

IRIS CORPORATION BERHAD

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

Interim Financial Report for the Third Quarter Ended 31st December 2023

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Condensed Consolidated Statement of Comprehensive IncomeFor the Third Quarter Ended 31st December 2023

	Individual		Cumulative	
	3 months ended	3 months ended	9 months ended	9 months ended
	31st	31st	31st	31st
	December	December	December	December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<i>Continuing operations</i>				
Revenue	119,061	87,167	324,972	262,679
Cost of sales	(89,547)	(64,585)	(253,930)	(206,654)
Depreciation and amortisation	(384)	(1,275)	(1,914)	(3,911)
Gross profit	29,130	21,307	69,128	52,114
Other income (<i>Note 28</i>)	1,046	535	3,665	1,592
Administrative, operating and other expenses	(15,699)	(10,184)	(34,810)	(26,197)
Depreciation and amortisation	(729)	(795)	(2,204)	(2,387)
Finance costs	(106)	(179)	(456)	(568)
Share of results of associates, net of tax	1	(9)	(20)	(10)
Profit before taxation	13,643	10,675	35,303	24,544
Income tax expenses	(3,190)	(3,188)	(7,380)	(8,618)
Profit for the period	10,453	7,487	27,923	15,926
Other comprehensive (loss)/income, net of tax				
Foreign currency translation for foreign operations	(9)	(81)	12	(125)
	(9)	(81)	12	(125)
Total comprehensive income for the period	10,444	7,406	27,935	15,801

Condensed Consolidated Statement of Comprehensive IncomeFor the Third Quarter Ended 31st December 2023

(continued)

	Individual		Cumulative	
	3 months ended 31 st December 2023 RM'000	31 st December 2022 RM'000	9 months ended 31 st December 2023 RM'000	31 st December 2022 RM'000
Profit attributable to:				
Owners of the Company	10,458	7,488	27,928	15,930
Non-controlling interests	(5)	(1)	(5)	(4)
Profit for the period	10,453	7,487	27,923	15,926
Total comprehensive income attributable to:				
Owners of the Company	10,449	7,407	27,940	15,805
Non-controlling interests	(5)	(1)	(5)	(4)
Total comprehensive income for the period	10,444	7,406	27,935	15,801
Earnings per share attributable to owners of the Company:				
Basic (Sen)				
- continuing operations	0.32	0.23	0.86	0.49
Diluted (Sen)				
- continuing operations	0.32	0.23	0.86	0.49

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 31st December 2023

	31 st December 2023 RM'000	31 st March 2023 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment & right-of-use assets	79,530	79,722
Intangible assets	110,075	110,310
Operating financial assets	5,855	6,817
Investment in associates	734	752
	196,194	197,601
CURRENT ASSETS		
Inventories	25,834	30,376
Operating financial assets	1,282	1,282
Trade receivables	108,338	89,029
Other receivables, deposits & prepayments	18,044	10,180
Contract assets	12,214	9,258
Cash and short-term deposits (<i>Note 29</i>)	129,041	91,980
	294,753	232,105
Assets of a disposal group classified as held for sale (<i>Note 30</i>)	160,254	98,810
	651,201	528,516
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
Share capital	610,759	610,759
Foreign currency translation reserve	13	1
Revaluation reserve	29,467	30,189
Accumulated losses	(265,178)	(293,828)
Total equity attributable to owners of the Company	375,061	347,121
Non-controlling interests	(1,847)	(1,842)
TOTAL EQUITY	373,214	345,279

Condensed Consolidated Statement of Financial PositionAs at 31st December 2023

(continued)

	31st December 2023	31st March 2023
	RM'000	RM'000
NON-CURRENT LIABILITIES		
Lease liabilities	151	-
Deferred tax liabilities	10,342	10,011
	<u>10,493</u>	<u>10,011</u>
CURRENT LIABILITIES		
Short-term loans and borrowings	7,536	2,795
Current tax liabilities	5,276	7,835
Trade payables	22,600	27,486
Other payables and accruals	133,584	103,213
Lease liabilities	18	-
Contract liabilities	579	2,555
	<u>169,593</u>	<u>143,884</u>
Liabilities of a disposal group classified as held for sales (<i>Note 30</i>)	97,901	29,342
	<u>277,987</u>	<u>183,237</u>
TOTAL LIABILITIES	<u>277,987</u>	<u>183,237</u>
TOTAL EQUITY AND LIABILITIES	<u>651,201</u>	<u>528,516</u>
Net assets per ordinary share attributable to owners of the Company (sen)	<u>11.49</u>	<u>10.64</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 2023 and the accompanying explanatory notes attached to the interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the Third Quarter Ended 31st December 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	-	-	-	15,930	15,930	(4)	15,926
Other comprehensive loss for the financial period, net of tax -foreign currency translation	-	(125)	-	-	(125)	-	(125)
Total comprehensive income	-	(125)	-	15,930	15,805	(4)	15,801
Realisation on revaluation reserve	-	-	(723)	723	-	-	-
At 31st December 2022	610,759	5	30,430	(300,039)	341,155	(1,836)	339,319

Condensed Consolidated Statement of Changes in Equity

For the Third Quarter Ended 31st December 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	-	-	-	27,928	27,928	(5)	27,923
Other comprehensive income for the financial period, net of tax -foreign currency translation	-	12	-	-	12	-	12
Total comprehensive income	-	12	-	27,928	27,940	(5)	27,935
Realisation on revaluation reserve	-	-	(722)	722	-	-	-
At 31st December 2023	610,759	13	29,467	(265,178)	375,061	(1,847)	373,214

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 Third Quarter Ended 31st December 2023

	Cumulative 9 months ended 31st December 2023 RM'000	Cumulative 9 months ended 31st December 2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation		
- continuing operations	35,303	24,544
<i>Adjustments for:</i>		
Amortisation of intangible assets	236	949
Depreciation of property, plant and equipment and right of use assets	3,882	5,349
Effect on accretion of interest on operating assets	(460)	-
Finance costs	456	568
Gain on disposal of property, plant and equipment	(115)	-
Impairment losses on receivables	3,300	-
Interest income	(2,590)	(1,281)
Share of results of associates	20	10
Unrealised foreign exchange (gain)/loss	(5,522)	686
Written off of plant and equipment	3	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	34,513	30,825
<i>Changes in working capital:</i>		
Contract assets/liabilities/costs	(86,336)	(26,215)
Inventories	4,542	(2,215)
Operating financial assets	1,422	-
Trade and other receivables	(26,967)	(31,032)
Trade and other payables	102,214	33,425
NET CASH FROM OPERATIONS	29,388	4,788
Interest received	2,590	1,281
Interest paid	(392)	(568)
Income tax paid	(9,234)	(3,682)
NET CASH FROM OPERATING ACTIVITIES	22,352	1,819

Condensed Consolidated Statement of Cash FlowsFor the Third Quarter Ended 31st December 2023 (continued)

	Cumulative 9 months ended 31st December 2023 RM'000	Cumulative 9 months ended 31st December 2022 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(2,518)	(147)
Proceeds from disposal of plant and equipment	118	5
Net movement of deposits with maturity more than 3 months	2,840	-
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	440	(142)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease liabilities	(1,073)	(954)
Proceeds from short term borrowings	8,209	3,125
Repayment of short term borrowings	(3,468)	(8,735)
Placement of deposits	-	(1,296)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	3,668	(7,860)
Net increase/(decrease) in cash and cash equivalents	26,460	(6,183)
Cash and cash equivalents at the beginning of the period	101,444	94,468
Effect of exchange rate changes on cash and cash equivalents	(490)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	127,414	88,285

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

Cash and bank balances	26,581	30,728
Short-term deposits placed	102,460	75,673
	129,041	106,401
Less: Deposits with maturity more than 3 months	(14,937)	(18,116)
	114,104	88,285
Cash and cash equivalents under disposal group classified as asset held for sale (<i>Note 30</i>)	16,732	-
Less: Deposits with maturity more than 3 months	(3,422)	-
	127,414	88,285

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 Third Quarter Ended 31st December 2023

1. Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 31 December 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 31 December 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	323,548	1,424	-	324,972
Segment results (Note A)	54,532	(3,145)	98	51,485
Share of results of associates, net of tax	(20)	-	-	(20)
Unallocated corporate expenses	-	-	(16,162)	(16,162)
Profit before taxation	54,512	(3,145)	(16,064)	35,303
Income tax expenses	(7,269)	(111)	-	(7,380)
Profit after taxation	47,243	(3,256)	(16,064)	27,923

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	69,716	1,325	-	71,041
Add/(Less):				
- Depreciation and amortisation	(4,216)	-	98	(4,118)
- Interest income	2,590	-	-	2,590
- Other income	285	790	-	1,075
- Finance costs	(456)	-	-	(456)
- Impairment losses on receivables	(5)	(3,295)	-	(3,300)
- Administrative, operating and other expenses	(13,382)	(1,965)	-	(15,347)
	(15,184)	(4,470)	98	(19,556)
Segment results	54,532	(3,145)	98	51,485

The Group's operating segments information for the interim financial report to 31 December 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	261,344	1,335	-	262,679
Segment results <i>(Note B)</i>	42,969	1,135	35	44,139
Share of results of associates, net of tax	(10)	-	-	(10)
Unallocated corporate expenses	-	-	(19,585)	(19,585)
Profit before taxation	42,959	1,135	(19,550)	24,544
Income tax expenses	(8,618)	-	-	(8,618)
Profit after taxation	34,341	1,135	(19,550)	15,926

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	54,690	1,336	-	56,026
Add/(Less):				
- Depreciation and amortisation	(6,333)	-	35	(6,298)
- Interest income	1,281	-	-	1,281
- Other income	311	-	-	311
- Finance costs	(568)	-	-	(568)
- Administrative, operating and other expenses	(6,412)	(201)	-	(6,613)
	(11,721)	(201)	35	(11,887)
Segment results	42,969	1,135	35	44,139

6. Capital Commitments

There were no capital commitments reported at the end of this financial quarter.

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 31 December 2023 except for potential contingent liabilities or assets arising from arbitration proceedings in relation to the termination of NIISe contract as disclosed in Note 23(iii) of this report.

The outcome of the arbitration proceedings 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		9 months ended	
	31st	31st	31st	31st
	December	December	December	December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Income tax				
- Current financial year	(4,284)	(5,101)	(7,984)	(9,151)
- Over/(Under) provision in prior year	935	3	935	(1,601)
	<u>(3,349)</u>	<u>(5,098)</u>	<u>(7,049)</u>	<u>(10,752)</u>
Deferred tax				
- Current financial year	159	1,910	(331)	2,134
	<u>159</u>	<u>1,910</u>	<u>(331)</u>	<u>2,134</u>
Income tax expenses recognised in profit or loss	<u>(3,190)</u>	<u>(3,188)</u>	<u>(7,380)</u>	<u>(8,618)</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 9 months period ended 31 December 2023.

Additional information required by the AMLR

16.1 Review of Performance

Continuing operations

For the current financial quarter ended 31 December 2023, the Group recorded a revenue of RM119.1 million (Revenue from NISe-RM Nil), an increase of RM31.9 million or 36.6% from RM87.2 million (Revenue from NISe-RM11.5million) recorded in the previous comparable financial quarter ended 31 December 2022. The Group recorded a profit before taxation of RM13.6 million in this financial quarter as compared to a profit before taxation of RM10.7 million recorded in the previous comparable financial quarter ended 31 December 2022.

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 31 December 2023 as compared to the previous comparable financial quarter is analysed as follows:

Trusted ID & IT Division

Revenue for this financial quarter arising from higher delivery of eID cards, e-Passports for overseas projects and domestic sales of RM119.1 million is RM43.4 million or 57.3% higher as compared to revenue of RM75.7 million in the previous comparable financial quarter.

Revenue recorded from NISe project in this financial quarter amounting to RM Nil, as compared to RM11.5 million in the previous comparable financial quarter.

Sustainable Development Division

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

16.2 Comparison with Preceding Quarter

Continuing operations

For the current financial quarter ended 31 December 2023, the Group recorded a revenue of RM119.1 million as compared to RM78.4 million recorded in the preceding financial quarter ended 30 September 2023.

The Group reported a profit before taxation of RM13.6 million as compared to a profit before taxation of RM9.4 million recorded in the preceding financial quarter. Higher profit before tax in this financial quarter is mainly due to the higher delivery of eID cards and e-Passports for overseas projects.

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 31st December 2023 RM'000
Short Term	7,536
Total	<u>7,536</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 20 February 2024 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 20 February 2024:

(i) 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.

23. Material Litigation (cont'd)

(i) 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)

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.

(ii) 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.

Presently, the parties are in negotiation on the withdrawal of the Arbitration, and the Arbitral Tribunal has scheduled a meeting with the parties on 6 March 2024 to resolve the withdrawal of the Arbitration.

23. Material Litigation (cont'd)

(iii) Notice of Arbitration; IRIS Information Technology Systems Sdn Bhd against Government of Malaysia

IRIS Information Technology Systems Sdn Bhd (“IITS”) has, on 24 November 2023, via its solicitors, filed a Notice of Arbitration (“NOA”) under the Asian International Arbitration Centre (“AIAC”) Arbitration Rules 2023 to refer the disputes with Kementerian Dalam Negeri (“KDN”) arising from and in connection with the NIISe Contract to the AIAC for arbitration.

IITS’s solicitors served the NOA on the Director of Asian International Arbitration Centre (“AIAC”) and KDN respectively on 24 November 2023.

(iv) Writ of Summons and Statement of Claim; Tec D Distribution (Malaysia) Sdn. Bhd. (“Tec D”) against IRIS Information Technology Systems Sdn. Bhd. (“IITS”) and IRIS Corporation Berhad (“ICB”)

Tec D had on 5 December 2023 commenced legal action in Kuala Lumpur High Court against IITS (1st Defendant) and ICB (2nd Defendant) respectively claiming for an outstanding sum of RM30,139,098.87 together with late payment interest of RM993,951.66 as at 7 November 2023 in relation to the supply of computer hardware and/or software and/or programs and/or services for NIISe Project.

The Defendants have filed and served their respective Statement of Defence on 4 January 2024. The 2nd Defendant has filed a Notice of Application for Striking-Out on 19 January 2024. The Plaintiff has filed a Notice of Application for Summary Judgment against 1st Defendant on 23 January 2024. The Plaintiff filed its Reply to the Defendants’ Defence on 29 January 2024.

Currently, the parties are in the process of filing in the requisite cause papers as per the directions of the Court given on 30 January 2024.

24. Dividend

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

25. Earnings Per Ordinary Share

	Individual		Cumulative	
	3 months ended		9 months ended	
	31st	31st	31st	31st
	December	December	December	December
	2023	2022	2023	2022
(a) Basic earnings per ordinary share				
Earnings attributable to owners of the Company for the period (RM'000)				
- continuing operations	10,458	7,488	27,928	15,930
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	0.32	0.23	0.86	0.49
(b) Diluted earnings per ordinary share				
Earnings attributable to owners of the Company for the period (RM'000)				
- continuing operations	10,458	7,488	27,928	15,930
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	0.32	0.23	0.86	0.49

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 December 2023 RM'000	Cumulative 9 months ended 31st December 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	1,113	4,118
- Impairment loss on receivables	1,111	3,300
- Foreign currency exchange loss - net	600	2,280
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28. Other income

	Individual 3 months ended 31st December 2023 RM'000	Cumulative 9 months ended 31st December 2023 RM'000
<i>Continuing operations</i>		
- Interest income	804	2,590
- Others	242	1,075
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	1,046	3,665
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29. Cash and short-term deposits

	As at 31st December 2023 RM'000	As at 31st March 2023 RM'000
Cash and bank balances	26,581	17,311
Short-term deposits placed with licensed banks	102,460	74,669
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	129,041	91,980
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Included in cash and bank balances and short-term deposits placed with licensed banks is an amount of RM14,937,193 (As at 31 March 2023: RM14,485,825) pledged to licensed banks for credit facilities.

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 31st December 2023 RM'000
<i>Assets of a disposal group classified as held for sale</i>	
Property, plant and equipment & right-of-use assets	1
Contract assets & contract costs	142,462
Other current assets	1,059
Cash and bank balances *	16,732
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	160,254
<i>Liabilities of a disposal group classified as held for sale</i>	
Trade payables, other payables and accruals	(97,690)
Contract liabilities	(211)
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	(97,901)
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* Included in cash and bank balances is an amount of RM16,305,125 pledged to licensed banks for credit facilities.

31. Authorisation for Issue

This interim financial report was authorised for issuance by the Board of Directors on 27 February 2024.