

# IRIS CORPORATION BERHAD

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

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## Interim Financial Report for the Fourth Quarter Ended 31<sup>st</sup> March 2021

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## Condensed Consolidated Statement of Comprehensive Income

For the Fourth Quarter Ended 31<sup>st</sup> March 2021

	Individual		Cumulative	
	3 months ended 31 <sup>st</sup> March 2021 RM'000	31 <sup>st</sup> March 2020 RM'000	12 months ended 31 <sup>th</sup> March 2021 RM'000	31 <sup>st</sup> March 2020 RM'000 <i>Restated</i>
<b>Continuing operations</b>				
Revenue	39,222	41,153	106,618	229,587
Cost of sales	(30,006)	(29,888)	(90,006)	(173,778)
Depreciation and amortisation	(867)	(937)	(3,682)	(7,235)
<b>Gross profit</b>	<b>8,349</b>	<b>10,328</b>	<b>12,930</b>	<b>48,574</b>
Other income ( <i>Note 29</i> )	488	7,717	4,845	12,118
Administrative, operating and other expenses	(8,918)	(12,984)	(22,118)	(35,938)
Depreciation and amortisation	(765)	(744)	(3,036)	(2,966)
Finance costs	(429)	(709)	(2,204)	(3,399)
Share of results of associates, net of tax	1	(6)	14	4
<b>(Loss)/Profit before taxation</b>	<b>(1,274)</b>	<b>3,602</b>	<b>(9,569)</b>	<b>18,393</b>
Income tax expenses	(6,088)	(8,083)	(3,296)	(8,419)
<b>(Loss)/Profit from continuing operations</b>	<b>(7,362)</b>	<b>(4,481)</b>	<b>(12,865)</b>	<b>9,974</b>
<b>Discontinued operations</b>				
Gain from discontinued operations, net of tax	-	-	-	5,479
<b>(Loss)/Profit for the period</b>	<b>(7,362)</b>	<b>(4,481)</b>	<b>(12,865)</b>	<b>15,453</b>
<b>Other comprehensive income/(loss), net of tax</b>				
Foreign currency translation for foreign operations	85	(147)	100	(128)
	<b>85</b>	<b>(147)</b>	<b>100</b>	<b>(128)</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(7,277)</b>	<b>(4,628)</b>	<b>(12,765)</b>	<b>15,325</b>

**Condensed Consolidated Statement of Comprehensive Income**For the Fourth Quarter Ended 31<sup>st</sup> March 2021

(continued)

	Individual		Cumulative	
	3 months ended 31 <sup>st</sup> March 2021 RM'000	31 <sup>st</sup> March 2020 RM'000	12 months ended 31 <sup>st</sup> March 2021 RM'000	31 <sup>st</sup> March 2020 RM'000
<b>(Loss)/Profit attributable to:</b>				
Owners of the Company	(5,253)	(6,216)	(11,021)	13,712
Non-controlling interests	(2,109)	1,735	(1,844)	1,741
<b>(Loss)/Profit for the period</b>	<b>(7,362)</b>	<b>(4,481)</b>	<b>(12,865)</b>	<b>15,453</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(5,168)	(6,363)	(10,921)	13,584
Non-controlling interests	(2,109)	1,735	(1,844)	1,741
<b>Total comprehensive (loss)/income for the period</b>	<b>(7,277)</b>	<b>(4,628)</b>	<b>(12,765)</b>	<b>15,325</b>
<b>(Loss)/Earnings per share attributable to owners of the Company:</b>				
Basic (Sen)				
- continuing operations	(0.18)	(0.21)	(0.37)	0.28
- discontinued operations	-	-	-	0.18
	<b>(0.18)</b>	<b>(0.21)</b>	<b>(0.37)</b>	<b>0.46</b>
Diluted (Sen)				
- continuing operations	(0.18)	(0.21)	(0.37)	0.28
- discontinued operations	-	-	-	0.18
	<b>(0.18)</b>	<b>(0.21)</b>	<b>(0.37)</b>	<b>0.46</b>

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

**Condensed Consolidated Statement of Financial Position**

As at 31<sup>st</sup> March 2021

	31 <sup>st</sup> March 2021 RM'000	31 <sup>st</sup> March 2020 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment & right-of-use assets	88,276	92,965
Intangible assets	131,110	132,342
Operating financial assets	9,290	10,398
Investment in associates	4,464	4,450
Deferred tax assets	2	-
	233,142	240,155
<b>CURRENT ASSETS</b>		
Inventories	20,292	15,826
Operating financial assets	1,107	1,029
Trade receivables	72,773	127,573
Other receivables, deposits & prepayments	14,266	19,156
Contract assets	7,416	6,491
Current tax assets	929	947
Cash and short-term deposits ( <i>Note 30</i> )	117,273	76,750
	234,056	247,772
	467,198	487,927
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	582,090	539,602
Foreign currency translation reserve	130	30
Revaluation reserve	32,117	33,080
Accumulated losses	(296,605)	(286,547)
<b>Total equity attributable to owners of the Company</b>	317,732	286,165
Non-controlling interests	(22,700)	(20,856)
<b>TOTAL EQUITY</b>	295,032	265,309

**Condensed Consolidated Statement of Financial Position**

As at 31<sup>st</sup> March 2021

(continued)

	<b>31<sup>st</sup> March 2021</b>	<b>31<sup>st</sup> March 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	6,250	18,750
Deferred tax liabilities	13,254	10,714
	<u>19,504</u>	<u>29,464</u>
<b>CURRENT LIABILITIES</b>		
Short-term loans and borrowings	12,500	12,500
Current tax liabilities	778	4
Trade payables	40,218	62,711
Other payables and accruals	99,151	114,037
Contract liabilities	15	3,902
	<u>152,662</u>	<u>193,154</u>
<b>TOTAL LIABILITIES</b>	<u>172,166</u>	<u>222,618</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>467,198</u>	<u>487,927</u>
<b>Net assets per ordinary share attributable to owners of the Company (sen)</b>	<u>10.20</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 31<sup>st</sup> March 2020 and the accompanying explanatory notes attached to the interim financial report.

**Condensed Consolidated Statement of Changes in Equity**

For the Fourth Quarter Ended 31<sup>st</sup> March 2020

	← Attributable to the owners of the Company →				Sub-total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Ordinary Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000			
At 1 <sup>st</sup> April 2019	539,602	158	34,043	(301,222)	272,581	(22,597)	249,984
<b><i>Total comprehensive income for the financial period</i></b>							
Profit after taxation for the financial period	-	-	-	13,712	13,712	1,741	15,453
Other comprehensive loss for the financial period, net of tax -foreign currency translation	-	(128)	-	-	(128)	-	(128)
Total comprehensive income	-	(128)	-	13,712	13,584	1,741	15,325
Realisation on revaluation reserve	-	-	(963)	963	-	-	-
<b>At 31<sup>st</sup> March 2020</b>	<b>539,602</b>	<b>30</b>	<b>33,080</b>	<b>(286,547)</b>	<b>286,165</b>	<b>(20,856)</b>	<b>265,309</b>

**Condensed Consolidated Statement of Changes in Equity**

For the Fourth Quarter Ended 31<sup>st</sup> March 2021 (continued)

	← Attributable to the owners of the Company →				Non- controlling Interests RM'000	Total Equity RM'000	
	Ordinary Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000			
At 1 <sup>st</sup> April 2020	539,602	30	33,080	(286,547)	286,165	(20,856)	265,309
<b>Transactions with owners</b>							
Issuance of new shares	42,488	-	-	-	42,488	-	42,488
Total transactions with owners	42,488	-	-	-	42,488	-	42,488
<b>Total comprehensive income/(loss) for the financial period</b>							
Loss after taxation for the financial period	-	-	-	(11,021)	(11,021)	(1,844)	(12,865)
Other comprehensive income for the financial period, net of tax - foreign currency translation	-	100	-	-	100	-	100
Total comprehensive income/(loss)	-	100	-	(11,021)	(10,921)	(1,844)	(12,765)
Realisation on revaluation reserve	-	-	(963)	963	-	-	-
<b>At 31<sup>st</sup> March 2021</b>	<b>582,090</b>	<b>130</b>	<b>32,117</b>	<b>(296,605)</b>	<b>317,732</b>	<b>(22,700)</b>	<b>295,032</b>

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

**Condensed Consolidated Statement of Cash Flows**

For the Fourth Quarter Ended 31<sup>st</sup> March 2021

	<b>Cumulative 12 months ended 31<sup>st</sup> March 2021 RM'000</b>	<b>Cumulative 12 months ended 31<sup>st</sup> March 2020 RM'000 <i>Restated</i></b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation		
- continuing operations	(9,569)	18,393
- discontinued operations	-	5,479
	<u>(9,569)</u>	<u>23,872</u>
<i>Adjustments for:</i>		
Allowance for impairment loss of receivables	158	5,935
Allowance for impairment loss on prepayment	-	1,362
Amortisation of intangible assets	1,408	5,359
Bad debts written off	42	158
Depreciation of property, plant and equipment	5,310	4,840
Effect of accretion of interest on operating financial assets	(867)	(939)
Finance costs	2,204	3,399
Gain on capital reduction in investment in an associate	-	(580)
Gain on disposal of a subsidiary	-	(5,479)
Gain on disposal of plant and equipment	(143)	(607)
Interest income	(1,351)	(2,979)
Plant and equipment written off	1	32
Reversal of inventories written down	(1,215)	(5,226)
Share of results of associates	(14)	(4)
Unrealised foreign exchange (gain)/loss	(1,469)	21
Write back of account payables and accrual	<u>(10,809)</u>	<u>-</u>
<b>OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(16,314)</b>	<b>29,164</b>
<i>Changes in working capital:</i>		
Contract assets and liabilities	(4,813)	819
Inventories	(3,250)	7,995
Operating financial assets	1,896	1,895
Trade and other receivables	59,488	(16,653)
Trade and other payables	<u>(24,530)</u>	<u>(45,619)</u>
<b>NET CASH FROM/(USED IN) OPERATIONS</b>	<b>12,477</b>	<b>(22,399)</b>
Interest received	1,351	2,979
Interest paid	(2,204)	(3,399)
Income tax (paid) /refunded	<u>(434)</u>	<u>5,848</u>
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>11,190</b>	<b>(16,971)</b>



**Condensed Consolidated Statement of Cash Flows**

For the Fourth Quarter Ended 31<sup>st</sup> March 2021 (continued)

	<b>Cumulative 12 months ended 31<sup>st</sup> March 2021 RM'000</b>	<b>Cumulative 12 months ended 31<sup>st</sup> March 2020 RM'000 <i>Restated</i></b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of development expenditure	(177)	(31)
Acquisition of plant and equipment	(621)	(8,798)
Proceeds from capital reduction of an associate	-	7,034
Proceeds from disposal of plant and equipment	143	818
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(655)</b>	<b>(977)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares	42,488	-
Payment of hire purchase and lease payables	-	(210)
Repayment of revolving loan	-	(10,000)
Repayment of term loans	(12,500)	(12,500)
<b>NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>	<b>29,988</b>	<b>(22,710)</b>
Net increase/(decrease) in cash and cash equivalents	40,523	(40,658)
Cash and cash equivalents at beginning of the period	76,750	117,408
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>117,273</b>	<b>76,750</b>

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

Cash and bank balances	24,879	51,954
Short-term deposits placed	92,394	24,796
	<b>117,273</b>	<b>76,750</b>

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

## Notes to the Interim Financial Report

For the Fourth Quarter Ended 31<sup>st</sup> March 2021

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### 1. Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 31 March 2021 and has been prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 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 March 2021 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	104,845	1,773	-	106,618
Segment results <i>(Note A)</i>	15,132	(7,021)	123	8,234
Unallocated corporate expenses	-	-	(17,817)	(17,817)
Share of results of associates, net of tax	-	-	14	14
<b>Profit/(Loss) before taxation</b>	15,132	(7,021)	(17,680)	(9,569)
Income tax expense	(3,296)	-	-	(3,296)
<b>Profit/(Loss) after taxation</b>	11,836	(7,021)	(17,680)	(12,865)

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	21,524	(4,911)	-	16,613
<b>Add/(Less):</b>				
- Depreciation and amortisation	(6,841)	-	123	(6,718)
- Interest income	1,351	-	-	1,351
- Other income	3,451	43	-	3,494
- Write back of payables and accrual	9,981	828	-	10,809
- Reversal/(Impairment) of trade & other receivables, and associates	2,702	(2,861)	-	(159)
- Finance costs	(2,204)	-	-	(2,204)
- Administrative, operating and other expenses	(14,832)	(120)	-	(14,952)
	(6,392)	(2,110)	123	(8,379)
<b>Segment results</b>	15,132	(7,021)	123	8,234

**6. Capital Commitments**

**As at  
31<sup>st</sup> March  
2021  
RM'000**

**Approved and contracted for:-**

Purchase of equipment

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**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.

**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 March 2021.

### 14. Taxation

	Individual 3 months ended		Cumulative 12 months ended	
	31 <sup>st</sup> March 2021 RM'000	31 <sup>st</sup> March 2020 RM'000	31 <sup>st</sup> March 2021 RM'000	31 <sup>st</sup> March 2020 RM'000
<u>Continuing operations</u>				
Income tax				
- Current financial year	(73)	(643)	(795)	(803)
- Under-provision in prior year	39	-	39	(176)
	<u>(34)</u>	<u>(643)</u>	<u>(756)</u>	<u>(979)</u>
Deferred tax				
- Current financial year	(2,528)	(7,440)	986	(7,440)
- Under-provision in prior year	(3,526)	-	(3,526)	-
	<u>(6,054)</u>	<u>(7,440)</u>	<u>(2,540)</u>	<u>(7,440)</u>
Income tax credit recognized in profit or loss	<u>(6,088)</u>	<u>(8,083)</u>	<u>(3,296)</u>	<u>(8,419)</u>

The Group's effective tax rate is higher than the statutory tax rate of 24% is mainly due to under-provision for deferred taxation in prior year arising from higher non-deductible operating expenses.

### 15. Related Party Transactions

The Company has not entered into any significant transactions with related parties of the Group for the cumulative 12 months period ended 31 March 2021 under review.

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

### **16.1 Review of Performance**

#### *Continuing operations*

For the current financial quarter ended 31 March 2021, the Group recorded a revenue of RM39.2 million, a decrease of RM2.0 million or 4.8% from RM41.2 million recorded in the previous comparable financial quarter ended 31 March 2020. The Group recorded a loss before taxation of RM1.3 million in this financial quarter as compared to a profit before taxation of RM3.6 million recorded in the previous comparable financial quarter ended 31 March 2020.

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 RM1.3 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 March 2021 as compared to the previous comparable financial quarter is analysed as follows:

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

Trusted ID & IT division recorded a revenue of RM38.7 million in the current financial quarter ended 31 March 2021, as compared to RM41.0 million in the previous comparable financial quarter, representing a decrease of 5.6%. 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 March 2021, the Group recorded a revenue of RM39.2 million as compared to RM21.0 million recorded in the preceding financial quarter ended 31 December 2020.

The Group reported a loss before taxation of RM1.3 million as compared to a loss before taxation of RM1.9 million recorded in the preceding financial quarter. The lower loss before taxation reported in the current financial quarter was mainly due to higher revenue recorded in the current financial quarter.

## **17. Prospects**

The 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 for current financial year ended 31 March 2021.

However, despite the challenges above, the Group continues 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 for coming financial years.

In this respect, the Group has shown some encouraging progress in both international and domestic markets. For the international market, the Group had in September 2020, secured a contract for the supply of 15 million electronic contactless inlays required for the manufacture of Indian E-Passport for a total amount of USD27,500,000. Apart from that, in June 2021, the Group executed the extension of contract for the supply of 3 Million new biometric smart National Identity Card and Voter Card for Republic of Senegal with a total contract value of Euro15,990,000. For the domestic market, the Group had on 29 January 2021 secured 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 contract value for NIISe was subsequently adjusted to RM1, 126,864,097.89 on 2 June 2021 taking into consideration reduction in applicable sales and service tax.

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

The Board is confident that the above initiatives, together with the above mentioned new projects and with the Group's existing projects, will contribute positively to the Group's financial performance in coming financial years.

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

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

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

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

## **20. Quoted Securities**

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



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

There were no corporate proposals announced by the company which has not been completed as at 21 June 2021 except as disclosed below:

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

As of 31 March 2021, the Company had completed 3 tranches of Private Placement as follows:

Description	Date of Placement Shares Listed on Bursa Securities	Number of Shares Issued (Unit)	Issue Price (RM)	Placement Proceeds (RM)
1 <sup>st</sup> tranche	6 November 2020	75,000,000	0.25240	18,930,000
2 <sup>nd</sup> tranche	16 March 2021	60,000,000	0.31410	18,846,000
3 <sup>rd</sup> tranche	26 March 2021	15,000,000	0.31410	4,711,500
<b>Total</b>		<b>150,000,000</b>	<b>0.28325</b>	<b>42,487,500</b>

The utilisation of the above Private Placement proceeds up to 21 June 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	42,392	(30,343)	12,049	Within 18 months
Estimated expenses in relation to the Private Placement	96	(96)	-	Immediate
<b>Total</b>	<b>42,488</b>	<b>(30,439)</b>	<b>12,049</b>	

## 22. Group Borrowings and Debt Securities

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

	<b>As at 31<sup>st</sup> March 2021 RM'000</b>
Long Term	6,250
Short Term	12,500
Total	<u>18,750</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 21 June 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 21 June 2021:

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

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

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

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

The 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.

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

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

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

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

The Plaintiff 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.

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

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

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

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

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

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

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

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

However, during the Case Management on 9 April 2021, the initial dates for continuation of trial have been vacated and the court fixed new dates as follows:

- (a) 28 October 2021 to 29 October 2021;
- (b) 15 November 2021 to 19 November 2021;
- (c) 10 January 2022 to 13 January 2022; and
- (d) 26 January 2022 to 27 January 2022

## 25. Dividend

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

## 26. Earnings Per Ordinary Share

	Individual 3 months ended		Cumulative 12 months ended	
	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2020
<b>(a) Basic (loss)/earnings per ordinary share</b>				
(Loss)/Earnings attributable to owners of the Company for the period (RM'000)				
- continuing operations	(5,253)	(6,216)	(11,021)	8,233
- discontinued operations	-	-	-	5,479
	<u>(5,253)</u>	<u>(6,216)</u>	<u>(11,021)</u>	<u>13,712</u>
Weighted average number of ordinary shares ('000) at end of period	<u>2,998,749</u>	<u>2,966,283</u>	<u>2,998,749</u>	<u>2,966,283</u>
<b>Basic (loss)/earnings per ordinary share (Sen)</b>				
- continuing operations	(0.18)	(0.21)	(0.37)	0.28
- discontinued operations	-	-	-	0.18
	<u><b>(0.18)</b></u>	<u><b>(0.21)</b></u>	<u><b>(0.37)</b></u>	<u><b>0.46</b></u>
<b>(b) Diluted (loss)/earnings per ordinary share</b>				
(Loss)/Earnings attributable to owners of the Company for the period (RM'000)				
- continuing operations	(5,253)	(6,216)	(11,021)	8,233
- discontinued operations	-	-	-	5,479
	<u>(5,253)</u>	<u>(6,216)</u>	<u>(11,021)</u>	<u>13,712</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000) at end of period	<u>2,998,749</u>	<u>2,966,283</u>	<u>2,998,749</u>	<u>2,966,283</u>
<b>Diluted (loss)/earnings per ordinary share (Sen)</b>				
- continuing operations	(0.18)	(0.21)	(0.37)	0.28
- discontinued operations	-	-	-	0.18
	<u><b>(0.18)</b></u>	<u><b>(0.21)</b></u>	<u><b>(0.37)</b></u>	<u><b>0.46</b></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. Profit/(Loss) before taxation**

	<b>Individual 3 months ended 31<sup>st</sup> March 2021 RM'000</b>	<b>Cumulative 12 months ended 31<sup>st</sup> March 2021 RM'000</b>
Profit/(Loss) before taxation is arrived at after charging :		
<i>Continuing operations</i>		
- (Reversal)/Allowance for impairment loss of trade and other receivables-net	(3,460)	158
- Write back of payables and accrual	167	(10,809)
- Amortisation of concession assets, intangible assets and depreciation of property, plant and equipment	1,632	6,718
	<hr/>	<hr/>

**29. Other income**

	<b>Individual 3 months ended 31<sup>st</sup> March 2021 RM'000</b>	<b>Cumulative 12 months ended 31<sup>st</sup> March 2021 RM'000</b>
<i>Continuing operations</i>		
- Interest income	335	1,351
- Foreign currency exchange gain - net	(347)	1,469
- Compensation received from an overseas customer	-	852
- Final asset distribution from associates company	-	325
- Others	500	848
	<hr/>	<hr/>
	488	4,845
	<hr/>	<hr/>

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

	<b>As at 31<sup>st</sup> March 2021 RM'000</b>	<b>As at 31<sup>st</sup> March 2020 RM'000</b>
Cash and bank balances	24,879	24,796
Short-term deposits placed with licensed banks	92,394	51,954
	<hr/> <b>117,273</b>	<hr/> <b>76,750</b>

Included in short-term deposits placed with licensed banks is an amount of RM38,416,991 (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 28 June 2021.