

# IRIS CORPORATION BERHAD

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

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## Interim Financial Report for the First Quarter Ended 30<sup>th</sup> June 2021

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**Condensed Consolidated Statement of Comprehensive Income**For the First Quarter Ended 30<sup>th</sup> June 2021

	Individual		Cumulative	
	3 months ended 30 <sup>th</sup> June 2021 RM'000	30 <sup>th</sup> June 2020 RM'000	3 months ended 30 <sup>th</sup> June 2021 RM'000	30 <sup>th</sup> June 2020 RM'000
<b>Continuing operations</b>				
Revenue	26,999	24,153	26,999	24,153
Cost of sales	(23,306)	(20,544)	(23,306)	(20,544)
Depreciation and amortisation	(874)	(946)	(874)	(946)
<b>Gross profit</b>	<b>2,819</b>	<b>2,663</b>	<b>2,819</b>	<b>2,663</b>
Other income ( <i>Note 29</i> )	1,195	466	1,195	466
Administrative, operating and other expenses	(5,113)	(5,344)	(5,113)	(5,344)
Depreciation and amortisation	(756)	(740)	(756)	(740)
Finance costs	(480)	(558)	(480)	(558)
Share of results of associates, net of tax	(7)	(12)	(7)	(12)
<b>Loss before taxation</b>	<b>(2,342)</b>	<b>(3,525)</b>	<b>(2,342)</b>	<b>(3,525)</b>
Income tax credit	114	563	114	563
<b>Loss for the period</b>	<b>(2,228)</b>	<b>(2,962)</b>	<b>(2,228)</b>	<b>(2,962)</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation for foreign operations	-	5	-	5
	-	5	-	5
<b>Total comprehensive loss for the period</b>	<b>(2,228)</b>	<b>(2,957)</b>	<b>(2,228)</b>	<b>(2,957)</b>

**Condensed Consolidated Statement of Comprehensive Income**For the First Quarter Ended 30<sup>th</sup> June 2021

(continued)

	Individual		Cumulative	
	3 months ended 30 <sup>th</sup> June 2021 RM'000	30 <sup>th</sup> June 2020 RM'000	3 months ended 30 <sup>th</sup> June 2021 RM'000	30 <sup>th</sup> June 2020 RM'000
<b>Loss attributable to:</b>				
Owners of the Company	(2,227)	(2,937)	(2,227)	(2,937)
Non-controlling interests	(1)	(25)	(1)	(25)
<b>Loss for the period</b>	<b>(2,228)</b>	<b>(2,962)</b>	<b>(2,228)</b>	<b>(2,962)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(2,227)	(2,932)	(2,227)	(2,932)
Non-controlling interests	(1)	(25)	(1)	(25)
<b>Total comprehensive loss for the period</b>	<b>(2,228)</b>	<b>(2,957)</b>	<b>(2,228)</b>	<b>(2,957)</b>
<b>Loss per share attributable to owners of the Company:</b>				
Basic (Sen)				
- continuing operations	(0.07)	(0.10)	(0.07)	(0.10)
- discontinued operations	-	-	-	-
	<b>(0.07)</b>	<b>(0.10)</b>	<b>(0.07)</b>	<b>(0.10)</b>
Diluted (Sen)				
- continuing operations	(0.07)	(0.10)	(0.07)	(0.10)
- discontinued operations	-	-	-	-
	<b>(0.07)</b>	<b>(0.10)</b>	<b>(0.07)</b>	<b>(0.10)</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 2021 and the accompanying explanatory notes attached to the interim financial report.

**Condensed Consolidated Statement of Financial Position**As at 30<sup>th</sup> June 2021

	<b>30<sup>th</sup> June 2021</b>	<b>31<sup>st</sup> March 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment & right-of-use assets	86,996	88,276
Intangible assets	130,793	131,110
Operating financial assets	9,290	9,290
Investment in associates	4,458	4,464
	<u>231,537</u>	<u>233,140</u>
<b>CURRENT ASSETS</b>		
Inventories	18,490	20,292
Operating financial assets	1,107	1,107
Trade receivables	70,859	72,856
Other receivables, deposits & prepayments	10,342	14,480
Contract assets	9,673	7,416
Current tax assets	92	929
Cash and short-term deposits ( <i>Note 30</i> )	114,302	117,273
	<u>224,865</u>	<u>234,353</u>
<b>TOTAL ASSETS</b>	<b><u>456,402</u></b>	<b><u>467,493</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	582,090	582,090
Foreign currency translation reserve	130	130
Revaluation reserve	31,876	32,117
Accumulated losses	(319,446)	(296,606)
<b>Total equity attributable to owners of the Company</b>	<b><u>294,650</u></b>	<b><u>317,731</u></b>
Non-controlling interests	(1,846)	(22,699)
<b>TOTAL EQUITY</b>	<b><u>292,804</u></b>	<b><u>295,032</u></b>

**Condensed Consolidated Statement of Financial Position**As at 30<sup>th</sup> June 2021

(continued)

	<b>30<sup>th</sup> June 2021</b>	<b>31<sup>st</sup> March 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	3,125	6,250
Deferred tax liabilities	13,140	13,254
	<u>16,265</u>	<u>19,504</u>
<b>CURRENT LIABILITIES</b>		
Short-term loans and borrowings	12,500	12,500
Current tax liabilities	719	778
Trade payables	37,097	40,527
Other payables and accruals	96,921	99,137
Contract liabilities	96	15
	<u>147,333</u>	<u>152,957</u>
<b>TOTAL LIABILITIES</b>	<u>163,598</u>	<u>172,461</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>456,402</u>	<u>467,493</u>
<b>Net assets per ordinary share attributable to owners of the Company (sen)</b>	<u>9.46</u>	<u>10.20</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 2021 and the accompanying explanatory notes attached to the interim financial report.

**Condensed Consolidated Statement of Changes in Equity**

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

	← 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 <sup>st</sup> April 2020	539,602	30	33,080	(286,547)	286,165	(20,856)	265,309
<b><i>Total comprehensive income for the financial period</i></b>							
Loss after taxation for the financial period	-	-	-	(2,937)	(2,937)	(25)	(2,962)
Other comprehensive loss for the financial period, net of tax -foreign currency translation	-	5	-	-	5	-	5
Total comprehensive income/(loss)	-	5	-	(2,937)	(2,932)	(25)	(2,957)
Realisation on revaluation reserve	-	-	(240)	240	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	<b>539,602</b>	<b>35</b>	<b>32,840</b>	<b>(289,244)</b>	<b>283,233</b>	<b>(20,881)</b>	<b>262,352</b>

**Condensed Consolidated Statement of Changes in Equity**

For the First Quarter Ended 30<sup>th</sup> June 2021 (continued)

	← 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 2021	582,090	130	32,117	(296,606)	317,731	(22,699)	295,032
<b><i>Transactions with owners</i></b>							
Effect of changes in equity interest in a subsidiary	-	-	-	(20,854)	(20,854)	20,854	-
Total transactions with owners	-	-	-	(20,854)	(20,854)	20,854	-
<b><i>Total comprehensive loss) for the financial period</i></b>							
Loss after taxation for the financial period	-	-	-	(2,227)	(2,227)	(1)	(2,228)
Total comprehensive loss	-	-	-	(2,227)	(2,227)	(1)	(2,228)
Realisation on revaluation reserve	-	-	(241)	241	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	582,090	130	31,876	(319,446)	294,650	(1,846)	292,804

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 2021 and the accompanying explanatory notes attached to the interim financial report.

**Condensed Consolidated Statement of Cash Flows**For the First Quarter Ended 30<sup>th</sup> June 2021

	<b>Cumulative 3 months ended 30<sup>th</sup> June 2021 RM'000</b>	<b>Cumulative 3 months ended 30<sup>th</sup> June 2020 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation		
- continuing operations	(2,342)	(3,525)
<i>Adjustments for:</i>		
Amortisation of intangible assets	317	361
Depreciation of property, plant and equipment	1,313	1,325
Finance costs	480	558
Interest income	(535)	(353)
Loss on disposal of plant and equipment	91	-
Share of results of associates	7	12
Unrealised foreign exchange (gain)/loss	(607)	417
<b>OPERATING LOSS BEFORE WORKING CAPITAL CHANGES</b>	<b>(1,276)</b>	<b>(1,205)</b>
<i>Changes in working capital:</i>		
Contract assets/liabilities	(2,175)	(1,692)
Inventories	1,802	(811)
Trade and other receivables	6,051	11,171
Trade and other payables	(4,955)	(2,452)
<b>NET CASH (USED IN)/FROM OPERATIONS</b>	<b>(553)</b>	<b>5,011</b>
Interest received	535	353
Interest paid	(480)	(558)
Income tax refunded/(paid)	777	(107)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>279</b>	<b>4,699</b>



**Condensed Consolidated Statement of Cash Flows**For the First Quarter Ended 30<sup>th</sup> June 2021 (continued)

	<b>Cumulative 3 months ended 30<sup>th</sup> June 2021 RM'000</b>	<b>Cumulative 3 months ended 30<sup>th</sup> June 2020 RM'000</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(166)	(187)
Proceeds from disposal of plant and equipment	41	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(125)</b>	<b>(187)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of term loans	(3,125)	(3,125)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3,125)</b>	<b>(3,125)</b>
Net (decrease)/increase in cash and cash equivalents	(2,971)	1,387
Cash and cash equivalents at the beginning of the period	117,273	76,750
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>114,302</b>	<b>78,137</b>

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

Cash and bank balances	27,371	22,860
Short-term deposits placed	86,931	55,277
	<b>114,302</b>	<b>78,137</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 2021 and the accompanying explanatory notes attached to the interim financial report.

## Notes to the Interim Financial Report

For the First Quarter Ended 30<sup>th</sup> June 2021

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### 1. Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 30 June 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 2021.

### 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 2021 except for the adoption of the following amendments/improvements to MFRSs, which are in effective for financial period beginning on/or after 1 April 2021:

#### Amendments/Improvements to MFRSs

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 19	Financial Instruments: Recognition and Measurement

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

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

#### New MFRS

MFRS 17	Insurance Contracts
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#### Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 10	Consolidated Financial Statements
MFRS 15	Revenue from Contracts with Customers
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors

## 2. Changes in Accounting Policies (cont'd)

MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 128	Investments in Associates and Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 140	Investment Property
MFRS 141	Agriculture

## 3. Audit report of preceding annual financial statement

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

## 4. Seasonal or cyclical factors

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

## 5. Segment information

The Group's operating segments information for the interim financial report to 30 June 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	26,985	14	-	26,999
Segment results (Note A)	2,078	(130)	31	1,979
Share of results of associates, net of tax	(7)	-	-	(7)
Unallocated corporate expenses	-	-	(4,314)	(4,314)
<b>Profit/(Loss) before taxation</b>	<b>2,071</b>	<b>(130)</b>	<b>(4,283)</b>	<b>(2,342)</b>
Income tax credit	114	-	-	114
<b>Profit/(Loss) after taxation</b>	<b>2,185</b>	<b>(130)</b>	<b>(4,283)</b>	<b>(2,228)</b>

**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	3,821	(128)	-	3,693
<b>Add/(Less):</b>				
- Depreciation and amortisation	(1,661)	-	31	(1,630)
- Interest income	535	-	-	535
- Other income	660	-	-	660
- Finance costs	(480)	-	-	(480)
- Administrative, operating and other expenses	(797)	(2)	-	(799)
	(1,743)	(2)	31	(1,714)
<b>Segment results</b>	<b>2,078</b>	<b>(130)</b>	<b>31</b>	<b>1,979</b>

**6. Capital Commitments**

	<b>As at 30<sup>th</sup> June 2021 RM'000</b>
<b>Approved and contracted for:-</b>	
Purchase of equipment	<u>11</u>

**7. Debt and equity securities**

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

**8. Changes in the composition of the Group**

There were no changes in the composition of the Group in this financial quarter except for the following:

**(a) Acquisition of remaining 49% equity interest of IRIS Koto (M) Sdn. Bhd. (“IKSB”)**

On 3 June 2021, the Company acquired 367,500 shares or 49% of the remaining issued and fully paid-up shares of RM1.00 each in IKSB for a total consideration of RM2.00. IKSB then become a wholly owned subsidiary of the Company.

The above acquisition resulted in a reclassification of non-controlling interests' share of losses amounting to RM20,854,000 to accumulated losses of the Group.

**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 30 June 2021.

**14. Taxation**

	<b>Individual</b>		<b>Cumulative</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30<sup>th</sup> June</b>	<b>30<sup>th</sup> June</b>	<b>30<sup>th</sup> June</b>	<b>30<sup>th</sup> June</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<u>Continuing operations</u>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax				
- Current financial year	-	(311)	-	(311)
Deferred tax				
- Current financial year	114	874	114	874
Income tax credit recognized in profit or loss	114	563	114	563

The Group had made a reversal of deferred tax liabilities in current quarter mainly due to decrease of temporary difference arising from property, plant and equipment this quarter. As a result, the Group's effective tax rate for current 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 3 months period ended 30 June 2021 under review.

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

### **16.1 Review of Performance**

#### *Continuing operations*

For the current financial quarter ended 30 June 2021, the Group recorded a revenue of RM26.9 million, an increase of RM2.7 million or 11.2% from RM24.2 million recorded in the previous comparable financial quarter ended 30 June 2020. The Group recorded a loss before taxation of RM2.3 million in this financial quarter as compared to a loss before taxation of RM3.5 million recorded in the previous comparable financial quarter ended 30 June 2020.

The higher revenue in this financial quarter is mainly due to higher delivery of e-passports in the current financial quarter as compared to the previous comparable financial quarter.

The performance of the respective business segments for this 3-month financial quarter ended 30 June 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 RM26.9 million in the current financial quarter ended 30 June 2021, as compared to RM24.2 million in the previous comparable financial quarter, representing an increase of 11.2%. The increase in the revenue was mainly attributable to higher delivery of e-passports 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 30 June 2021, the Group recorded a revenue of RM26.9 million as compared to RM39.2 million recorded in the preceding financial quarter ended 31 March 2021.

The Group reported a loss before taxation of RM2.3 million as compared to a loss before taxation of RM1.3 million recorded in the preceding financial quarter. The higher loss before taxation reported in the current financial quarter was mainly due to lower revenue recorded in the current financial quarter.

## **17. Prospects**

The Group is of the view that the unprecedented worldwide outbreak of the COVID-19 pandemic will continue to have significant impact on the economy and business opportunities in both international and domestic markets.

Despite the challenges above, the Group will focus on delivering its existing contracts, including the National Integrated Immigration System (“NIISe”) project, as well as leveraging on its extensive customer networking to actively pursue new growth opportunities in its core Trusted ID & adjacent IT business in both international and domestic markets.

The Group will continue to focus on cost optimization efforts to ensure the Group remains competitive in the challenging business environment and deliver sustainable growth in the long term. However, with the prolonged impact of COVID-19 pandemic, the performance of the Group for the current financial year remains challenging.

## **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 20 August 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 30 June 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 20 August 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	(42,392)	-	Within 18 months
Estimated expenses in relation to the Private Placement	96	(96)	-	Immediate
<b>Total</b>	<b>42,488</b>	<b>(42,488)</b>	<b>-</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 30<sup>th</sup> June 2021 RM'000</b>
Long Term	3,125
Short Term	12,500
Total	<u>15,625</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 20 August 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 20 August 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 however filed a Notice of Appeal in the Court of Appeal against the whole decision on 20 December 2019 whereas the hearing of appeal was fixed on 11 November 2020 and both parties to file Written Submission two weeks before the hearing date. The hearing of appeal commenced on 13 August 2021. However, the submissions could not be completed and the Court adjourned the matter to 19 November 2021 for continuation of the appeal.

## 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. Loss Per Ordinary Share**

	<b>Individual 3 months ended</b>		<b>Cumulative 3 months ended</b>	
	<b>30<sup>th</sup> June 2021</b>	<b>30<sup>th</sup> June 2020</b>	<b>30<sup>th</sup> June 2021</b>	<b>30<sup>th</sup> June 2020</b>
<b>(a) Basic loss per ordinary share</b>				
Loss attributable to owners of the Company for the period (RM'000)				
- continuing operations	(2,227)	(2,937)	(2,227)	(2,937)
- discontinued operations	-	-	-	-
	<u>(2,227)</u>	<u>(2,937)</u>	<u>(2,227)</u>	<u>(2,937)</u>
Weighted average number of ordinary shares ('000) at end of period	<u>3,116,283</u>	<u>2,966,283</u>	<u>3,116,283</u>	<u>2,966,283</u>
<b>Basic (loss)/earnings per ordinary share (Sen)</b>				
- continuing operations	(0.07)	(0.10)	(0.07)	(0.10)
- discontinued operations	-	-	-	-
	<u><b>(0.07)</b></u>	<u><b>(0.10)</b></u>	<u><b>(0.07)</b></u>	<u><b>(0.10)</b></u>
<b>(b) Diluted loss per ordinary share</b>				
Loss attributable to owners of the Company for the period (RM'000)				
- continuing operations	(2,227)	(2,937)	(2,227)	(2,937)
- discontinued operations	-	-	-	-
	<u>(2,227)</u>	<u>(2,937)</u>	<u>(2,227)</u>	<u>(2,937)</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000) at end of period	<u>3,116,283</u>	<u>2,966,283</u>	<u>3,116,283</u>	<u>2,966,283</u>
<b>Diluted (loss)/earnings per ordinary share (Sen)</b>				
- continuing operations	(0.07)	(0.10)	(0.07)	(0.10)
- discontinued operations	-	-	-	-
	<u><b>(0.07)</b></u>	<u><b>(0.10)</b></u>	<u><b>(0.07)</b></u>	<u><b>(0.10)</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. Loss before taxation**

	<b>Individual 3 months ended 30<sup>th</sup> June 2021 RM'000</b>	<b>Cumulative 3 months ended 30<sup>th</sup> June 2021 RM'000</b>
Loss before taxation is arrived at after charging :		
<i>Continuing operations</i>		
- Amortisation of concession assets, intangible assets and depreciation of property, plant and equipment	1,630	1,630
	<hr/>	<hr/>

**29. Other income**

	<b>Individual 3 months ended 30<sup>th</sup> June 2021 RM'000</b>	<b>Cumulative 3 months ended 30<sup>th</sup> June 2021 RM'000</b>
<i>Continuing operations</i>		
- Interest income	535	535
- Foreign currency exchange gain - net	607	607
- Others	53	53
	<hr/>	<hr/>
	1,195	1,195
	<hr/>	<hr/>

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

	<b>As at 30<sup>th</sup> June 2021 RM'000</b>	<b>As at 31<sup>st</sup> March 2021 RM'000</b>
Cash and bank balances	27,371	21,382
Short-term deposits placed with licensed banks	86,931	95,891
	114,302	117,273

Included in short-term deposits placed with licensed banks is an amount of RM36,929,268 (As at 31 March 2021 : RM38,653,491) 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 27 August 2021.