

# IRIS CORPORATION BERHAD

(Company No. 302232-X)  
(Incorporated in Malaysia)

## Interim Financial Report For the second quarter ended 30<sup>th</sup> June 2008

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**Condensed Consolidated Income Statement**For the second quarter ended 30<sup>th</sup> June 2008

	<b>Individual</b>		<b>Cumulative</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30<sup>th</sup> June</b>	<b>30<sup>th</sup> June</b>	<b>30<sup>th</sup> June</b>	<b>30<sup>th</sup> June</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	71,995	52,496	130,937	105,393
Cost of sales	(57,409)	(36,975)	(98,009)	(81,093)
Depreciation and amortization	(3,388)	(2,831)	(6,900)	(5,523)
<b>Gross profit</b>	<u>11,198</u>	<u>12,690</u>	<u>26,028</u>	<u>18,777</u>
Other income	606	223	528	1,756
Operating expenses	(5,460)	(9,178)	(13,446)	(14,917)
Depreciation and amortization	(784)	(754)	(1,575)	(1,500)
Interest expenses	(3,932)	(4,023)	(7,655)	(8,177)
Share of profit / (loss) of associated companies	58	77	163	(151)
<b>Profit/ (Loss) before taxation</b>	<u>1,686</u>	<u>(965)</u>	<u>4,043</u>	<u>(4,212)</u>
Tax expense	(6)	(1,006)	(992)	(1,010)
<b>Profit/ (Loss) after taxation</b>	<u>1,680</u>	<u>(1,971)</u>	<u>3,051</u>	<u>(5,222)</u>
<b>Attributable to:</b>				
Equity holders of the Company	1,680	(1,673)	3,051	(4,989)
Minority Interest	-	(298)	-	(233)
	<u>1,680</u>	<u>(1,971)</u>	<u>3,051</u>	<u>(5,222)</u>
<b>Earnings/ (Loss) per ordinary share</b>				
<b>attributable to equity holders of the Company:</b>				
Basic (Sen)	0.12	(0.14)	0.22	(0.42)
Diluted (Sen)	<u>0.12</u>	<u>(0.12)</u>	<u>0.22</u>	<u>(0.37)</u>

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements of the Group for the year ended 31<sup>st</sup> December 2007 and the accompanying explanatory notes attached to this interim financial statement.

**Condensed Consolidated Balance Sheet**As at 30<sup>th</sup> June 2008

	<b>30<sup>th</sup> June 2008</b>	<b>31<sup>st</sup> December 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non current assets</b>		
Concession assets	14,641	15,798
Property, plant and equipment	98,179	104,422
Prepaid land lease payments	6,114	6,268
Research & development	10,185	10,278
Intangible assets	14,988	15,678
Goodwill on consolidation	134,126	134,126
Investment in associated company	6,384	6,221
Other investments	406	406
	<u>285,023</u>	<u>293,198</u>
<b>Current assets</b>		
Contract work in progress	18,468	14,636
Inventories	76,884	75,714
Trade receivables	95,719	86,408
Others receivables & deposits	22,444	29,615
Cash and cash equivalents	35,264	27,948
	<u>248,779</u>	<u>234,321</u>
<b>Current liabilities</b>		
Trade payables	38,944	28,631
Other payables	26,849	26,747
Hire purchase & lease payables	6,268	6,215
Short term borrowings	37,854	32,987
Bonds	15,000	25,000
	<u>124,915</u>	<u>119,580</u>
<b>Net current assets</b>	123,864	114,741
	<u>408,887</u>	<u>407,939</u>

## Condensed Consolidated Balance Sheet

As at 30<sup>th</sup> June 2008

(continued)

	<b>30<sup>th</sup> June 2008</b>	<b>31<sup>st</sup> December 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Share capital	216,416	216,416
Reserves	53,850	50,799
<b>Total equity</b>	<u>270,266</u>	<u>267,215</u>
<b>Non current liabilities</b>		
Minority Interest	45	-
Hire purchase & lease payables	4,502	7,630
Other payables	2,738	2,738
Bonds	125,000	125,000
Deferred taxation	6,336	5,356
	<u>408,887</u>	<u>407,939</u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		
	<u>0.20</u>	<u>0.21</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements of the Group for the year ended 31<sup>st</sup> December 2007 and the accompanying explanatory notes attached to this interim financial statement.

**Condensed Consolidated Statement of Changes in Equity**  
For the second quarter ended 30<sup>th</sup> June 2008

	Share Capital RM'000	ICPS RM'000	Share Premium RM'000	Non-Distributable			Distributable		Total Equity RM'000
				Translation Reserve RM'000	Revaluation Reserve RM'000	Accumulated (Loss)/Profit RM'000	Minority Interest RM'000		
At 1 <sup>st</sup> January 2007	173,769	23,118	26,653	(2,275)	14,256	(5,590)	-	229,931	
Profit / (loss) for the period	-	-	-	-	-	(4,989)	(233)	(5,222)	
Issue of shares	890	-	534	-	-	-	5	1,429	
Conversion of ICPS into ordinary shares	6,813	(6,813)	-	-	-	-	-	-	
<b>At 30<sup>th</sup> June 2007</b>	<b>181,472</b>	<b>16,305</b>	<b>27,187</b>	<b>(2,275)</b>	<b>14,256</b>	<b>(10,579)</b>	<b>(228)</b>	<b>226,138</b>	
At 1 <sup>st</sup> January 2008	205,296	11,119	35,052	-	13,516	2,232	-	267,215	
Profit for the period	-	-	-	-	-	3,051	-	3,051	
Issue of shares	-	-	-	-	-	-	-	-	
Conversion of ICPS into ordinary shares	120	(120)	-	-	-	-	-	-	
<b>At 30<sup>th</sup> June 2008</b>	<b>205,416</b>	<b>10,999</b>	<b>35,052</b>	<b>-</b>	<b>13,516</b>	<b>5,283</b>	<b>-</b>	<b>270,266</b>	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the year ended 31<sup>st</sup> December 2007 and the accompanying explanatory notes attached to this interim financial statement.

**Condensed Consolidated Cash Flow Statement**For the second quarter ended 30<sup>th</sup> June 2008

	<b>Cumulative 30<sup>th</sup> June 2008 RM'000</b>	<b>Cumulative 30<sup>th</sup> June 2007 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	4,043	(4,212)
Adjustments for:		
Non-Cash Items	11,731	7,157
Interest expenses	7,655	8,178
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>23,429</b>	<b>11,123</b>
Changes in working capital		
Net changes in current assets	(7,279)	39,876
Net changes in current liabilities	10,415	(14,733)
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>26,565</b>	<b>36,266</b>
Interest paid	(7,474)	(7,455)
Tax paid	(12)	(10)
<b>NET CASH (USED IN) /GENERATED FROM OPERATING ACTIVITIES</b>	<b>19,079</b>	<b>28,801</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Development expenditure	(1,107)	(129)
Proceeds from disposal of fixed assets	408	33
Purchase of fixed assets	(684)	(5,942)
Purchase of concession assets	(2,172)	-
Purchase of investment	-	(1)
Investment in associated company	-	(810)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3,555)</b>	<b>(6,849)</b>

**Condensed Consolidated Cash Flow Statement**

For the second quarter ended 30<sup>th</sup> June 2008  
(continued)

	<b>Cumulative 30<sup>th</sup> June 2008 RM'000</b>	<b>Cumulative 30<sup>th</sup> June 2007 RM'000</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	1,425
Repayment of hire purchase and lease payables	(3,075)	(2,837)
Repayment of bond	(10,000)	-
Short term borrowings	4,867	(9,322)
<b>NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES</b>	<b>(8,208)</b>	<b>(10,734)</b>
Net changes in cash and cash equivalents	7,316	11,218
Effects of exchange rate changes	-	-
Cash and cash equivalents at beginning of the year	27,948	35,061
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>35,264</b>	<b>46,279</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Group for the year ended 31<sup>st</sup> December 2007 and the accompanying explanatory notes attached to this interim financial statement.

## Notes to the Interim Financial Report

For the second quarter ended 30<sup>th</sup> June 2008

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### 1. Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 30<sup>th</sup> June 2008 and has been prepared in compliance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market ("MMLR").

The accounting policies and methods of computation adopted by the Group in this report are consistent with those adopted in the financial statements for the year ended 31<sup>st</sup> December 2007 except for the mandatory adoption of the following revised Financial Reporting Standards ("FRS") and Issues Committee Interpretations ("IC Interpretation") effective for the financial period beginning on 1<sup>st</sup> January 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 8	Scope of FRS 2 – Share-based payment

The adoption of the above FRSs and IC Interpretations does not have any significant financial impact to the Group.

### 2. Audit report of preceding annual financial statement

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

### 3. Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors in the second quarter.



#### 4. Segment information

The Group's segment information for the interim financial report to 30<sup>th</sup> June 2008 were as follows:-

Source	Revenue RM'000	Profit/(Loss) before tax RM'000
Software solutions and electronic hardware	46,239	1,442
Manufacturing of substrates, contact and contactless smart cards	84,462	19,028
Farming solutions	236	(238)
Environmental solutions	-	(750)
	130,937	19,482
Other income		528
Interest expenses		(7,655)
Depreciation and amortization		(8,475)
Share of profit of associates		163
Profit before tax		4,043

#### 5. Capital Commitments

##### Authorised and contracted for:-

	RM'000
Construction of greenhouse	3,006
Purchase of property, plant & equipment	3,255
	6,261

#### 6. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities except for the following:

##### (a) Conversion of Non-Cumulative Irredeemable Convertible Preference Shares ("ICPS")

For the financial period from 1<sup>st</sup> January 2008 to 30<sup>th</sup> June 2008, a total of 800,400 units of ICPS have been converted into ordinary shares of RM0.15 each.

#### 7. Changes in the composition of the Group

##### (a) Incorporation of 75%-owned subsidiary in Egypt

On 29<sup>th</sup> May 2008, ICB had incorporated a 75%-owned subsidiary, namely IRIS Egypt ("IE"). IE has a paid-up capital of EGP300,000.00, which is equivalent to

IRIS CORPORATION BERHAD (302232-X)

USD42,060 or RM133,751 (based on an exchange rate of USD1:RM3.18 as at 29 May 2008).

ICB holds 75% of the paid-up capital of IE and the remaining 25% is held by Moustafa Mohamed Mockbel Abdul Hamid.

**(b) Acquisition of additional 5% of the issued and paid-up share capital of GMPC Corporation Sdn Bhd (“GMPC”)**

On 6<sup>th</sup> June 2008, IRIS Technologies (M) Sdn Bhd (“IRIS Tech”), Dibena Enterprise Sdn Bhd, TricubesNCR JV Sdn Bhd and Unisys MSC Sdn Bhd have entered into a Sale and Purchase agreement with the existing shareholder, namely CSA MSC Sdn Bhd to acquire 1,000,000 ordinary shares of RM1 each in GMPC, representing 20% equity interest in GMPC for a purchase consideration of RM2.00.

IRIS Tech’s shareholding in GMPC was increased to 25% from 20% upon completion of this acquisition.

**8. Material changes in estimates**

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current financial period.

**9. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the current quarter, except for the following:-

**(a) Conversion of ICPS**

As at 14<sup>th</sup> August 2008, the Company had issued 25,200 ordinary shares of RM0.15 each pursuant to the conversion of ICPS.

**10. Items of an unusual nature**

There were no items of unusual nature, which affects assets, liabilities, equity, net income or cash flows in the second quarter.

**11. Valuations of property, plant and equipment**

There were no valuations made on property, plant and equipment for this quarter.

**12. Changes in contingent liabilities and contingent assets**

On 12<sup>th</sup> July 2006, ICB entered into a Sales and Purchase Agreement with Enve Hitech Farming Solutions Sdn Bhd (“ENVE”) to purchase Capillary Agrotech (Malaysia) Sdn Bhd (“CA”) to which ENVE would guarantee ICB a profit before taxation of RM6 million before 30<sup>th</sup> June 2008.

In the event of CA's liability to achieve the cumulative profit of RM6 million at the stipulated date, ENVE would be liable to compensate ICB for an amount of 70% of the shortfall in cumulative profit before tax.

On 4<sup>th</sup> March 2008, ICB had agreed to an extension of eighteen (18) months by ENVE to fulfill the profit guarantee.

Other than above, there were no changes in contingent liabilities and contingent assets since the last balance sheet date.

### 13. Taxation

	<b>30<sup>th</sup> June 2008 RM'000</b>	<b>30<sup>th</sup> June 2007 RM'000</b>
Deferred tax liabilities – current year	980	1,000
Current year tax	12	10
	<u>992</u>	<u>1,010</u>

The Group's effective tax rate is lower than the statutory tax rate of 26% mainly due to the availability of capital allowances, investment tax allowances and reinvestment allowances.

### 14. Related Party Transactions

	<b>30<sup>th</sup> June 2008 RM'000</b>
1. MCS Mircosystems Sdn Bhd	
- Purchases	1,405
- Rental received	39
2. Versatile Paper Boxes Sdn Bhd	
- Purchases	6

## **Additional information required by the MMLR**

### **15.1 Review of Performance**

For the six (6) months ended 30<sup>th</sup> June 2008, the Group recorded a revenue of RM130.94 million an increase by approximately 24.2% higher as compared to the revenue of RM105.39 million for the previous comparable financial period ended (“FPE”) 30 June 2007. In line with the increase in revenue, the Group recorded profit before taxation of RM4.04 million for the FPE 30 June 2008 as compared to the loss before taxation of RM4.21 million in the previous comparable FPE 30<sup>th</sup> June 2007.

For the current financial quarter ended 30<sup>th</sup> June 2008, the Group recorded a revenue of RM72 million and profit before taxation of RM1.69 million from RM52.50 million and the loss before taxation of RM0.97 million, which is 37.1% and 274.3% higher respectively when compared to the previous comparable FPE 30<sup>th</sup> June 2007. The increase was contributed by better performances from both local and overseas projects.

### **15.2 Comparison with Preceding Quarter**

The Group’s revenue for the current financial quarter ended 30<sup>th</sup> June 2008 of RM72 million increased by approximately 22.2% as compared to the revenue of RM58.94 million for the preceding quarter ended 31<sup>st</sup> March 2008. This increase was attributable to the higher revenue generated from the projects in Bahamas, Nigeria and Senegal.

Whilst the current quarter recorded higher revenue, profit before tax decreased to RM1.69 million from RM2.36 million recorded in the preceding financial quarter ended 31<sup>st</sup> March 2008. This decrease was mainly attributable to lower margin for overseas projects.

## **16. Prospects**

For the financial year ending 2008, the Group’s expected revenue will be contributed by the core business of national security solutions. Local revenue will be sustained by the sale of passport inlays, MyKad as well as project sales. Overseas sales will be boosted by higher sales of passports to Nigeria and Senegal.

Barring unforeseen circumstances, the Group expects the performance of 2008 to be satisfactory.

## **17. Variance on actual results from forecast profit and shortfall in profit guarantee**

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

### 18. Unquoted Securities

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

### 19. Quoted Securities

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

### 20. Other Investments

Other investments represent deposits paid in respect of:

	<b>30<sup>th</sup> June 2008 RM'000</b>
Investment in XID Technologies Pte Ltd	2,378
Golf Club Membership	406
(Less) Provision for diminution in value	<u>(2,378)</u>
	<u><u>406</u></u>

XID Technologies Pte Ltd is an unquoted Singapore company.

### 21. Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at 14<sup>th</sup> August 2008, being the latest practicable date which is not earlier than seven (7) days from the date of issue of this quarterly report:-

**(a) Proposed Private Placement of up to 155,431,281 new ordinary shares of RM0.15 each in ICB (“Proposed Private Placement”)**

On 16 May 2008, the Board had announced that that the application to the Securities Commission and Foreign Investment Committee on the Proposed Private Placement of up to 155,431,281 new ordinary shares of RM0.15 each in representing up to ten percent (10%) of the issued and paid-up share capital of the company to investors to be identified has been approved.

As at the 14 August 2008, the Proposed Private Placement is pending implementation.

**(b) Proposed disposal and leaseback of two plots of leasehold land located within Technology Park Malaysia, Kuala Lumpur and a four (4) and a half storey office and manufacturing building to Mapletree Industrial Fund Ltd (“Mapletree”) (“Proposed Disposal and Leaseback”)**

IRIS Technologies (M) Sdn Bhd (“IRIS Tech”), a wholly-owned subsidiary of ICB, had on 11<sup>th</sup> July 2007 accepted a Conditional Letter of Offer issued by Mapletree dated 9<sup>th</sup> July 2007 for the proposed disposal and leaseback of two plots of leasehold land and a four (4) and a half storey office and manufacturing building bearing the postal address Lot 8 & 9, IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur with an estimated land area of approximately 188,179 sq ft to Mapletree for a consideration of RM91.5 million.

Both IRIS Tech and Mapletree Industrial Fund Ltd have mutually agreed to extend the negotiation period on the terms of the definitive Sale and Purchase Agreement up to 4 September 2008.

## 22. Group Borrowings and Debt Securities

The Group’s borrowings from financial institutions as at the end of the current quarter are:

	<b>Short Term RM’000</b>	<b>Long Term RM’000</b>	<b>Total RM’000</b>
Secured	52,854	125,000	177,854
Unsecured	-	-	-
<b>Total</b>	<b>52,854</b>	<b>125,000</b>	<b>177,854</b>

## 23. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of this report.

## 24. Material Litigation

Save for the outstanding material litigations as disclosed below, there are no other material litigations involving the Group:

- (a) On 29<sup>th</sup> November 2006, ICB had filed a lawsuit against United States (“US”) Government in the U.S Court of Federal Claims in Washington D.C. The claim based on the ICB US Patent No. 6,041,412 which relates to others, a Basic Access Control (“BAC”) and Extended Access Control (“EAC”) e-passport reader. IRIS is claiming for reasonable compensation, in this case, royalties, from the US Government in respect of readers in use by the US Government, which were in turn purchased from Rochford Thompson of Newbury, England and supplied to the US Government by Rochford’s agent, Government Micro Resources, Inc of Virginia (now known as Fulcrum IT Services Company).

The US Government has brought Fulcrum IT Services Company and 3M Rochford Thompson Ltd. (3M has acquired Rochford Thompson on 31<sup>st</sup> July 2007) into the litigation alleging that ICB should be reimbursed by the party, should they be found to be liable to pay royalties to ICB. Currently, the hearing of case is still on-going.[01]

- (b) On 29<sup>th</sup> November 2006, ICB had filed a lawsuit against Japan Air Lines (“JAL”) in the U.S. District Court, Eastern District of New York. The claim is in relation to the ICB US Patent No. 6,111,506, which claims among others, a method of manufacturing an electronic passport (“the ICB US patented process”). ICB’s claim is based on allegation that JAL uses electronic passports that have been manufactured overseas by entities that practice the steps of the ICB US patented process, when checking in passengers at JAL’s US passenger check-in facilities.

JAL has filed a motion to dismiss the claim. ICB’s solicitors, Messrs Moses & Singer LLP, have opposed the motion to dismiss. The briefs on the motion had been filed in June 2007 and the matter is now pending a written decision and opinion by District Judge.

In both (a) and (b) mentioned above, ICB is seeking monetary damages, the quantum of which has not been specified to date.

- (c) A Writ of Summons No. MT3- 22-191-2007 and Statement of Claim dated 13<sup>th</sup> April 2007 was filed in the High Court of Malaya at Penang by Sigma Range Sdn Bhd (“SRSB”) against ICB. SRSB is seeking damages for loss of profits in the sum of RM17,466,840.00 on sale together with general damages, interests, costs and further and/or other relief for the alleged breach of an agreement for the sale and purchase of the 5,000 units of ICB’s Smart Team product lines comprising 4,600 units of Mobile SmartTerm ST4e and 400 units of Desktop SmartTerm TC6000. ICB has filed its Statement of Defence on 13<sup>th</sup> June 2007. ICB has received a letter dated 22<sup>nd</sup> April 2008 from the Penang High Court informing that the matter has been transferred to the Kuala Lumpur High Court and the new suit number D1-22-676-2008 has been given by the High Court of Kuala Lumpur on 13<sup>th</sup> May 2008.

Sigma Range Sdn Bhd’s solicitors had on [date] served an unsealed copy of the Notice of Pre-trial for Case Management to the Kuala Lumpur High Court and now it is pending for the notice of sealed copy to be served on us.

## **25. Dividend**

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

## **26. Earnings Per Share**

	<b>Individual quarter ended</b>	
	<b>30<sup>th</sup> June 2008</b>	<b>30<sup>th</sup> June 2007</b>
<b>(a) Basic earnings per share</b>		
Profit / (Loss) attributable to equity holders of the Company for the period (RM'000)	1,680	(1,673)
Weighted average number of ordinary share ('000)	1,369,121	1,202,922
<b>Basic earnings per share (Sen)</b>	<b>0.12</b>	<b>(0.14)</b>
<b>(b) Diluted earnings per share</b>		
Profit attributable to equity holders of the Company for the period (RM'000)	1,680	(1,673)
Weighted average number of ordinary shares ('000)	1,369,121	1,202,922
Adjustment for assumed conversion of ICPS ('000)	16,190	59,169
Adjustment for assumed exercise of Warrants ('000)	10,292	25,374
Adjustment for assumed exercise of ESOS ('000)	-	16,187
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	1,395,603	1,303,652
<b>Diluted earnings per share (Sen)</b>	<b>0.12</b>	<b>(0.13)</b>



**27. Projects On Hand**

The projects on hand of the Group as at 14<sup>th</sup> August 2008 are as follows:-

<b>Project</b>	<b>Client</b>	<b>Description</b>	<b>Status</b>
MyKad	GMPC Corporation Sdn Bhd / Jabatan Pendaftaran Negara (“JPN”)	Supply of national ID Card to JPN	Supplied 597,657 pieces of ST <sub>[02]</sub> MyKad Touch N’ Go during 1 <sup>st</sup> half 2008
Malaysia Electronic Passport (“MEP”) Substrates	Percetakan Keselamatan Nasional (“PKN”) / Jabatan Imigresen Malaysia (“JIM”)	Supply of e-passport substrates to PKN	Supplied 566,034 pieces of e-passport substrates during 1 <sup>st</sup> half 2008
JPN Maintenance Contract	JPN	Provide maintenance services	On-going
JIM Maintenance Contract	JIM	Provide maintenance services	On-going
Nigeria Project	Iris Smart Technologies Limited (“ISTL”) / Nigerian Government	Supply of e-passport inlays to the Federal Republic of Nigeria	Supplied 260,000 pieces of e-passport books with embedded inlay during 1 <sup>st</sup> half 2008
Thai Passport Inlay	On Loyal Technology Ltd	Supply of e-passport inlays to Thailand	Supplied 250,000 pieces of e-passport inlays during 2 <sup>nd</sup> quarter 2008
Somalia Project	Just Solutions Limited	To supply and implement a complement e-passport and e-ID System for the Republic of Somalia	Slow progress for the time being due to civil unrest in the country
Indonesia Project	PT. (Persero) Sucofindo	To design, supply, implement and maintain the Civil Service Electronic Identification Card System in Indonesia	Initial ground work commenced. Further work is dependent on financing package from Indonesia
Bahamas Project	Indusa LLC	Supply of Passport, Visa & Work Permit Issuance System and Border Control Management System	Completed 80% of project milestone
Cambodia Project	Southeastasianet Technologies Sdn Bhd	Supply of ICAO E-Passport stickers, E-Passport Systems & Autogates	Supplied 53,000 pieces of passport stickers during 1 <sup>st</sup> half 2008

IRIS CORPORATION BERHAD (302232-X)

<b>Project</b>	<b>Client</b>	<b>Description</b>	<b>Status</b>
Maldives Project	Austria State Printing House	Supply of ICAO E-Passport inlays & E-Passport Systems	Supplied 20,000 pieces of passport inlays for year 2008 order
Turkey e-passport issuing systems	Government of Turkey	To supply e-passport enrolment & issuance systems, public key infrastructure and e-passport personalization equipment	Completed delivery of hardware and off-the-shelf software
Solid Waste Disposal and Electricity Generation Plant	PJT Technology Co., Ltd.	Design, Construction and Maintenance of a solid waste incinerator and electricity generation plant in Thailand	Incinerator, boiler, turbine and generator have been installed and are being tested.
Smart Packing Solution	Smart Packing Solution SPS (“SPS”)	Cross-license and business agreement between IRIS and SPS	Final agreement is being made in respect of Quality Control and resultant yield before actual supply of IC modules.
MOU for strategic collaboration with IBM	International Business Machines Corporation (“IBM”)	To set up a manufacturing facility within IBM facility in Vermont, USA	Base Agreement II was terminated on 31 <sup>st</sup> May 2008.
Senegal e-passport project	The Government of The Republic of Senegal	Construct the operating office of e-Passport system and supply of 10 million pieces of e-passport inlays over 20 years	Supplied 203,000 pieces of e-passport books with embedded inlay during 1 <sup>st</sup> half 2008