As a result, the Group's effective tax rate for current financial quarter differ from the statutory tax rate of 24%.

15. Related Party Transactions

The Company has not entered into any significant transactions with related parties of the Group for the cumulative 9 months period ended 31 December 2020 under review.

Additional information required by the AMLR

16.1 Review of Performance

Continuing operations

For the current financial quarter ended 31 December 2020, the Group recorded a revenue of RM21.0 million, a decrease of RM22.7 million or 51.9% from RM43.7 million recorded in the previous comparable financial quarter ended 31 December 2019. The Group recorded a loss before taxation of RM1.9 million in this financial quarter as compared to a profit before taxation of RM0.9 million recorded in the previous comparable financial quarter ended 31 December 2019.

The lower revenue in this financial quarter is mainly due to the lower delivery of e-passports and cards in the current financial quarter as compared to the previous comparable financial quarter. This has resulted in a loss before taxation of RM1.9 million as the revenue is insufficient to cover fixed overhead and operations costs of the Group.

The performance of the respective business segments for this 3-month financial quarter ended 31 December 2020 as compared to the previous comparable financial quarter is analysed as follows:

Trusted ID & IT Division

Trusted ID & IT division recorded a revenue of RM19.8 million in the current financial quarter ended 31 December 2020, as compared to RM40.9 million in the previous comparable financial quarter, representing a decrease of 51.6%. The decrease in the revenue was mainly attributable to lower delivery of e-passports and cards in the current financial quarter.

Sustainable Development Division

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

16.2 Comparison with Preceding Quarter

Continuing operations

For the current financial quarter ended 31 December 2020, the Group recorded a revenue of RM21.0 million as compared to RM22.2 million recorded in the preceding financial quarter ended 30 September 2020.

The Group reported a loss before taxation of RM1.9 million as compared to a loss before taxation of RM2.8 million recorded in the preceding financial quarter. The lower loss before taxation reported in the current financial quarter was mainly due to lower administrative and other operating expenses incurred in the current financial quarter.

17. Prospects

The unprecedented worldwide outbreak of the COVID-19 pandemic has significantly affected the economy and business opportunities in both international and domestic markets. This unprecedented situation is affecting the performance of the Group in delivering its existing sales order as well as in securing new business opportunities.

Taking into consideration the aforesaid, the Board foresees the financial performance for the remaining quarters for the current financial year ending 31 March 2021 to remain challenging.

Despite the challenges above, the Group will continue to actively pursue new growth opportunities in its core Trusted ID & adjacent IT business, including new offerings in the business to business segment, in both international and domestic markets. In this regard, the Group has shown some encouraging progress in both international and domestic markets. For the international market, the Group had in September 2020, received a Letter of Intent from India Security Press for the supply of 15 million International Civil Aviation Organisation(ICA0) compliant electronic contactless inlays along with its operating system(in 2Ups) required for the manufacture of Indian E-Passport for a total amount of USD27,500,000. For the domestic market, the Group had on 29 January 2021 received a Letter of Award from Kementerian Dalam Negeri for the project known as National Integrated Immigration System (NIISe) with a total contract value of RM1,159,428,000 (inclusive of 6% SST). The Board is confident that these two new projects, together with the Group's existing projects, will contribute positively to the Group's financial performance in coming financial years.

The Group will continue to focus on cost optimization efforts to ensure the Group remains competitive in the challenging business environment and deliver sustainable growth in the long term.

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

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

19. Unquoted Securities and/or Properties

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

20. Quoted Securities

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

21. Status of Corporate Proposals and Utilisation of Proceeds

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

The Company had on 23 June 2020 announced a proposed Private Placement exercise which involves the issuance of up to 296,628,000 new IRIS Shares (“Placement Shares”), representing up to 10% of the total number of issued shares of the Company, at an issue price to be determined and announced at a later date. Bursa Malaysia had on 7 July 2020 approved the listing and quotation of the Placement Shares to be issued pursuant to the proposed Private Placement exercise.

On 27 October 2020, the Company had fixed the issue price for the first tranche of the Private Placement of 75,000,000 shares (“First Tranche Private Placement”) at RM0.2524 per share amounting to RM18,930,000. The First Tranche Private Placement was completed on 5 November 2020 and the placement shares were listed on Bursa Securities on 6 November 2020.

The details of the utilisation of the proceeds from the First Tranche Private Placement up to 19 February 2021 are as follows:

Description	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance to be utilised (RM'000)	Intended Timeframe for Utilisation
Working capital of ICB Group	18,848	(9,723)	9,125	Within 18 months
Estimated expenses in relation to the Private Placement	82	(82)	-	Immediate
Total	18,930	(9,805)	9,125	

22. Group Borrowings and Debt Securities

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

	As at 31st December 2020 RM'000
Long Term	9,375
Short Term	12,500
Total	<u>21,875</u>

All of the above borrowings are denominated in Ringgit Malaysia.

23. Off Balance Sheet Financial Instruments

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

24. Material Litigation

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

(i) IRIS Corporation Berhad (“IRIS”) vs The Government of the United States (“U.S.”) (“U.S. Government”)

The lawsuit commenced on 24 February 2015. The lawsuit is a claim for patent infringement of IRIS U.S. Patent No. 6,111,506, “Method of Making an Improved Security Identification Document Including Contactless Communication Insert Unit” against the U.S. Government. It is alleged that U.S. electronic passports manufactured for the U.S. Government, as well as use of foreign and U.S. Passports by the U.S. Government and by entities acting on behalf of the U.S. Government constitute infringements of that aforementioned IRIS patent, for which infringements IRIS is claiming just compensation.

The claims construction hearing was held on 16 January 2020 and the decision was fixed on 22 January 2020, where the court concluded that the inventor intended the antenna to be included as part of the integrated circuit, as opposed to being apart from and connected to the integrated circuit. As such, under the court’s decision, the antenna must be within the protective ring if there is to be an infringement.

Following the court’s decision, the U.S. Government had on 6 March 2020 filed a motion for summary judgment against IRIS. On 27 April 2020, the Court delivered its decision in favour of the U.S. Government by granting their motion for a Summary Judgment with no award for cost.

The Company had on 19 June 2020 filed an appeal against the decision in favour of the U.S. Government. On 12 February 2021, the United States Court of Appeals for the Federal Circuit dismissed the Company’s appeal with costs to the U.S Government. As at the date of this report, the cost has yet to be determined by the Court. Nevertheless, the Company was advised by its lawyers that the costs will be nominal and formed part of their legal fees.

24. Material Litigation (cont'd)

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

The JVCO’s claim for unlawful termination of contract by EGM and payment for the balance amount of (Turkish Lira) TL6,195,000 (equivalent to RM9,014,221) due to JVCO for work completed. The JVCO’s claim was rejected by the court. Despite our claim against EGM, EGM’s claim for the refund of monies paid to the JVCO for the completion of Phase 1 (delivery of hardware and equipment) of the project for the sum of TL6,195,000 (equivalent to RM9,014,221) was allowed together with interest. The JVCO was also directed to pay TL5,053,84 (equivalent to RM7,354) as expenses arising from their performance of the contract and loss suffered by EGM. EGM’s claim of TL49,761,53 (equivalent to RM72,407) as expenses arising from their performance of the contract and loss due to the termination was allowed and the JVCO was ordered to pay the said amount as compensation.

The Group was informed that a decision was declared on 16 September 2014 and was duly served on the JVCO on 28 January 2015.

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

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

(iii) In the High Court of Malaya at Kuala Lumpur Suit No. WA-22NCVC-126-03/2018; Roxwell Group Sdn. Bhd. (755819-U) (“Plaintiff”) against (1) IRIS Corporation Berhad (“ICB”) or (“D1”), (2) Tan Say Jim (“D2”), (3) Su Thai Ping (“D3”), (4) Hamdan Bin Mohd Hassan (“D4”) & (5) Sylla Ibrahima Sory (“D5”)

The Plaintiff and D1 entered into a Cooperation Agreement on 17 November 2011 and among the salient terms of the Cooperation Agreement was for the Plaintiff to identify for ICB potential projects in the Republic of Guinea and Guinea Bissau (“Territory”) for a period of three (3) years from the date of the Cooperation Agreement. In consideration of any and all services in respect of the Cooperation Agreement involving the sale of plant, equipment, machinery or assets arranged by the Plaintiff, D1 agreed to pay the Plaintiff a commission of 15%.

In 2013, D1 separately tendered and was awarded the BOT Passport Contract by the Government of the Republic of Guinea (“the BOT project”). The Plaintiff is claiming for an alleged commission payment in the amount of RM169,480,350.00 (together with interest deemed appropriate by the court) under the Cooperation Agreement calculated based on the formula of 15% on the reported value. The Plaintiff is also alleging that D1 has colluded with D2, D3, D4 and D5 to deprive it of its contractual rights under the Cooperation Agreement.

24. Material Litigation (cont'd)

- (iii) In the High Court of Malaya at Kuala Lumpur Suit No. WA-22NCVC-126-03/2018; Roxwell Group Sdn. Bhd. (755819-U) (“Plaintiff”) against (1) IRIS Corporation Berhad (“ICB”) or (“D1”), (2) Tan Say Jim (“D2”), (3) Su Thai Ping (“D3”), (4) Hamdan Bin Mohd Hassan (“D4”) & (5) Sylla Ibrahima Sory (“D5”) (cont'd)**

The Decision after full trial was delivered by the court on 28 November 2019 whereas the court dismissed the Plaintiff’s claim against the Defendants with costs of RM90,000 each (and RM60,000 for D4 as the case was withdrawn against him prior to the decision).

The Plaintiff had on 20 December 2019 filed a Notice of Appeal in the Court of Appeal against the decision of the court. The hearing of appeal on 11 November 2020 has been vacated by the Court and the Case Management is fixed on 23 July 2021 for parties to re-schedule the hearing date.

- (iv) In the High Court of Malaya at Kuala Lumpur; IRIS Corporation Berhad (“Plaintiff”) against nine (9) former members of the Board of Directors (“Defendants”)**

The Company has on 24 April 2019 commenced legal proceedings in Kuala Lumpur High Court (“the suits”) against the Defendants concerning the Company’s investment in Border Control Solutions Limited (“BCS”). The Company brought this action for loss suffered from the Defendants’ failure to discharge their respective fiduciary duty, duty of fidelity and/or duty to exercise reasonable care, skill and diligence as Directors of the Company at that material time.

The Company seeks the following reliefs against the Defendants jointly and severally:

- a. The sum of RM11,721,050 being the total amount paid by the Company for the subscription of the BCS’s shares which is equivalent to total sum of GBP2.05 million (by reference to the conversion rates prevailing on the respective dates of payments);
- b. The sum of RM482,172 being the total amount paid by the Company to Joseph Vijay Kumar (“JVK”) as consultant fees which is equivalent to total sum of GBP84,000 (by reference to the conversion rates prevailing on the respective dates of payments);
- c. Pre-judgment interest on the sums awarded in (a) and (b) above pursuant to section 11 of the Civil Law Act 1956 at the following rates:
 - (i) Interest at the rate of 5% per annum on the sum of RM11,721,050 from 24 August 2016 (i.e. the date of the last payment to BCS) until the date of full settlement;
 - (ii) Interest at the rate of 5% per annum on RM482,172 from 10 October 2016 (i.e. the date of the last payment to JVK) until the date of full settlement thereof;
- d. Post-judgment interest on the sums awarded in (a) and (b) above at the rate of 5% per annum from the date of judgment until the date of full and final realization;
- e. Alternative to (a) and (b) above,
- f. General damages to be assessed;
- g. Interest on the general damages awarded in (e) above;
- h. Costs; and/or
- i. All other relief which this Honourable Court deems fit and just.

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

24. Material Litigation (cont'd)

(iv) In the High Court of Malaya at Kuala Lumpur; IRIS Corporation Berhad (“Plaintiff”) against nine (9) former members of the Board of Directors (“Defendants”) (cont'd)

The continued hearing dates have been fixed by the court as follows:

- (a) 19, 20, 23, 26, 27 & 28 of April 2021; and
- (b) 25 & 28 of May 2021.

25. Dividend

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

26. Earnings Per Ordinary Share

	Individual 3 months ended		Cumulative 9 months ended	
	31st December	31st December	31st December	31st December
	2020	2019	2020	2019
(a) Basic (loss)/earnings per ordinary share				
(Loss)/Earnings attributable to owners of the Company for the period (RM'000)				
- continuing operations	(557)	525	(5,768)	14,449
- discontinued operations	-	-	-	5,479
	<u>(557)</u>	<u>525</u>	<u>(5,768)</u>	<u>19,928</u>
Weighted average number of ordinary shares ('000) at end of period	<u>2,981,282</u>	<u>2,966,283</u>	<u>2,981,282</u>	<u>2,966,283</u>
Basic (loss)/earnings per ordinary share (Sen)				
- continuing operations	(0.02)	0.02	(0.19)	0.49
- discontinued operations	-	-	-	0.18
	<u>(0.02)</u>	<u>0.02</u>	<u>(0.19)</u>	<u>0.67</u>

26. Earnings Per Ordinary Share (cont'd)

	Individual 3 months ended 31st December 2020		Cumulative 9 months ended 31st December 2020	
	31st December 2019	31st December 2019	31st December 2019	31st December 2019
(b) Diluted (loss)/earnings per ordinary share				
(Loss)/Earnings attributable to owners of the Company for the period (RM'000)				
- continuing operations	(557)	525	(5,768)	14,449
- discontinued operations	-	-	-	5,479
	<u>(557)</u>	<u>525</u>	<u>(5,768)</u>	<u>19,928</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000) at end of period	2,981,282	2,966,283	2,981,282	2,966,283
Diluted (loss)/earnings per ordinary share (Sen)				
- continuing operations	(0.02)	0.02	(0.19)	0.49
- discontinued operations	-	-	-	0.18
	<u>(0.02)</u>	<u>0.02</u>	<u>(0.19)</u>	<u>0.67</u>

27. Comparative figures

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

28. Loss before taxation

	Individual 3 months ended 31st December 2020 RM'000	Cumulative 9 months ended 31st December 2020 RM'000
Loss before taxation is arrived at after charging :		
<i>Continuing operations</i>		
- Allowance for impairment loss of other receivables	3,618	3,618
- Write back of payables and accrual	(10,187)	(10,976)
- Amortisation of concession assets, intangible assets and depreciation of property, plant and equipment	1,691	5,087
	<u>1,691</u>	<u>5,087</u>

29. Other income

	Individual 3 months ended 31st December 2020 RM'000	Cumulative 9 months ended 31st December 2020 RM'000
<i>Continuing operations</i>		
- Interest income	359	1,016
- Foreign currency exchange gain - net	915	1,816
- Compensation received from an overseas customer	-	852
- Final asset distribution from associates company	325	325
- Others	204	347
	1,803	4,356

30. Cash and short-term deposits

	As at 31st December 2020 RM'000	As at 31st March 2020 RM'000
Cash and bank balances	12,114	24,796
Short-term deposits placed with licensed banks	88,428	51,954
	100,542	76,750

Included in short-term deposits placed with licensed bank is an amount of RM27,248,230 (As at 31 March 2020 : RM13,523,828) pledged to licensed banks for credit facilities granted to the Group.

31. Authorisation for Issue

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