

IRIS CORPORATION BERHAD

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

Interim Financial Report for the Second Quarter Ended 30th September 2023

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

Condensed Consolidated Statement of Comprehensive IncomeFor the Second Quarter Ended 30th September 2023

	Individual		Cumulative	
	3 months ended	3 months ended	6 months ended	6 months ended
	30th	30th	30th	30th
	September	September	September	September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	78,427	108,095	205,910	175,511
Cost of sales	(60,691)	(88,689)	(164,383)	(142,069)
Depreciation and amortisation	(369)	(1,285)	(1,530)	(2,636)
Gross profit	17,367	18,121	39,997	30,806
Other income (<i>Note 28</i>)	1,773	2,288	2,618	3,173
Administrative, operating and other expenses	(8,816)	(10,739)	(19,110)	(18,129)
Depreciation and amortisation	(700)	(801)	(1,475)	(1,592)
Finance costs	(189)	(158)	(349)	(389)
Share of results of associates, net of tax	(8)	(1)	(21)	-
Profit before taxation	9,427	8,710	21,660	13,869
Income tax expenses	(1,668)	(2,341)	(4,190)	(5,430)
Profit for the period	7,759	6,369	17,470	8,439
Other comprehensive (loss)/income, net of tax				
Foreign currency translation for foreign operations	(12)	(9)	21	(44)
	(12)	(9)	21	(44)
Total comprehensive income for the period	7,747	6,360	17,491	8,395

Condensed Consolidated Statement of Comprehensive IncomeFor the Second Quarter Ended 30th September 2023

(continued)

	Individual		Cumulative	
	3 months ended		6 months ended	
	30th	30th	30th	30th
	September	September	September	September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to:				
Owners of the Company	7,759	6,371	17,470	8,442
Non-controlling interests	-	(2)	-	(3)
Profit for the period	7,759	6,369	17,470	8,439
Total comprehensive income attributable to:				
Owners of the Company	7,747	6,362	17,491	8,398
Non-controlling interests	-	(2)	-	(3)
Total comprehensive income for the period	7,747	6,360	17,491	8,395
Earnings per share attributable to owners of the Company:				
Basic (Sen)				
- continuing operations	0.24	0.20	0.54	0.26
Diluted (Sen)				
- continuing operations	0.24	0.20	0.54	0.26

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 2023 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Financial PositionAs at 30th September 2023

	30 th September 2023 RM'000	31 st March 2023 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment & right-of-use assets	78,853	79,722
Intangible assets	110,085	110,310
Operating financial assets	6,175	6,817
Investment in associates	733	752
	195,846	197,601
CURRENT ASSETS		
Inventories	36,249	30,376
Operating financial assets	1,282	1,282
Trade receivables	106,348	89,029
Other receivables, deposits & prepayments	11,673	10,180
Contract assets	13,995	9,258
Cash and short-term deposits (<i>Note 29</i>)	106,445	91,980
	275,992	232,105
Assets of a disposal group classified as held for sale (<i>Note 30</i>)	166,446	98,810
	638,284	528,516
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
Share capital	610,759	610,759
Foreign currency translation reserve	22	1
Revaluation reserve	29,707	30,189
Accumulated losses	(275,876)	(293,828)
Total equity attributable to owners of the Company	364,612	347,121
Non-controlling interests	(1,842)	(1,842)
TOTAL EQUITY	362,770	345,279

Condensed Consolidated Statement of Financial PositionAs at 30th September 2023

(continued)

	30 th September 2023 RM'000	31 st March 2023 RM'000
NON-CURRENT LIABILITIES		
Lease liabilities	151	-
Deferred tax liabilities	10,501	10,011
	10,652	10,011
CURRENT LIABILITIES		
Short-term loans and borrowings	4,668	2,795
Current tax liabilities	7,983	7,835
Trade payables	26,151	27,486
Other payables and accruals	121,917	103,213
Lease liabilities	34	-
Contract liabilities	5,850	2,555
	166,603	143,884
Liabilities of a disposal group classified as held for sales (<i>Note 30</i>)	98,259	29,342
	275,514	183,237
TOTAL LIABILITIES	275,514	183,237
TOTAL EQUITY AND LIABILITIES	638,284	528,516
Net assets per ordinary share attributable to owners of the Company (sen)	11.17	10.64

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 2023 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the Second Quarter Ended 30th September 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 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 for the financial period							
Profit after taxation for the financial period	-	-	-	8,442	8,442	(3)	8,439
Other comprehensive loss for the financial period, net of tax -foreign currency translation	-	(44)	-	-	(44)	-	(44)
Total comprehensive income	-	(44)	-	8,442	8,398	(3)	8,395
Realisation on revaluation reserve	-	-	(482)	482	-	-	-
At 30th September 2022	610,759	86	30,671	(307,768)	333,748	(1,835)	331,913

Condensed Consolidated Statement of Changes in Equity
For the Second Quarter Ended 30th September 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 2023	610,759	1	30,189	(293,828)	347,121	(1,842)	345,279
<i>Total comprehensive income for the financial period</i>							
Profit after taxation for the financial period	-	-	-	17,470	17,470	-	17,470
Other comprehensive income for the financial period, net of tax -foreign currency translation	-	21	-	-	21	-	21
Total comprehensive income	-	21	-	17,470	17,491	-	17,491
Realisation on revaluation reserve	-	-	(482)	482	-	-	-
At 30th September 2023	610,759	22	29,707	(275,876)	364,612	(1,842)	362,770

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 2023 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Cash FlowsFor the Second Quarter Ended 30th September 2023

	Cumulative 6 months ended 30th September 2023 RM'000	Cumulative 6 months ended 30th September 2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation		
- continuing operations	21,660	13,869
<i>Adjustments for:</i>		
Amortisation of intangible assets	225	633
Depreciation of property, plant and equipment and right of use assets	2,780	3,595
Effect on accretion of interest on operating assets	(307)	-
Finance costs	349	388
Gain on disposal of property, plant and equipment	(46)	-
Interest income	(1,786)	(903)
Impairment losses on receivables	2,189	-
Share of results of associates	21	1
Unrealised foreign exchange gain	(3,462)	(289)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	21,623	17,294
<i>Changes in working capital:</i>		
Contract assets/liabilities/costs	(84,840)	(23,998)
Inventories	(5,873)	1,899
Operating financial assets	948	-
Trade and other receivables	(17,444)	(45,353)
Trade and other payables	90,035	48,398
NET CASH FROM/(USED IN) OPERATIONS	4,449	(1,760)
Interest received	1,786	903
Interest paid	(303)	(389)
Income tax paid	(3,178)	(3,248)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	2,754	(4,494)

Condensed Consolidated Statement of Cash Flows

For the Second Quarter Ended 30th September 2023 (continued)

	Cumulative 6 months ended 30th September 2023 RM'000	Cumulative 6 months ended 30th September 2022 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(738)	(92)
Proceeds from disposal of plant and equipment	49	5
Net movement of deposits with maturity more than 3 months	2,914	-
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	2,225	(87)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease liabilities	(626)	(835)
Proceeds from short term borrowings	4,999	1,235
Repayment of short term borrowings	(3,126)	(8,283)
Placement of deposits	-	(418)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	1,247	(8,301)
Net increase/(decrease) in cash and cash equivalents	6,226	(12,882)
Cash and cash equivalents at the beginning of the period	101,444	94,468
Effect of exchange rate changes on cash and cash equivalents	178	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	107,848	81,586

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

Cash and bank balances	24,239	33,799
Short-term deposits placed	82,206	65,025
	106,445	98,824
Less: Deposits with maturity more than 3 months	(14,927)	(17,238)
	91,518	81,586
Cash and cash equivalents under disposal group classified as asset held for sale (<i>Note 30</i>)	19,689	-
Less: Deposits with maturity more than 3 months	(3,359)	-
	107,848	81,586

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 2023 and the accompanying explanatory notes attached to the interim financial report.

Notes to the Interim Financial Report

For the Second Quarter Ended 30th September 2023

1. Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 30 September 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 2023.

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 2023 except for the adoption of the following new MFRS and amendments/improvements to MFRSs, which are effective for financial periods beginning on 1 April 2023:

New MFRS

MFRS 17 Insurance Contracts

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 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
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 #

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.

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

2. Changes in Accounting Policies (cont'd)

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

Amendments/Improvements to MFRSs

MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows
MFRS 128	Investments in Associates and Joint Ventures

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 September 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	204,488	1,422	-	205,910
Segment results <i>(Note A)</i>	31,250	32	59	31,341
Share of results of associates, net of tax	(21)	-	-	(21)
Unallocated corporate expenses	-	-	(9,660)	(9,660)
Profit before taxation	31,229	32	(9,601)	21,660
Income tax expenses	-	-	(4,190)	(4,190)
Profit after taxation	31,229	32	(13,791)	17,470

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	40,205	1,323	-	41,528
Add/(Less):				
- Depreciation and amortisation	(3,064)	-	59	(3,005)
- Interest income	1,786	-	-	1,786
- Other income	42	790	-	832
- Finance costs	(349)	-	-	(349)
- Impairment losses on receivables	-	(2,189)	-	(2,189)
- Administrative, operating and other expenses	(7,370)	108	-	(7,262)
	(8,955)	(1,291)	59	(10,187)
Segment results	31,250	32	59	31,341

The Group's operating segments information for the interim financial report to 30 September 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	174,613	898	-	175,511
Segment results (Note B)	28,109	709	24	28,842
Share of results of associates, net of tax	(1)	-	-	(1)
Unallocated corporate expenses	-	-	(14,972)	(14,972)
Profit before taxation	28,108	709	(14,948)	13,869
Income tax expenses	-	-	(5,430)	(5,430)
Profit after taxation	28,108	709	(20,378)	8,439

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	32,545	898	-	33,443
Add/(Less):				
- Depreciation and amortisation	(4,252)	-	24	(4,228)
- Interest income	903	-	-	903
- Other income	2,271	-	-	2,271
- Finance costs	(388)	-	-	(388)
- Administrative, operating and other expenses	(2,970)	(189)	-	(3,159)
	(4,436)	(189)	24	(4,601)
Segment results	28,109	709	24	28,842

6. Capital Commitments

	As at 30 th September 2023 RM'000
Approved and contracted for:-	
Purchase of plant and equipment	1,595

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 current 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 September 2023 except for potential contingent liabilities or assets arising from the termination of NIISe contract as disclosed below.

On 14 August 2023, IRIS Information Technology Systems Sdn Bhd (“IITS”), a wholly-owned subsidiary of the Company, received a letter from Kementerian Dalam Negeri (“KDN”) dated 10 August 2023 wherein KDN has served IITS a notice of termination to terminate the NIISe Contract with immediate effect.

Upon seeking independent legal advice, IITS has on 22 August 2023 issued a formal letter to KDN disputing the termination. IITS is of the view that the termination is invalid and unlawful. IITS firmly disputes the termination as stated in the notice of termination and will take necessary actions to protect its interest and exercise its legal rights in relation to the NIISe Contract.

The termination of the NIISe Contract is expected to have an impact on the Group’s financial performance. However, the extent of the impact, including potential contingent liabilities or assets, cannot be reliably ascertained at this reporting date.

14. Taxation

	Individual		Cumulative	
	3 months ended	3 months ended	6 months ended	6 months ended
	30th	30th	30th	30th
	September	September	September	September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Income tax				
- Current financial year	(960)	(2,450)	(3,700)	(4,050)
- Under-provision in prior year	-	(3)	-	(1,604)
	<u>(960)</u>	<u>(2,453)</u>	<u>(3,700)</u>	<u>(5,654)</u>
Deferred tax				
- Current financial year	(708)	112	(490)	224
- Over-provision in prior year	-	-	-	-
	<u>(708)</u>	<u>112</u>	<u>(490)</u>	<u>224</u>
Income tax expenses recognised in profit or loss	<u>(1,668)</u>	<u>(2,341)</u>	<u>(4,190)</u>	<u>(5,430)</u>

The Group's effective tax rate for current financial quarter differ from the statutory tax rate of 24% is mainly due to utilisation of unabsorbed tax losses by certain subsidiaries.

15. Related Party Transactions

The Company has not entered into any significant transactions with related parties of the Group for the cumulative 6 months period ended 30 September 2023.

Additional information required by the AMLR

16.1 Review of Performance

Continuing operations

For the current financial quarter ended 30 September 2023, the Group recorded a revenue of RM78.4 million (Revenue from NISe -RM Nil), a decrease of RM29.7 million or 27.5% from RM108.1 million (Revenue from NISe -RM41.9million) recorded in the previous comparable financial quarter ended 30 September 2022. The Group recorded a profit before taxation of RM9.4 million in this financial quarter as compared to a profit before taxation of RM8.7 million recorded in the previous comparable financial quarter ended 30 September 2022.

In this financial quarter, the revenue contributed by delivery of eID cards, e-Passports for overseas projects and domestic sales amounting to RM78.4 million (RM66.2 million in previous comparable financial quarter). The higher revenue in this financial quarter is mainly due to higher delivery of eID cards, e-Passports for overseas projects and domestic sales as compared to the previous comparable financial quarter.

The performance of the respective business segments for this financial quarter ended 30 September 2023 as compared to the previous comparable financial quarter is analysed as follows:

Trusted ID & IT Division

In this financial quarter, the revenue contributed by delivery of eID cards, e-Passports for overseas projects and domestic sales amounting to RM76.9 million, as compared to RM66.2 million in the previous comparable financial quarter, representing increase of RM10.7 million or 16.1%. The increase in revenue was mainly attributable to the higher delivery of cards and e-passports for overseas projects.

Revenue recorded from NISe project in this financial quarter amounting to RM NIL as compared to RM41.9mil in the previous comparable financial quarter.

Sustainable Development Division

The contribution from the Sustainable Development division in current financial quarter is mainly derived from closure of past completed projects.

16.2 Comparison with Preceding Quarter

Continuing operations

For the current financial quarter ended 30 September 2023, the Group recorded a revenue of RM78.4 million as compared to RM127.5 million recorded in the preceding financial quarter ended 30 June 2023.

The Group reported a profit before taxation of RM9.4 million as compared to a profit before taxation of RM12.2 million recorded in the preceding financial quarter. Lower profit before tax in this financial quarter is mainly due to higher cost of sales for overseas projects as compared to preceding financial quarter.

17. Prospects

The Group's growth is expected to be driven by the delivery and supply of eID cards and e-Passports 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.

The Board is cautiously optimistic that the Group shall perform positively in this financial year arising from higher demand of eID cards and e-Passports from overseas projects. However, the Group's performance is expected to be affected by material events as disclosed in Note 13 of this report.

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 30th September 2023 RM'000
Short Term	4,668
Total	<u>4,668</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 10 November 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 10 November 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 (“EMGM”) (Turkey)**

The JVCO had on 5 October 2009 claimed for unlawful termination of contract by EMGM and payment for the balance amount of Turkish Lira ("TL") 6,195,000 due to JVCO for work completed. The JVCO's claim was rejected by the Ankara 12th Civil Court of First Instance. Despite the JVCO's claim against EMGM, EMGM'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 was allowed together with interest. The JVCO was also directed to pay TL5,053.84 as expenses arising from their performance of the contract and loss suffered by EMGM. EMGM's claim of TL49,761.53 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 had on 27 November 2018 filed an appeal against the decision in favour of EMGM and requested for 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 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; IRIS Corporation Berhad (“Plaintiff”) against nine (9) former members of the Board of Directors (“Defendants”)

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

IRIS sought the following reliefs against the Former Directors of IRIS jointly and severally:

- (i) the sum of RM11,721,050 being the total amount paid by IRIS for the subscription of the BCS's shares which is equivalent to total sum of Great Britain Pound ("GBP") 2.05 million (by reference to the conversion rates prevailing on the respective dates of payments);
- (ii) the sum of RM482,172 being the total amount paid by IRIS 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);
- (iii) pre-judgment interest on the sums awarded in (i) and (ii) above pursuant to section 11 of the Civil Law Act 1956;
- (iv) post-judgment interest on the sums awarded in (i) and (ii) above at the rate of 5% per annum from the date of judgment until the date of full and final realisation;
- (v) alternative to (i) and (ii) above, general damages to be assessed;
- (vi) interest on the general damages awarded in (v) above;
- (vii) costs; and/or
- (viii) all other relief which this Honourable Court deems fit and just.

Items (i) and (ii) above have been fully impaired/expensed off by IRIS in the previous financial year.

On 18 August 2022, the High Court dismissed the claims by IRIS against the Former Directors of IRIS.

The High Court awarded costs in the sum of RM85,000.00 each to Tan Sri Razali, Datuk Tan, YAM Tuanku Dato' Seri Shahbuddin and Dato' Hamdan. While a sum of RM85,000.00 was awarded collectively to Dato' Eow, Chan Feoi Chun, Syed Abdullah and Datuk Nik Azman.

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

The e-review date which was fixed on 25 September 2023 and the hearing of the appeal which was fixed on 9 October 2023 had been vacated by the Court of Appeal.

The Registrar has now fixed the Case Management on 17 September 2024 and new hearing date of appeal is fixed on 30 September 2024.

23. Material Litigation (cont'd)

(iii) 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, 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 alleges 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 sought for damages in lieu of specific performance, interest, and costs of the arbitration proceedings to be borne by IITS.

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

The Arbitral Tribunal had since presided over 2 procedural meetings on 31 May 2023 and 6 July 2023 on the procedural framework and timetable on which the matter will progress.

The Arbitration stands at pre-hearing stage where parties are in the midst of complying with all pre-hearing requirements under the procedural framework and timetable endorsed by the Arbitral Tribunal.

24. Dividend

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

25. Earnings Per Ordinary Share

	Individual		Cumulative	
	3 months ended	3 months ended	6 months ended	6 months ended
	30th	30th	30th	30th
	September	September	September	September
	2023	2022	2023	2022
(a) Basic earnings per ordinary share				
Earnings attributable to owners of the Company for the period (RM'000)				
- continuing operations	7,759	6,371	17,470	8,442
Weighted average number of ordinary shares ('000) at end of period	3,262,910	3,262,910	3,262,910	3,262,910
Basic earnings per ordinary share (Sen)				
- continuing operations	0.24	0.20	0.54	0.26
(b) Diluted earnings per ordinary share				
Earnings attributable to owners of the Company for the period (RM'000)				
- continuing operations	7,759	6,371	17,470	8,442
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000) at end of period	3,262,910	3,262,910	3,262,910	3,262,910
Diluted earnings per ordinary share (Sen)				
- continuing operations	0.24	0.20	0.54	0.26

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 30th September 2023 RM'000	Cumulative 6 months ended 30th September 2023 RM'000
Profit before taxation is arrived at after charging:		
<i>Continuing operations</i>		
- Amortisation of intangible assets, right of use assets and depreciation of property, plant and equipment	1,069	3,005
- Impairment loss on receivables	2,189	2,189
- Foreign currency exchange loss - net	(71)	(1,680)
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28. Other income

	Individual 3 months ended 30th September 2023 RM'000	Cumulative 6 months ended 30th September 2023 RM'000
<i>Continuing operations</i>		
- Interest income	983	1,786
- Others	790	832
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	1,773	2,618
	<hr/>	<hr/>

29. Cash and short-term deposits

	As at 30th September 2023 RM'000	As at 31st March 2023 RM'000
Cash and bank balances	24,239	17,311
Short-term deposits placed with licensed banks	82,206	74,669
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	106,445	91,980
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Included in cash and bank balances and short-term deposits placed with licensed banks is an amount of RM14,927,103 (As at 31 March 2023: RM14,485,825) 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 May 2024 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 30th September 2023 RM'000
<i>Assets of a disposal group classified as held for sale</i>	
Property, plant and equipment & right-of-use assets	2,716
Contract assets & contract costs	142,572
Other current assets	1,469
Cash and bank balances *	19,689
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	166,446
<i>Liabilities of a disposal group classified as held for sale</i>	
Trade payables, other payables and accruals	(96,348)
Contract liabilities	(117)
Lease liabilities	(1,794)
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	(98,259)
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* Included in cash and bank balances is an amount of RM16,241,011 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 17 November 2023.