

IRIS CORPORATION BERHAD

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

Interim Financial Report for the Fourth Quarter Ended 31st March 2023

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Condensed Consolidated Statement of Comprehensive IncomeFor the Fourth Quarter Ended 31st March 2023

	Individual		Cumulative	
	3 months ended 31 st March 2023 RM'000	31 st March 2022 RM'000	12 months ended 31 st March 2023 RM'000	31 st March 2022 RM'000
Continuing operations				
Revenue	86,193	65,619	348,871	210,987
Cost of sales	(53,280)	(55,171)	(259,934)	(168,932)
Depreciation and amortisation	(1,265)	(2,055)	(5,176)	(4,805)
Gross profit	31,648	8,393	83,761	37,250
Other income (<i>Note 28</i>)	9,419	1,800	11,012	7,312
Administrative, operating and other expenses	(31,722)	(8,586)	(57,921)	(35,631)
Depreciation and amortisation	(777)	(99)	(3,164)	(3,087)
Finance costs	(181)	(341)	(748)	(1,648)
Share of results of associates, net of tax	(90)	5	(100)	(4)
Profit before taxation	8,297	1,172	32,840	4,192
Income tax expenses	(2,332)	(301)	(10,950)	(787)
Profit for the period	5,965	871	21,890	3,405
Other comprehensive loss, net of tax				
Foreign currency translation for foreign operations	(4)	4	(129)	-
	(4)	4	(129)	3,405
Total comprehensive income for the period	5,961	875	21,761	3,405

Condensed Consolidated Statement of Comprehensive IncomeFor the Fourth Quarter Ended 31st March 2023

(continued)

	Individual		Cumulative	
	3 months ended		12 months ended	
	31st	31st	31st	31st
	March	March	March	March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to:				
Owners of the Company	5,971	875	21,900	3,412
Non-controlling interests	(6)	(4)	(10)	(7)
Profit for the period	5,965	871	21,890	3,405
Total comprehensive income attributable to:				
Owners of the Company	5,967	879	21,771	3,412
Non-controlling interests	(6)	(4)	(10)	(7)
Total comprehensive income for the period	5,961	875	21,761	3,405
Earnings per share attributable to owners of the Company:				
Basic (Sen)				
- continuing operations	0.18	0.03	0.67	0.11
Diluted (Sen)				
- continuing operations	0.18	0.03	0.67	0.11

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 2022 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Financial PositionAs at 31st March 2023

	31 st March 2023 RM'000	31 st March 2022 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment & right-of-use assets	79,722	90,216
Intangible assets	110,310	129,844
Operating financial assets	6,817	8,099
Investment in associates	753	852
	197,602	229,011
CURRENT ASSETS		
Inventories	30,376	18,374
Operating financial assets	1,282	1,192
Trade receivables	89,029	76,141
Other receivables, deposits & prepayments	10,154	12,901
Contract assets	9,258	59,456
Current tax assets	-	648
Cash and short-term deposits (<i>Note 29</i>)	91,980	111,288
	232,079	280,000
Assets of a disposal group classified as held for sale (<i>Note 30</i>)	95,754	-
	95,754	-
TOTAL ASSETS	525,435	509,011
EQUITY AND LIABILITIES		
EQUITY		
Share capital	610,759	610,759
Foreign currency translation reserve	1	130
Revaluation reserve	30,189	31,153
Accumulated losses	(293,828)	(316,692)
Total equity attributable to owners of the Company	347,121	325,350
Non-controlling interests	(1,842)	(1,852)
TOTAL EQUITY	345,279	323,498

Condensed Consolidated Statement of Financial PositionAs at 31st March 2023

(continued)

	31st March 2023	31st March 2022
	RM'000	RM'000
NON-CURRENT LIABILITIES		
Lease liabilities	-	2,341
Deferred tax liabilities	10,011	13,106
	<u>10,011</u>	<u>15,447</u>
CURRENT LIABILITIES		
Short-term loans and borrowings	2,795	7,500
Current tax liabilities	7,835	1,058
Trade payables	27,486	51,351
Other payables and accruals	103,187	105,826
Lease liabilities	-	1,697
Contract liabilities	2,555	2,634
	<u>143,858</u>	<u>170,066</u>
Liabilities of a disposal group classified as held for sales (<i>Note 30</i>)	26,287	-
	<u>180,156</u>	<u>185,513</u>
TOTAL LIABILITIES	180,156	185,513
TOTAL EQUITY AND LIABILITIES	525,435	509,011
Net assets per ordinary share attributable to owners of the Company (sen)	<u>10.64</u>	<u>9.97</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 2022 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the Fourth Quarter Ended 31st March 2023

	← 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 2021	582,090	130	32,117	(300,214)	314,123	(22,699)	291,424
<i>Transactions with owners</i>							
Issuance of ordinary shares	28,669	-	-	-	28,669	-	28,669
Effect of changes in equity interest in a subsidiary	-	-	-	(20,854)	(20,854)	20,854	-
Total transactions with owners	28,669	-	-	(20,854)	7,815	20,854	28,669
<i>Total comprehensive income for the financial period</i>							
Profit after taxation for the financial period	-	-	-	3,412	3,412	(7)	3,405
Total comprehensive income	-	-	-	3,412	3,412	(7)	3,405
Realisation on revaluation reserve	-	-	(964)	964	-	-	-
At 31st March 2022	610,759	130	31,153	(316,692)	325,350	(1,852)	323,498

Condensed Consolidated Statement of Changes in Equity

For the Fourth Quarter Ended 31st March 2023 (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 st April 2022	610,759	130	31,153	(316,692)	325,350	(1,852)	323,498
Transactions with owners							
Shares subscribed by non-controlling interest of a subsidiary	-	-	-	-	-	20	20
	-	-	-	-	-	20	20
Total comprehensive income/(loss) for the financial period							
Profit after taxation for the financial period	-	-	-	21,900	21,900	(10)	21,890
Other comprehensive loss for the financial period, net of tax -foreign currency translation	-	(129)	-	-	(129)	-	(129)
Total comprehensive income	-	(129)	-	21,900	21,771	(10)	21,761
Realisation on revaluation reserve	-	-	(964)	964	-	-	-
At 31st March 2023	610,759	1	30,189	(293,828)	347,121	(1,842)	345,279

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 2022 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Cash FlowsFor the Fourth Quarter Ended 31st March 2023

	Cumulative 12 months ended 31st March 2023 RM'000	Cumulative 12 months ended 31st March 2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation		
- continuing operations	32,840	4,192
<i>Adjustments for:</i>		
Amortisation of intangible assets	1,266	1,266
Bad debts written off	-	67
Depreciation of property, plant and equipment and right of use assets	7,074	6,627
Effect on accretion of interest on operating assets	(704)	(790)
Finance costs	748	1,648
(Gain)/Loss on disposal of plant and equipment	(1)	207
Impairment loss on goodwill	18,268	-
Interest income	(1,710)	(1,929)
Reversal of impairment losses on receivables - net	(107)	(1,381)
Reversal of inventories written down	(2,138)	(242)
Share of results of associates	100	4
Unrealised foreign exchange loss/(gain)	14,207	(540)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	69,843	9,129
<i>Changes in working capital:</i>		
Change in assets and liabilities of a disposal group classified as held for sales	(30,664)	-
Contract assets/liabilities	(8,936)	(49,421)
Inventories	(9,864)	2,160
Operating financial assets	1,896	1,896
Trade and other receivables	(11,018)	702
Trade and other payables	(16,905)	17,694
NET CASH USED IN OPERATIONS	(5,648)	(17,840)
Interest received	1,710	1,929
Interest paid	(748)	(1,434)
Income tax paid	(7,401)	(374)
NET CASH USED IN OPERATING ACTIVITIES	(12,087)	(17,719)

Condensed Consolidated Statement of Cash FlowsFor the Fourth Quarter Ended 31st March 2023 (continued)

	Cumulative 12 months ended 31st March 2023 RM'000	Cumulative 12 months ended 31st March 2022 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(824)	(4,007)
Proceeds from disposal of plant and equipment	5	340
Placement of deposits	(1,023)	(213)
NET CASH USED IN INVESTING ACTIVITIES	(1,842)	(3,880)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	28,669
Cash payment for principal portion of lease liabilities	(1,697)	(1,283)
Proceeds from short term borrowings	5,643	7,500
Repayment of short term borrowings	(10,348)	(18,750)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(6,402)	16,136
Net decrease in cash and cash equivalents	(20,331)	(5,463)
Cash and cash equivalents at the beginning of the period	94,468	100,666
Effect of exchange rate changes on cash and cash equivalents	-	(735)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	74,137	94,468
Cash and cash equivalents at end of the period comprise the following:		
Cash and bank balances	17,311	33,905
Short-term deposits placed	74,669	77,383
Less: Deposits with maturity more than 3 months	(17,843)	(16,820)
	74,137	94,468

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 2022 and the accompanying explanatory notes attached to the interim financial report.

Notes to the Interim Financial Report

For the Fourth Quarter Ended 31st March 2023

1. Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 31 March 2023 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 2022.

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 2022 except for the adoption of the following amendments/improvements to MFRSs, which are effective for financial periods beginning on/or after 1 April 2022:

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards ^
MFRS 3	Business Combinations
MFRS 9	Financial Instruments ^
MFRS 16	Leases ^
MFRS 116	Property, Plant and Equipment #
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture ^

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

The Group has 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 7	Financial Instruments: Disclosures #
MFRS 9	Financial Instruments #
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 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 #

[^] The Annual Improvements to MFRS Standards 2018 - 2020

Include Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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 2023 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	344,162	4,709	-	348,871
Segment results (Note A)	38,961	22,952	47	61,960
Share of results of associates, net of tax	(100)	-	-	(100)
Unallocated corporate expenses	-	-	(29,020)	(29,020)
Profit before taxation	38,861	22,952	(28,973)	32,840
Income tax expenses	(10,770)	(180)	-	(10,950)
Profit after taxation	28,091	22,772	(28,973)	21,890

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	79,879	9,058	-	88,937
Add/(Less):				
- Depreciation and amortisation	(8,387)	-	47	(8,340)
- Interest income	1,710	-	-	1,710
- Other income	345	8,957	-	9,302
- Finance costs	(748)	-	-	(748)
- Impairment loss on goodwill	(18,268)	-	-	(18,268)
- Administrative, operating and other expenses	(15,570)	4,937	-	(10,633)
	(40,918)	13,894	47	(26,977)
Segment results	38,961	22,952	47	61,960

The Group's operating segments information for the interim financial report to 31 March 2022 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	206,774	4,213	-	210,987
Segment results <i>(Note B)</i>	21,831	6,187	80	28,098
Share of results of associates, net of tax	(4)	-	-	(4)
Unallocated corporate expenses	-	-	(23,902)	(23,902)
Profit before taxation	21,827	6,187	(23,822)	4,192
Income tax expenses	(787)	-	-	(787)
Profit after taxation	21,040	6,187	(23,822)	3,405

5. Segment information (cont'd)

Note B: The following are items included in Segment results:

	← Continuing operations →			
	Trusted ID & IT Division RM'000	Sustainable Development Division RM'000 (Restated)	Adjustments & Eliminations RM'000	Total continuing operations RM'000 (Restated)
Operating results	38,262	3,794	-	42,056
Add/(Less):				
- Depreciation and amortisation	(7,973)	-	80	(7,893)
- Interest income	1,929	-	-	1,929
- Other income	2,336	2,593	-	4,929
- Finance costs	(1,648)	-	-	(1,648)
-Net Impairment losses trade and other receivables	1,484	(103)	-	1,381
- Administrative, operating and other expenses	(12,559)	(97)	-	(12,656)
	(16,431)	2,393	80	(13,958)
Segment results	21,831	6,187	80	28,098

6. Capital Commitments

Approved and contracted for:-
Purchase of plant and equipment

As at
31st March
2023
RM'000

1,236

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.

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 2023.

14. Taxation

	Individual		Cumulative	
	3 months ended		12 months ended	
	31st	31st	31st	31st
	March	March	March	March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Income tax				
- Current financial year	(3,067)	(171)	(12,218)	(1,342)
- Under-provision in prior year	(226)	59	(1,827)	407
	<u>(3,293)</u>	<u>(112)</u>	<u>(14,045)</u>	<u>(935)</u>
Deferred tax				
- Current financial year	1,065	277	3,199	615
- Over-provision in prior year	(104)	(466)	(104)	(467)
	<u>961</u>	<u>(189)</u>	<u>3,095</u>	<u>148</u>
Income tax expenses recognised in profit or loss	<u>(2,332)</u>	<u>(301)</u>	<u>(10,950)</u>	<u>(787)</u>

The Group's effective tax rate for current financial quarter differ from the statutory tax rate of 24% is mainly due to certain non-deductible 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 2023.

Additional information required by the AMLR

16.1 Review of Performance

Continuing operations

For the current financial quarter ended 31 March 2023, the Group recorded a revenue of RM86.2 million, an increase of RM20.6 million or 31.4% from RM65.6 million recorded in the previous comparable financial quarter ended 31 March 2022. The Group recorded a profit before taxation of RM8.3 million in this financial quarter as compared to a profit before taxation of RM1.2 million recorded in the previous comparable financial quarter ended 31 March 2022.

The higher revenue in this financial quarter is mainly due to higher delivery of cards and e-passports for overseas projects as compared to the previous comparable financial quarter.

The performance of the respective business segments for this 3-month financial quarter ended 31 March 2023 as compared to the previous comparable financial quarter is analysed as follows:

Trusted ID & IT Division

Trusted ID & IT division recorded a revenue of RM82.8 million in the current financial quarter ended 31 March 2023, as compared to RM63.2 million in the previous comparable financial quarter, representing an increase of RM19.6 million or 31.0%. The increase in revenue was mainly attributable to the higher delivery of cards and e-passports for overseas projects.

Sustainable Development Division

In general the contribution from the Sustainable Development division is no longer significant as the Group has completed most of its projects under this division. For the current financial quarter, the contributions are mainly from the recovery and cost savings arising from settlement of accounts with stakeholders.

16.2 Comparison with Preceding Quarter

Continuing operations

For the current financial quarter ended 31 March 2023, the Group recorded a revenue of RM86.2 million as compared to RM87.2 million recorded in the preceding financial quarter ended 31 December 2022.

The Group reported a profit before taxation of RM8.3 million as compared to a profit before taxation of RM10.7 million recorded in the preceding financial quarter. Lower profit before tax in this financial quarter is mainly due to higher administrative, operating and other expenses as compared to preceding financial quarter.

17. Prospects

The Group's growth is expected to be driven by the delivery and supply of ePassports and eID cards from existing and new customers. The Group will also leverage 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.

In this regard, barring any unforeseen circumstances, the Board is cautiously optimistic that the Group shall perform positively in the coming financial year.

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. 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 March 2023 RM'000
Short Term	2,795
Total	<u>2,795</u>

The above borrowings are denominated in Ringgit Malaysia.

22. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 22 May 2023 being the latest practicable date which is not earlier than seven (7) days from date of issue of this quarterly report.

23. Material Litigation

Save for the material litigations as disclosed below, there are no other material litigations involving the Group as at 22 May 2023:

(i) **IRIS Technologies (M) Sdn. Bhd. (“ITSB”) and Kunt Electronic Sanayii vs Ticaret A.S (both parties are henceforth known as “JVCO”) against 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 approximately RM1,796,550) 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 TL6,195,000,00 (equivalent to approximately RM1,796,550) was allowed together with interest. The JVCO was also directed to pay TL5,053,84 (equivalent to approximately RM1,466) as expenses arising from their performance of the contract and loss suffered by EGM. EGM’s claim of TL49,761,53 (equivalent to approximately RM14,431) 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 and to request for a retrial.

In relation to the JVCO’s appeal, the Ankara 35th Civil Court of First Instance on 20 December 2022 reaffirmed the decisions by the earlier courts requiring JVCO to pay TL6,195,000,00 and TL5,053,84 as aforementioned together with interest, attorney’s fee, decision fee and litigation expenses. The Ankara 12th Civil Court of First Instance rejected the JVCO’s application for retrial on 28 February 2023. The JVCO will be appealing against the decisions of the Ankara 35th Civil Court of First Instance and the Ankara 12th Civil Court of First Instance.

The Group had made the appropriate provision in relation to the judgement.

23. Material Litigation (cont'd)

(ii) In the High Court of Malaya at Kuala Lumpur; Roxwell Group Sdn. Bhd (“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 High 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 (“Appellant”) was dissatisfied with the High Court’s decision and filed a Notice of Appeal on 20 December 2019 to the Court of Appeal against (i) ICB (“1st Respondent”), (ii) Tan Say Jim (“2nd Respondent”) and (iii) Su Thai Ping (“3rd Respondent”).

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.

On 19 November 2021, the Defendants/Respondents completed their oral submission. The Appellant had requested from the court for another date for rebuttal. Therefore, the court fixed for continuation of the appeal to 11 January 2022 for the Appellant’s oral submission of their rebuttal.

On 11 January 2022, the Court of Appeal postponed the hearing to 7 February 2022. On 7 February 2022, the Court of Appeal proceeded with the hearing and parties completed their submissions. The Court of Appeal will notify parties the date of decision for the appeal. The Court fixed 12 May 2022 for case management via e-Review for the Court to announce the decision date. On 12 May 2022, the Court rescheduled the announcement of the decision date to 28 July 2022.

23. Material Litigation (cont'd)

(ii) In the High Court of Malaya at Kuala Lumpur; Roxwell Group Sdn. Bhd (“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 Court of Appeal had, on 28 July 2022, unanimously dismissed the appeal filed by Appellant against (i) 1st Respondent, (ii) 2nd Respondent, and (iii) 3rd Respondent, as the appeal was found to be without merits and did not warrant appellate interference.

The Court of Appeal was in agreement with the learned findings of the trial judge that the 1st Respondent was not in breach of the terms of the Cooperation Agreement and there was no conspiracy to injure the Appellant by the 1st Respondent, 2nd Respondent and 3rd Respondent. The Court of Appeal awarded costs in the sum of RM50,000.00 each to the 1st Respondent, 2nd Respondent and 3rd Respondent.

The Appellant (“Applicant”) filed a Notice of Motion for leave to appeal to Federal Court against the decision of the Court of Appeal and the hearing which was fixed on 11 January 2023 has been postponed to 9 March 2023.

The 1st Respondent, ICB, filed a Notice of Motion for Security for Cost for the sum of RM30,000.00 against the Applicant which was allowed by the Federal Court on 13 December 2022.

The Federal Court vacated the hearing date on 9 March 2023 due to re-arrangement of cases and fixed a new hearing date on 17 May 2023.

At the hearing on 17 May 2023, the Federal Court i.e. the final court of appeal unanimously dismissed the motion for leave to appeal to the Federal Court by the Applicant with cost of RM30,000.00 awarded to each Respondent (including ICB) subject to allocator fee.

23. 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.

On 18 August 2022, the High Court dismissed the claims by the Plaintiff against the Defendants.

The High Court awarded costs in the sum of RM85,000.00 to each of the 1st Defendant, 2nd Defendant, 3rd Defendant and 4th Defendant. While a sum of RM85,000.00 was awarded collectively to the 5th Defendant, 6th Defendant, 7th Defendant and 9th Defendant.

IRIS has filed an appeal on 12 September 2022 to the Court of Appeal against the decision of the High Court.

The appeal has been fixed for e-review on 12 December 2022.

23. 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”) (cont'd)

During the e-review, the Registrar gave the following directions:-

- (i) a common core bundle is to be filed by 10 September 2023;
- (ii) written submission and executive summary of written submission is to be filed by 10 September 2023; and
- (iii) submission in reply (if any) is to be filed by 24 September 2023.
- (iv) Documents in (i) to (iii) above must be served by hand to the Court of Appeal on or before 25 September 2023.

The Registrar has fixed the next e-review on 25 September 2023 and the hearing of the appeal on 9 October 2023.

(iv) In the High Court of Malaya at Kuala Lumpur; S5 Systems Sdn Bhd against IRIS Information Technology Systems Sdn Bhd

On 3 January 2022, the Company’s wholly-owned subsidiary, IRIS Information Technology Systems Sdn Bhd (“IITS”) has been served with an Originating Summon (“OS”) which is fixed for hearing on the 26 January 2022 at the High Court of Malaya. The OS was filed by S5 Systems Sdn Bhd (“S5”), a company incorporated in Malaysia. The OS sought for the following:

- (a) IITS be enjoined from engaging third parties/ subcontractors for the provision of works; and
- (b) any third party/subcontractors already appointed for a specified scope be terminated/halted by IRIS.

The OS was partly heard on 26 January 2022 where counsel for S5 had made oral submissions. On 17 February 2022, counsel for IITS made the submissions to court. The Court has fixed the next hearing on 1 March 2022 and then postponed to 21 March 2022 for counsel of IITS to continue their submissions.

On 21 March 2022, counsel of IITS completed their submissions. At the hearing of 5 April 2022, the Court dismissed the application for injunction by S5 with costs of RM30,000.00 payable to IITS within 14 days from date of decision. On 3 May 2022, IITS received a notice of Appeal from S5. The Court of Appeal has fixed the case management on 24 June 2022.

On 24 June 2022, S5 sought that the requirement for the filing of a memorandum of appeal together with the appeal record be waived but this was not allowed by the Registrar. The case management was concluded on 27 June 2022 and the Registrar fixed 29 September 2022 for further case management pending the filing of all cause papers for the appeal by S5.

S5 filed an application to amend the memorandum of appeal which was allowed by the Court of Appeal on 3 October 2022.

23. Material Litigation (cont'd)

(iv) In the High Court of Malaya at Kuala Lumpur; S5 Systems Sdn Bhd against IRIS Information Technology Systems Sdn Bhd (cont'd)

The hearing for S5 appeal at the Court of Appeal is fixed on 4 July 2023. We have received a notice of withdrawal of appeal from S5 on 16 February 2023 to withdraw their appeal before the Court of Appeal.

S5 has written to the Court of Appeal on 23 February 2023 to request for a hearing date on their application to withdraw the appeal at the Court of Appeal.

At the hearing on 19 May 2023, S5 withdrew the appeal and the Court of Appeal awarded cost of RM2,000.00 to IITS subject to allocator fee.

(v) Notice of Arbitration; S5 Systems Sdn. Bhd. against IRIS Information Technology Systems Sdn. Bhd.

On 29 June 2022, the Company's wholly owned subsidiary, IRIS Information Technology Systems Sdn. Bhd. ("IITS") received a Notice of Arbitration ("NOA") dated 29 June 2022 from S5 Systems Sdn. Bhd. ("S5"), for arbitral proceedings in relation to earlier intentions of S5 having a joint venture role in the National Integrated Immigration System ("NIISe") project ("Project") awarded by Kementerian Dalam Negeri to IITS.

In the NOA, S5 alleged that such preliminary intentions were binding and that IITS is in breach of the same in subcontracting or engaging third parties to carry out works under the Project.

S5 also seeks damages in lieu of specific performance, interest, and costs of the arbitration proceedings to be borne by IITS.

IITS had since responded to the NOA submitted by S5 via its Response to Notice of Arbitration dated 29 July 2022.

The case management date for the arbitration proceeding before the Arbitral Tribunal has been fixed on 31 May 2023.

24. Dividend

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

25. Earnings Per Ordinary Share

	Individual 3 months ended 31st March 2023		Cumulative 12 months ended 31st March 2023	
	31st March 2022	31st March 2022	31st March 2023	31st March 2022
(a) Basic earnings per ordinary share				
Earnings attributable to owners of the Company for the period (RM'000)				
- continuing operations	5,971	875	21,900	3,412
Weighted average number of ordinary shares ('000) at end of period	3,262,910	3,169,161	3,262,910	3,169,161
Basic earnings per ordinary share (Sen)				
- continuing operations	0.18	0.03	0.67	0.11
(b) Diluted earnings per ordinary share				
Earnings attributable to owners of the Company for the period (RM'000)				
- continuing operations	5,971	875	21,900	3,412
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000) at end of period	3,262,910	3,169,161	3,262,910	3,169,161
Diluted earnings per ordinary share (Sen)				
- continuing operations	0.18	0.03	0.67	0.11

26. 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.

27. Profit before taxation

	Individual 3 months ended 31st March 2023 RM'000	Cumulative 12 months ended 31st March 2023 RM'000
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Profit before taxation is arrived at after charging:

Continuing operations

- Amortisation of intangible assets, right of use assets and depreciation of property, plant and equipment	2,042	8,340
- Foreign currency exchange loss - net	3,965	4,078
- Impairment loss on goodwill	18,268	18,268
	<hr/>	<hr/>

28. Other income

	Individual 3 months ended 31st March 2023 RM'000	Cumulative 12 months ended 31st March 2023 RM'000
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Continuing operations

- Interest income	429	1,710
- Write back of payables	8,957	8,957
- Others	33	345
	<hr/>	<hr/>
	9,419	11,012
	<hr/>	<hr/>

29. Cash and short-term deposits

	As at 31st March 2023 RM'000	As at 31st March 2022 RM'000
Cash and bank balances	17,311	33,905
Short-term deposits placed with licensed banks	74,669	77,383
	<hr/>	<hr/>
	91,980	111,288
	<hr/>	<hr/>

Included in cash and bank balances and short-term deposits placed with licensed banks is an amount of RM21,485,825 (As at 31 March 2022: RM31,214,218) pledged to licensed banks for credit facilities granted to the Group.

30. Assets/(liabilities) of a disposal group classified as held for sale

The company had on 10 Feb 2023 entered into a Shares Sale Agreement with Tass Tech Technologies Sdn. Bhd, a company incorporated in Malaysia, for the disposal of 80% equity interest in a wholly-owned subsidiary, namely IRIS Information Technology Systems Sdn Bhd (“IITS”) for a total cash consideration of RM70,000,000-00 only (“Disposal Consideration”).

The Proposed Disposal is expected to be completed in November 2023 upon full settlement of Disposal Consideration.

In accordance with MFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities related to IITS has been presented as held for sale and is disclosed as per below:

	As at 31st March 2023 RM'000
<i>Assets of a disposal group classified as held for sale</i>	
Property, plant and equipment & right-of-use assets	4,255
Contract assets	59,068
Other current assets	1,767
Cash and bank balances *	30,664
	<hr/>
	95,754
<i>Liabilities of a disposal group classified as held for sale</i>	
Trade payables, other payables and accruals	(23,933)
Contract liabilities	(13)
Lease liabilities	(2,341)
	<hr/>
	(26,287)

* Included in cash and bank balances is an amount of RM16,239,769 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 29 May 2023.