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# 2016

ANNUAL REPORT

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# TECHNOLOGY EMPOWERMENT COMPANY

Empowering the masses  
with the latest & proven technology



# OUR JOURNEY 2016

During the first half of the year, the Company's core business in providing ancillary services to the mobile subscribers via its proprietary Airtime Sharing ("ATS") platform of Peer-to-Peer ("P2P") services faced downward pressure experienced by the telecommunication industry overall, driven by voice and SMS being on the decline.

To ensure future sustainability, we made a conscious decision to pivot into other technological areas of business based on the company's existing strengths and potential. They are Sustainability & Green Technology Solutions ("Green Tech"), Internet of Things Solutions ("IoT"), Big Data Analytics ("BDA") and exploring the business value of Financial Technology ("FinTech").

To this effect, Sedania Innovator has entered into a five-year partnership with global BDA giant, Cloudera, in July 2016 to provide Cloudera data analytics services to corporations in Malaysia, as well as, access to the rest of Southeast Asia. The partnership aptly positioned the company in the forefront of empowering corporations with revolutionary tools for effective data.

We followed this up with our first venture into Green Tech with a strategic partnership agreement effective 1 September 2016, with Matrix Energy Sdn. Bhd. ("MESB") to provide Green Tech solutions for a five-year period. The solution is focused on financial institutions or organisations with a sizeable number of offices or branches.

Under our IoT initiative, Sedania Innovator teamed up with iSCADA Net Sdn. Bhd. ("iSNet") in December 2016, to jointly provide IoT smart devices for installations to designated buildings that allows instant connectivity with Fire and Rescue Department of Malaysia ("Bomba") in times of emergency.

Whilst we work rigorously to get our proprietary P2P sharing services platform back on track, with BDA, Green Tech and IoT, the Company now looks forward to enjoying multiple revenue streams over the next few years.

To ensure a sustainable business growth over a longer term, we are exploring the business value of FinTech, a financial technology platform that will transform the financial services landscape in Malaysia and regionally for better efficiencies and funding access as our next growth accelerator.



## P2P SERVICES

**103 Million**  
Telco Subscribers<sup>1</sup>

Addressable telco subscribers from Sedania Innovator's existing 5 major regional telco clients.



## GREEN TECH

**RM61 Billion**  
market in 2030<sup>2</sup>

Projected demand in Malaysia as reported by Statista, 2016.



## INTERNET OF THINGS

**RM10 Billion**  
market in 2020<sup>3</sup>

As reported by Malaysia National IoT Strategic Roadmap, published in 2015.



## BIG DATA ANALYTICS

**RM80 Billion**  
market in 2018<sup>4</sup>

For SEA region as reported by International Data Corporation (IDC)



## FINTECH

**RM30 Billion**  
transaction in 2017<sup>5</sup>

As calculated by Statista Report, 2016 of transaction value utilizing Fintech platform in Malaysia.

### References:

- <sup>1</sup> <https://aseanup.com/southeast-asia-digital-social-mobile/>
- <sup>2</sup> <https://www.statista.com/statistics/271006/market-forecast-of-the-global-greentech-industry/>
- <sup>3</sup> [http://mimos.my/iot/National\\_IoT\\_Strategic\\_Roadmap\\_Summary.pdf](http://mimos.my/iot/National_IoT_Strategic_Roadmap_Summary.pdf)
- <sup>4</sup> [http://www.idc.com/getdoc.jsp?containerId=IDC\\_P33195](http://www.idc.com/getdoc.jsp?containerId=IDC_P33195)
- <sup>5</sup> <https://www.statista.com/outlook/295/122/fintech/malaysia#>

# COMPANY BRIEF

## ABOUT SEDANIA INNOVATOR BERHAD

Sedania Innovator Berhad is a technology empowerment company dedicated to enabling corporations and consumers to optimize their operations, stay ahead of the game and realize their highest potential by harnessing the most appropriate and latest technologies.

Believing that 'If it's man-made, it's meant to be improved', Sedania Innovator is constantly and actively exploring the rapidly-evolving technologies to empower everyone to build a more exciting future and possibilities.

Founded in 2013, Sedania Innovator is a Malaysia-based investment holding company. Its subsidiary, IDOTTV Sdn. Bhd. incorporated in 2004 and acquired 100% on July 2014, is the developer and operator of the proprietary Airtime Sharing ("ATS") platform that allows mobile subscribers to request and transfer airtime credits to other prepaid subscribers.

To date, the Company's ATS under the Peer-to-Peer ("P2P") services serve over 100 million mobile subscribers across the Southeast Asia and East Asia regions.

Over the years, the Company has received awards and recognitions such as the Quality and Technology award in Gold Category from The International Arch of Europe Awards in 2011, the Corporate Social Responsibility Leadership Awards from the Asia Pacific Young Business Conference and the Sustainable Growth Award for the GreenBilling© Application from WITSA Global ICT Excellence Awards in 2012.

Built by an entrepreneur passionate about growth and ever on the look-out for the next BIG thing, Sedania Innovator has developed its business portfolio across 5 thrusts of technologies, namely:



**P2P**  
Peer-to-Peer Services



**Sustainability**  
& Green Technology Solutions



**IOT**  
Internet of Things



**BDA**  
Big Data Analytics



**FinTech**  
Financial Technology

Sedania Innovator was listed on the ACE Market of Bursa Malaysia Securities Berhad on 29 June 2015.

To know more, please log on to the company's website at :  
[www.sedaniainnovator.com](http://www.sedaniainnovator.com)



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Y. BHG. TAN SRI ABDUL HALIM BIN ALI**  
*Senior Independent Non-Executive Chairman*

**DATUK NOOR AZRIN BIN MOHD NOOR**  
*Managing Director*

**NOOR SYAFIROZ BIN MOHD NOOR**  
*Executive Director*

**Y. BHG. TAN SRI NURAIZAH BINTI ABDUL HAMID**  
*Independent Non-Executive Director*

**DATUK SYED IZUAN BIN SYED KAMARULBAHRIN**  
*Independent Non-Executive Director*

**LAU KIN WAI**  
*Independent Non-Executive Director*

## COMPANY SECRETARIES

Shahniza Anom Binti Elias (LS 0006472)  
Tia Hwei Ping (MAICSA 7057636)

## AUDIT & RISK MANAGEMENT COMMITTEE

Datuk Syed Izuan Bin Syed Kamarulbahrin, *Chairman*  
Y. Bhg. Tan Sri Abdul Halim Bin Ali  
Y. Bhg. Tan Sri Nuraizah Binti Abdul Hamid

## NOMINATION COMMITTEE

Y. Bhg. Tan Sri Abdul Halim Bin Ali, *Chairman*  
Y. Bhg. Tan Sri Nuraizah Binti Abdul Hamid  
Datuk Syed Izuan Bin Syed Kamarulbahrin

## REMUNERATION COMMITTEE

Y. Bhg. Tan Sri Nuraizah Binti Abdul Hamid, *Chairman*  
Y. Bhg. Tan Sri Abdul Halim Bin Ali  
Datuk Syed Izuan Bin Syed Kamarulbahrin

## REGISTERED OFFICE

Level 8 Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46,  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel No. : (603) 7841 8000  
Fax No. : (603) 7841 8199

## CORPORATE OFFICE

Level 10 Kelana Parkview Tower  
Jalan SS6/2  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel No. : (603) 7880 2001  
Fax No. : (603) 7880 6001

## AUDITORS

BDO @ Menara CenTARa  
Level 8, 360 Jalan Tunku Abdul Rahman  
50100 Kuala Lumpur  
Tel No. : (603) 2616 2888  
Fax No. : (603) 2616 3190

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3 Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel No. : (603) 2783 9299  
Fax No. : (603) 2783 9222

## PRINCIPAL BANKER

RHB Islamic Bank Berhad

## SPONSOR

M&A Securities Sdn Bhd  
Level 11, No. 45 & 47  
The Boulevard Mid Valley City  
Lingkar Syed Putra, 59200 Kuala Lumpur  
Tel No. : (603) 2284 2911  
Fax No. : (603) 2284 2718

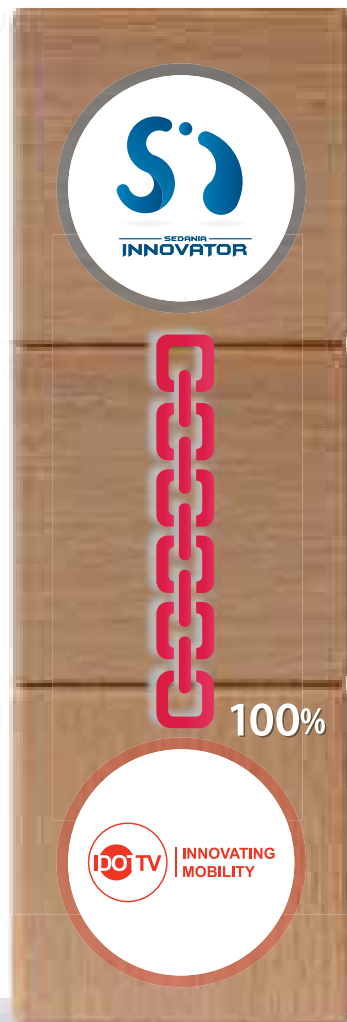
## STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad  
Listing Date : 29 June 2015  
Stock Code : 0178  
Stock Name : SEDANIA

## WEBSITE

www.sedaniainnovator.com  
Email : info@sedaniainnovator.com

# CORPORATE STRUCTURE



Name:  
**SEDANIA INNOVATOR BERHAD**



Date & Place of Incorporation:  
**17 December 2013 Malaysia**



Listing Date & Stock Code:  
**29 June 2015 (0178)  
ACE Market of Bursa Malaysia  
Securities Berhad**



Name:  
**IDOTTV SDN. BHD.**



Date & Place of Incorporation:  
**29 January 2004 Malaysia**



# FINANCIAL CALENDAR

**31 DECEMBER 2016**
**ANNOUNCEMENT OF RESULTS**

First Quarter	23 MAY 2016
Second Quarter	29 AUG 2016
Third Quarter	29 NOV 2016
Fourth Quarter	21 FEB 2017

**ANNUAL GENERAL MEETING**

15 MAY 2017

**DIVIDEND**

Announcement Date	29 AUG 2016
Record Date	21 SEPT 2016
Payment Date	20 OCT 2016





# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OPERATIONS & STRATEGIES

The Group continues to focus on our core business in telecommunications and information technology (IT) domain through its wholly-owned subsidiary, IDOTTV Sdn. Bhd. ("IDOTTV"). We are positioning ourselves as a technology empowerment company - utilising innovation in technology to provide solutions that empower consumers and businesses to be smarter and more efficient.

Our principle product is the ATS Solutions, a mobile sharing solution that facilitates the transfer of telco commodity such as airtime credit, SMS and data from either prepaid or post-paid mobile subscribers to other prepaid subscribers within the same network at any time and place. At present, our ATS Solutions are running in three (3) Mobile Network Operators ("MNOs") and one (1) Mobile Virtual Network Operator ("MVNO") in Malaysia and Bangladesh. Our ATS platform is integrated into the respective MNO's system and utilises the MNO's infrastructure and gateway to reach out to the subscribers.

As part of our expansion plan to serve beyond the telecommunication industry, the Group has decided to pivot into new verticals in areas such as Green Technology, Internet of Things ("IoT") and Big Data to further enhance the Group's revenue stream. One of the key highlights of this is the establishment of strategic partnerships to accelerate growth and value creation.

On 25 July 2016, the Group entered into an agreement with a US-based Cloudera Inc., making us the sole "Gold Cloudera Partner" in Malaysia. The partnership enabled us to provide Cloudera Big Data Analytics platform and services for Malaysia and Southeast Asian markets for a period of five years.

We signed a five-year strategic partnership agreement with Matrix Energy Sdn. Bhd. for the provision of Green Technology Solutions on 16 August 2016. Subsequently, on 20 December 2016, the Group signed a five-year strategic partnership agreement with iSCADA Net Sdn. Bhd. for the provision of IoT Solutions.

Highlights of our Group's financial information for the past five (5) financial years:

RESULTS	2012* RM'000	2013* RM'000	2014 RM'000	2015 RM'000	2016 RM'000
Revenue	8,959	10,118	11,483	8,704	14,273
EBITDA	4,777	7173	6,977	2,081	(799)
Profit/(Loss) Before Taxation	4,291	6,848	6,635	1,309	(1,870)
Profit/(Loss) After Taxation	4,302	6,708	6,458	1,847	(2,136)
Profit/(Loss) For The Year Attributable to Equity Holders	4,302	6,708	6,458	1,847	(2,136)
<b>STATEMENT OF FINANCIAL POSITION</b>					
Total assets	19,076	15,789	21,918	43,730	38,934
Total shareholders' equity	16,614	14,789	21,323	40,323	36,186
Total liabilities	2,462	1,000	595	3,407	2,748
<b>FINANCIAL STATISTICS</b>					
PBT Margin (%)	47.89	67.68	57.78	15.04	(13.10)
PAT Margin (%)	48.02	66.30	56.24	21.22	(14.97)
Number of Shares (Units)	2,000,000	2,000,000	148,533,000	200,000,000	200,000,000
Basic Earnings Per Share (RM)	2.15	3.35	0.04	0.01	(0.01)

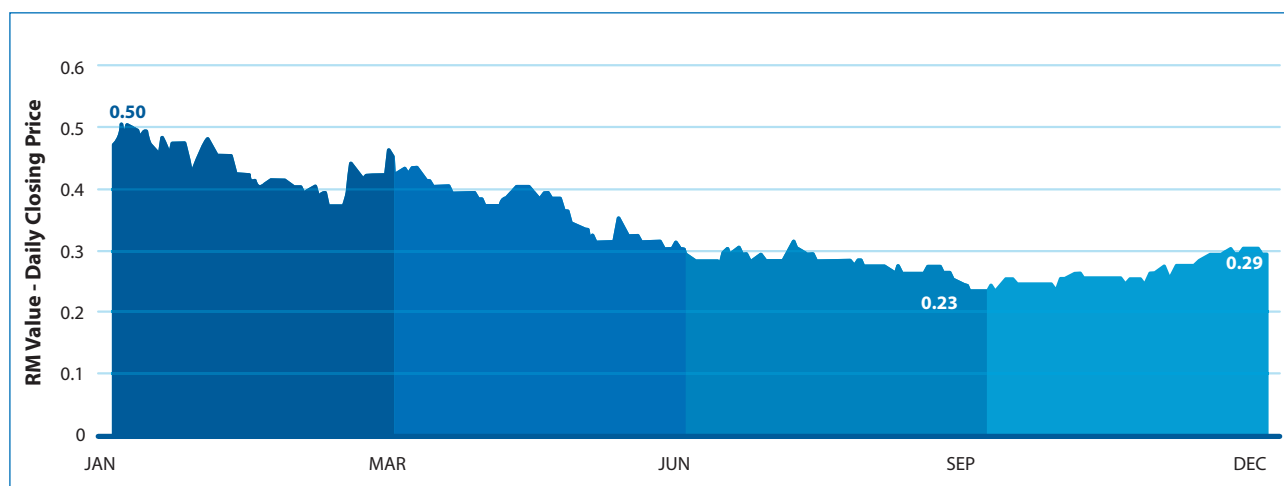
### Notes:

\* 2012 and 2013 information are for comparison purposes only where the results represented were from IDOTTV Sdn. Bhd., prior to the acquisition on 24 July 2014 by Sedania Innovator Berhad. Further details can be found in the prospectus of the Company dated 9 June 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## SHARE PERFORMANCE

Period: 1 January 2016 to 31 December 2016:



Year High : RM0.50 on 8 January 2016  
 Year Low : RM0.23 on 28 September 2016  
 Highest Trading Volume : 14,840,700 on 30 March 2016  
 Year End Close : RM0.29  
 Market Capitalisation As At 31 December 2016 : RM58 Million

## FINANCIAL RESULTS

	FYE 2016 RM'000	FYE 2015 RM'000	Change
Revenue	14,273	8,704	+63.98%
Other operating income	1,297	1,178	10.10%
Operating expenses	(17,406)	(8,542)	+103.77%
Finance costs	(34)	(30)	-13.33%
(Loss)/Profit before tax	(1,870)	1,310	-242.75%
Taxation	(266)	538	+149.44%
(Loss)/Profit after tax	(2,136)	1,848	-215.58%

### Revenue

For the financial year ended ("FYE") 31 December 2016, our Group recorded a revenue of RM14.27 million, which was RM5.57 million or 63.98% higher from the previous financial year. The Group's revenue has increased primarily due to contribution from the provision of Green Technology solutions starting from the third quarter amounting to RM4.15 million and contribution from the provision Internet of Things (IoT) solutions during the fourth quarter, amounting to RM2.30 million.

### Other operating income

Other operating income for the FYE 2016 was mainly attributable to income distribution from short term funds and interest income from finance lease.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## Operating expenses

Major components of the Group's operating expenses for FYE 2016 as compared to FYE 2015 are set out below:

	FYE 2016 RM'000	FYE 2015 RM'000	Change (+/-)
Cost of sales	5,482	-	>+100%
Advertisement and promotions	1,110	411	>+100%
Directors remuneration	1,188	397	>+100%
Employee benefits expenses	5,173	4,147	+24.74%
Depreciation of PPE	1,037	742	+39.80%
Impairment of trade receivables	-	170	-
Other operating expenses	3,416	2,676	+27.65%
<b>Total operating expenses</b>	<b>17,406</b>	<b>8,543</b>	<b>+103.75%</b>

Total operating expenses increased more than 100% to RM17.4 million for FYE 2016 from RM8.54 million in the prior year mainly due to the following key drivers:

- Cost of sales increased more than 100% in FYE 2016 due to direct costs from the Green Technology and IoT solutions.
- Advertisement and promotions increased more than 100% in FYE 2016 mainly attributable to on-going marketing, entertainment, advertising and promotional activities for ATS Services.
- Directors' remuneration increased more than 100% to RM1.20 million in the FYE 2016, which includes directors' fee, executive directors' salaries and contributions to defined contribution plan as compared to only directors' fee of RM0.40 million in the prior year.
- A 24.74% increased in employee benefits expenses to RM5.17 million from RM4.15 million in the prior year primarily due to increased manpower costs to hire highly specialised mobile developers and technical staff. We believe that it is essential to have the right people to support our potential growth. The employee benefits expenses consist mainly wages, salaries, contributions to defined contribution plan as well as other benefits.
- A 27.65% increased in other operating expenses to RM3.42 million from RM2.68 million in the prior year. Other operating expenses consist of rental expenses, office maintenances, travelling and accommodation expenses, utilities, telephone and internet charges, upkeep of motor vehicles and other miscellaneous expenses.

## Finance costs

Our Group's finance cost consist predominantly of interest on term loan, secured by a first legal charge against the Company's office premises. The weighted average effective interest rate of borrowing of the Group is 4.45% (2015 : 4.45%) per annum.

## PBT and PAT

	FYE 2016 RM'000	FYE 2015 RM'000	Change
Revenue	14,273	8,704	+63.98%
(Loss)/Profit before tax	(1,870)	1,310	-242.75%
(Loss)/Profit after tax	(2,136)	1,848	-215.58%
Profit attributable to equity holder of the Company	(2,136)	1,848	-215.58%
(Loss)/Earnings per share (RM)	(0.011)	0.011	-200.00%

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

For the FYE 2016 we registered a loss before tax of RM1.87 million as compared to a profit before tax of RM1.31 million in the FYE 2015. The decrease was mainly due to higher operating expenses inclusive of cost of sales and development costs from the new revenue segments and higher manpower cost.

In 2016, our loss after tax was RM2.14 million mainly due to underprovision of tax in the prior years and current year's non-allowable deductions.

Loss per share for the year was RM0.011 compare with earnings per share of RM0.011 last year.

## STATEMENTS OF FINANCIAL POSITION

	FYE 2016	FYE 2015	Change
<b>RM'000</b>			
Total non-current asset	7,388	4,369	69.10%
Total current asset	31,546	39,361	-19.85%
<b>Total Assets</b>	<b>38,934</b>	<b>43,730</b>	<b>-10.97%</b>
Total non-current liabilities	746	824	-9.47%
Total current liabilities	2,002	2,583	-22.49%
<b>Total Liabilities</b>	<b>2,748</b>	<b>3,407</b>	<b>-19.34%</b>
Total Shareholders' Equity	36,186	40,323	-10.26%
Net tangible assets per share (RM)	0.18	0.20	-10%

### Asset

Our Group's total assets were RM38.93 million, a decrease of RM4.80 million from the prior year. Total current assets stood at RM31.55 million, decreasing by 19.85% or RM7.82 million mainly from a reduction in cash and cash equivalents of RM12.52 million (see further details in Cash Flow section), offset with an increase in trade and other receivables and current lease receivables during the year.

Total non-current asset stood at RM7.39 million, an increase of 69.10% or RM3.02 million, inclusive of non-current lease receivables and fixed assets.

### Liabilities

Total liabilities of the Group were RM2.75 million, a decrease of RM0.65 million or 19.34% from the prior year, largely due to payment of interim dividend accrued in the prior year, offset with higher trade and other payables during the year.

### Shareholders' equity

Total shareholders' equity was RM36.19 million, a decrease of RM4.14 million or 10.26% from the prior year, as a result of net loss for the year of RM2.14 million and reduction in inappropriate retained earnings from interim dividend payments of RM2.0 million for the FYE 2016. As of 31 December 2016, total issued and fully paid-up share capital stood at 200 million shares.

### Net Tangible Assets per share

Net Tangible Assets (NTA) per share as at 31 December 2016 was RM0.18, declined 10% from the NTA of RM0.20 per share in the prior year.

### CASHFLOW

For the FYE 2016, our Group's cash and cash equivalents reached RM21.64 million, a decline of 36.64% or RM12.52 million from the prior year.

We have utilised net cash from operating activities of RM8.45 million as compared to increased in net cash from operating activities of RM1.89 million in FYE 2015. Working capital changes arose from the following:

1. accretion of lease receivables;
2. the increase in trade and other receivables mainly from IoT revenue segment's contribution in the last quarter of the year and higher billings during the financial year as compared to collections; and
3. the increase in trade and other payables in relation to Green Technology and IoT revenue segments and accrued expenditures towards the financial year end.

Net cash from investing activities in the FYE 2016 includes net cash paid for purchases of capital expenditures of RM0.98 million, which was 43% lower than FYE 2015, and income distribution from short term funds of RM1.02 million, a 62.60% higher than FYE 2015.

For FYE 2016, we utilised net cash from financing activities of RM4.11 million mainly for dividend payments and repayment of term loan.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF OPERATING ACTIVITIES

Below is the operating performance of the three (3) business segments.

	FYE 2016 RM'000	FYE 2015 RM'000	Change (+/-)
<b>Segmental Revenue</b>			
Airtime Sharing	7,969	8,704	-8.44%
Green Technology Solutions	4,004	-	-
Internet of Things Solutions	2,300	-	-
<b>Total Revenue</b>	<b>14,273</b>	<b>8,704</b>	

2016 was a challenging year for the Group's ATS Services. The revenue from the ATS segment was RM7.97 million, a decline of RM0.74 million or 8.44% lower as compared to RM8.70 million in the FYE 31 December 2015. The decrease in revenue was due to lower average number of transactions per day recorded for the Group's ATS services in the financial year 2016 as compared to financial year 2015. Nevertheless, during the year, our Group launched ShareShare - the mobile application version of ATS as one of our new revenue channel (airtime top up) and commercially launched our ATS solutions with a new MNO in Malaysia. We expects revenue from ShareShare and the new MNO would contribute positively to the performance of ATS segment in the future.

Revenue from the provision of Green Technology solutions with Matrix Energy Sdn. Bhd. includes recognition of a finance leases arrangement. Receivable from finance leases, in which the Group as lessor transfers substantially all the risks and rewards incidental to ownership to the customer are recognised at an amount equal to the net investment in the lease. Finance income is subsequently recognized based on a pattern reflecting a constant periodic rate of return on the net investment using the effective interest method. RM4.0 million of finance lease income has been recognised in the FYE 2016.

The strategic partnership agreement with iSCADA Net Sdn. Bhd. for the provision the IoT solutions formed part of a fire safety portal under Sistem Pengawasan Kebakaran Automatik ("SPKA") for Jabatan Bomba and Penyelamat Malaysia ("JBPM") for a minimum of 6,300 designated buildings for a period of five (5) years. During the FYE 2016, the Group has secured orders for 1,000 designated buildings amounting to RM2.3 million.

## Key Markets

Our Group's revenue based on geographical location of our customers are as follows:

	FYE 2016 RM'000	%	FYE 2015 RM'000	%
Malaysia	12,007	84.12%	6,310	72.50%
Bangladesh	2,263	15.86%	2,366	27.18%
Indonesia	3	0.02%	28	0.32%
<b>Total Revenue</b>	<b>14,273</b>		<b>8,704</b>	

84.12% of the Group's FYE2016 revenue were sourced from Malaysian markets (2015 : 72.50%), 15.86% from Bangladesh (2015 : 27.18%) and 0.02% from Indonesia (2015 : 0.32%).



# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## RISKS RELATING TO OUR BUSINESS AND OPERATIONS

Our Group is exposed to a number of risks in the normal course of business that may potentially affect the operating performance of the Group. The Group remain conscious of the potential risk and measures are taken by putting in place system of internal control for risk management strategies, in order to facilitate in mitigating potential risks. Nevertheless, it should be noted that such internal control are designed to manage rather than to totally eliminate associated risks; and as such, we can only provide reasonable but not absolute assurance against these risks which are beyond our control.

### **We are dependent on the infrastructure of our MNO partners for the delivery of our ATS services.**

As mentioned earlier, our ATS platform is integrated into the MNO's system and utilises the MNO's infrastructure and gateway to reach out to the subscribers. Accordingly we are reliant on the infrastructure, coverage, quality, reliability, service upgrades and network capacity of our MNO partners, which are beyond our control. To mitigate such risks, we ensure continuous communication with our MNO partners are regularly maintained at all times by our Network Operations Centre ("NOC") to monitor their operating system and thus ensures that we are informed of any unforeseen service interruptions. Any technical errors are duly attended in accordance with the agreed service level between our Group and the MNO partners. We also ensure that prior to live activation of any system upgrades, simulation and controlled environment test are conducted to ensure smooth integration into the MNO's infrastructure.

### **We are dependent on the performance of our strategic partners.**

Our ATS solutions for an MNO in Bangladesh is done through an independent local partner. Additionally, during the year, we have entered into two (2) strategic partnerships for the provision of Green Technology and IoT solutions. The revenue generated from our strategic partners in Malaysia and Bangladesh have contributed approximately 60.4% of the Group's total revenue in FYE 2016. We are dependent on these strategic partners to successfully maintain their business relationship with their respective clients in order to secure and maintain our contracts for the provision of our solutions. In the event that one or more relationship of our strategic partners or our relationship with our strategic partner is terminated, curtailed or renewed on terms that may be unfavourable to the Group, our business, results of operations and financial conditions may be adversely affected. We attempt to mitigate such risks by employing a number of measures which include aligning project, business and risk management.

### **We are subject to the risk of non-collectability of our trade receivables.**

Trade receivables do not carry interest. Management considers that the carrying value of trade and other receivables approximates the fair value. Non-collectability will adversely affect our cash flow, financial position, results of operations and business prospects. We acknowledge the importance of sound credit control and seek to mitigate the risk by monitoring the outstanding trade receivables of the Group and undertaking relevant measures to ensure our trade receivables are maintained at a manageable level at all times. We also continuously monitor our cash flow and maintain an action plan for any receivable beyond its credit term.

## TREND, OUTLOOK AND PROSPECT

### **ATS Solutions**

We had a challenging year in 2016 as the rest of the industry players. This is compounded by the continuous change in consumer spending patterns particularly in telecommunications industry. Consumers are now making adjustments in their use of communication services to control costs. In 2017 we expect a rather flat growth in the ATS segment. Notwithstanding the challenges, we will continuously develop new products to complement the ATS solutions, whilst continue to look for new markets and opportunities to improve operating revenue from the ATS services.

### **Green Technology**

Globally, the development and good practices of green environment has created a strong wave among the society and Malaysia is building momentum in this aspect. Increased awareness for sustainable development is beginning to change the behaviour of consumers, who are beginning to demand for more green solutions. More households and businesses are adopting a green lifestyle, a trend that is well entrenched in many advanced countries and gaining rapid momentum in several developing economies including the ASEAN region. Likewise, the 11th Malaysia Plan<sup>1</sup> (11MP) represents Malaysia's keen interest in stepping up its pledge to the environment and long-term sustainability. One of the strategy is to enhance demand side management towards efficient management of energy resources including electricity. We trust there are ample market opportunities and growth for this segment.

<sup>1</sup> Eleventh Malaysia Plan, 2016-2020



# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## IoT

The National IoT Strategic Roadmap published in 2015 by MIMOS highlights that IoT opportunities are enormous with global economic value projection ranging from USD1.9 trillion to USD7.1 trillion and the IoT potential in Malaysia will be RM9.5 billion gross national income creation by 2020<sup>2</sup>. Hence we foresee that these new service offering will be our key growth driver to the Group's revenue in line with our expansion plan.

## Big Data Analytics

International Data Corporation (IDC) Inc. forecasts a 50% increase in revenues from the sale of big data and business analytics software, hardware and services between 2015 and 2019<sup>3</sup>. Our venture into big data analytics is expected to start making significant contributions to our revenue starting in FYE 2017. Having Cloudera Inc. as our partner, we foresee that the venture is complementary to and an extension of our current businesses to provide the right tools and technologies to empower target markets.

## Prospects

We expect 2017 to be a challenging year given the on-going uncertainties of crude oil prices, the Ringgit vis-a-vis the US Dollar, their impact on the local economy and change in consumer spending patterns particularly in telecommunications industry. Concerns on external macroeconomic factors such as volatile international financial markets due to uncertainties associated with Brexit and US monetary and international trade policies post-election have lowered the consumer confidence level.

Notwithstanding the above, we will continuously seek opportunities for business growth and look for new markets by way of capitalising the strength of the business venture with strategic partners and continues our on-going effort to control operating costs and expenses.

## DIVIDEND

The Company has declared and paid a first interim single tier dividend of one (1) sen per ordinary share of RM0.10 each in respect of the FYE 31 December 2016. The first interim dividend was paid on 20 October 2016.

Our Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of any final dividends are subject to the discretion of our Board and any final dividend proposed is subject to our shareholders' approval.

Our ability to pay future dividends to our shareholders is subject to various factors including but are not limited to, our financial performance, cash flow requirements, availability of distributable reserves, and capital expenditure plans.

## Mahadzer bin Arshad

*Chief Executive Officer*

Sedania Innovator Berhad

<sup>2</sup> MIMOS National IoT Strategic Roadmap

<sup>3</sup> Worldwide Big Data Technology and Services Forecast, 2015–2019

## BOARD OF DIRECTORS' PROFILE



### Y. BHG. TAN SRI ABDUL HALIM BIN ALI

Senior Independent Non-Executive Chairman  
Malaysian, 73 years of age, Male

Y.Bhg. Tan Sri Abdul Halim Bin Ali was appointed to the Board as the Senior Independent Non-Executive Chairman on 25 July 2014. He is the chairman of the Nomination Committee and a member of the Remuneration Committee and the Audit & Risk Management Committee.

He graduated from University of Malaya, with a Bachelor of Arts (Honours) in History in 1965. He has almost forty-nine (49) years of working experience.

Upon graduation, he joined the Ministry of Foreign Affairs in 1966, where he held several domestic and overseas postings until his appointment in 1979, as the Malaysia Deputy Permanent Representative to the United Nations. From 1982 to 1985, he was the Malaysian Ambassador to Vietnam and subsequently appointed the Deputy Secretary General III (Administration) of the Ministry of Foreign Affairs in Malaysia. He then served as the Malaysian Ambassador to Austria from 1988 to 1991. From 1991 until 1996, he was the Deputy Secretary General I (Political Affairs) until his promotion in 1996 to Secretary General of the Ministry of Foreign Affairs. In 1998, he was appointed as the Chief Secretary to the Government of Malaysia until his retirement in 2001. After his retirement, he was appointed the Chairman of the Employees Provident Fund until January 2007.

He is the Chairman of the Malaysia Building Society Berhad, IJM Corporation Berhad and also Universiti Teknologi Malaysia.

Y.Bhg. Tan Sri Abdul Halim has no family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years.

Y.Bhg. Tan Sri Abdul Halim attended all the six (6) Board Meetings of the Company for the financial year ended 31 December 2016.



## BOARD OF DIRECTORS' PROFILE *(CONT'D)*



### **DATUK NOOR AZRIN BIN MOHD NOOR**

Managing Director

Malaysian, 47 years of age, Male

Datuk Noor Azrin Bin Mohd Noor was appointed to the Board as the Managing Director on 25 July 2014.

He graduated with a Bachelor of Law (Hons) from University of Wolverhampton, United Kingdom in 1994. He is the founder of the Group and has more than twenty-three (23) years of working experience, with eighteen (18) years in media and telecommunication industry and the remainder in legal and corporate banking.

Datuk Noor Azrin began his career upon obtaining his law degree as a fresh, young legal executive following which he joined D&C Bank as Corporate Banking Officer in 1993. In 1995, he joined MEASAT, now known as Astro as the Head of Entertainment and Sports, pioneering acclaimed shows namely "Roda Impian", MTV Music Television Lip Service, Who Wants to be a Millionaire, as well as illustrious sports entertainment, the English Premier League, Italian Serie A, FIFA World Cup and the UEFA Champions League among others, earning him the nickname "Father of Football".

In 2004, armed with the experiences gained in intellectual property and media where he is an undisputed expert, Datuk Noor Azrin established IDOTTV Sdn. Bhd., now a wholly-owned subsidiary of Sedania Innovator Berhad, through which he spearheads the development and implementation of next-generation products and services.

In 2015, Datuk Noor Azrin was appointed as an Advisor Commissioner of the Malaysian Communications and Multimedia Council (MCMC), where he would play a key role in forming national policies to champion the interests of mobile users and actively engage with telecommunications players to push the telecommunications sector forward.

Datuk Noor Azrin's outstanding achievements have earned him numerous accolades from notable industry captains. His accomplishments have been recognized through the bestowment of various awards, including Top Nominee in the Master Category by Ernst & Young Entrepreneur of the Year 2011, Winner of the Technology Sector by Global Leadership Awards 2012, Winner of the Best Brands in ICT-Content & Media by The BrandLaureate SME Best Brands Awards 2012, Winner of the Outstanding Entrepreneur Category by Asia Pacific Entrepreneurship Awards (AREA) 2014, Masterclass Excellence Award for Bumiputera Entrepreneur of the Year by Utusan Business Awards 2015, and Most Promising Entrepreneur of the Year by Global Leadership Awards 2016.

His vast experience, coupled with his desire to inspire and shape the mindsets of the current and next generations, he has published three books, the first of them MPH's number 1 bestseller, "Non-Conforming", the second published and co-authored in 2015 with his father, Yg. Arif Dato' Mohd Noor, "Unplugged, #WillYouStillBeAMalaysianIn10Years?", and the third "Stories For Our Children".

At the same time, Datuk Noor Azrin believes in giving back to the community and enhancing the wellbeing of the needy. To this end, he founded Yayasan Rosni Noor, a charitable organization that undertakes various initiatives toward alleviating the needs of the underprivileged.

Datuk Noor Azrin does not hold any directorship in any other public corporation.

Datuk Noor Azrin and Noor Syafiroz Bin Mohd Noor, the Executive Director of the Group are siblings. He has no conviction of any offences within the past five (5) years.

Datuk Noor Azrin attended all the six (6) Board Meetings of the Company for the financial year ended 31 December 2016.

## BOARD OF DIRECTORS' PROFILE (CONT'D)



### **NOOR SYAFIROZ BIN MOHD NOOR**

Executive Director  
Malaysian, 40 years of age, Male

Noor Syafiroz Bin Mohd Noor was appointed to the Board as the Executive Director on 25 July 2014.

He graduated in 1998 from La Trobe University, Australia with a Bachelor of Commerce. He has over four (4) years audit experience and over fourteen (14) years in business and business management.

He started his career with Messrs. Ernst and Young in 1998 as an auditor. Subsequently in 2002, he left and joined Silacom Sdn. Bhd. as General Manager. In 2005, he joined Sedania Corporation Sdn. Bhd. ("SCSB") as the General Manager for business management group where he was involved in acquiring content rights for Internet Protocol television platforms. He was subsequently promoted to Director of Operations in 2006. He has held various positions within the SCSB group serving as Executive Director of IDOTTV from 2004 onwards and CEO of IDOTTV from 2008 to 2010. Between 2011 and 2012, he was also appointed as the CEO of Sedania As Salam Capital Sdn. Bhd., a subsidiary of SCSB.

Noor Syafiroz does not hold any directorship in any other public corporation.

Noor Syafiroz and Datuk Noor Azrin Bin Mohd Noor, the Managing Director of the Group, are siblings. He has no conviction of any offences within the past five (5) years.

Noor Syafiroz attended all the six (6) Board Meetings of the Company for the financial year ended 31 December 2016.



### **Y. BHG. TAN SRI NURAIZAH BINTI ABDUL HAMID**

Independent Non-Executive Director  
Malaysian, 72 years of age, Female

Y.Bhg. Tan Sri Nuraizah Binti Abdul Hamid was appointed to the Board as the Independent Non-Executive Director on 21 January 2015. She is the Chairman of the Remuneration Committee and a member of the Nomination Committee and the Audit & Risk Management Committee.

She graduated from University of Malaya with a Bachelor of Arts (Hons) majoring in History in 1967 and was awarded a Masters of Public Administration in 1975 by The American University, Washington, D.C, USA.

Y.Bhg. Tan Sri Nuraizah has a total of thirty-seven (37) years of working experience in the public sector. She started as an Assistant Secretary in the Cabinet Division of the Prime Minister's Department in 1967. In 1970, she was posted as an Assistant Director in the Implementation Coordination Unit of the Prime Minister's Department. From 1976-1979 she served as a Principal Assistant Secretary and, then, Under Secretary for the Planning and Development Division in the Ministry of Agriculture and Rural Development. She was seconded to serve as a Programme Officer at ESCAP in Bangkok from 1979-1981. From 1981-1989 she served as Deputy Director (Establishment) 2 and from 1989-1992 as the Director, Salaries and Allowances Division, Public Service Department. From 1992-1996, she was the Deputy Secretary-General 1 in the Ministry of Education and was, subsequently, posted as Secretary General in the Ministry of Energy, Telecommunications and Posts from 1996-1998. After a reorganization of the Ministry as the new Ministry of Energy, Communications and Multimedia, she continued to serve as its Secretary General from 1999-2000. From 2000-2003 she served as Chairman of the Malaysian Communications and Multimedia Commission. Y.Bhg. Tan Sri Nuraizah served as Pro-Chancellor, Universiti Teknologi MARA, Malaysia, from December 2010 to November 2016.

Y.Bhg. Tan Sri Nuraizah does not hold any directorship in any other public corporation.

Y.Bhg. Tan Sri Nuraizah has no family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. She has no conviction of any offences within the past five (5) years.

Y.Bhg. Tan Sri Nuraizah attended all the six (6) Board Meetings of the Company for the financial year ended 31 December 2016.

## BOARD OF DIRECTORS' PROFILE (CONT'D)



### DATUK SYED IZUAN BIN SYED KAMARULBAHRIN

Independent Non-Executive Director  
Malaysian, 47 years of age, Male

Datuk Syed Izuan Bin Syed Kamarulbahrin was appointed to the Board as an Independent Non-Executive Director on 21 January 2015. He is the Chairman of the Audit & Risk Management Committee and a member of the Remuneration Committee and the Nomination Committee.

He graduated from Emile Woolf College of Accountancy, London in 1992. He is a Fellow Member of the Association of Chartered Certified Accountants UK, a Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He has over twenty one (21) years of working experience in accounting, corporate finance and advisory.

He started his career with Price Waterhouse in 1993, carrying out statutory audit on private and public limited companies. In 1996, he joined Malaysian Resources Corporation Berhad, as Assistant Manager handling business development and corporate affairs. In 1998, he joined Sapura Holdings Sdn. Bhd. as an Investment Manager and in 2003 while holding the position as the Chief Financial Officer, he was also appointed as a Board Member of Sapura Resources Berhad. In 2006, he joined Tradewinds Plantation Berhad as its Chief Financial Officer. Subsequently, in 2007, he joined Kuwait Finance House (Malaysia) Berhad and eventually became its Head of International Business. From October 2010 to December 2011, he was the Chief Executive Officer of Global Carriers Berhad. Currently, he is attached to The Weststar Group, which is primarily involved in the automotive, aviation, construction & property, defence and engineering sectors, as the Financial Adviser to the Group's Executive Chairman.

Datuk Syed Izuan does not hold any directorship in any other public corporation.

Datuk Syed Izuan has no family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years.

Datuk Syed Izuan attended five (5) out of the six (6) Board Meetings of the Company for the financial year ended 31 December 2016.



### LAU KIN WAI

Independent Non-Executive Director  
Malaysian, 40 years of age, Male

Lau Kin Wai was appointed to the Board as an Independent Non-Executive Director on 16 November 2016.

He graduated first class in Engineering from the University of Manchester, United Kingdom in 1998. He was a faculty member and PhD candidate at the Imperial College London. Lau Kin Wai has attended the Saïd Business School at the University of Oxford for his MBA degree in 2016. Lau Kin Wai received a full undergraduate scholarship from one of the largest energy company in Southeast Asia.

Lau Kin Wai is one of the very few serial technology entrepreneurs in Southeast Asia that have enjoyed multiple successes. Since founding his first company at the age of 23, Lau Kin Wai has an intriguing track record of building successful companies across internet media, software and bio-technology. Lau Kin Wai was named by the media as one of the youngest Managing Directors of a publicly traded firms in Southeast Asia when he listed his first company, Viztel Solutions Berhad, at the age of 28.

He has to-date built five (5) technology companies with four (4) of them being listed on major stock exchanges in the Asia Pacific region. Lau Kin Wai founded the Fatfish Internet Group ("Fatfish"), a Singapore-headquartered regional venture builder and accelerator that focuses on building internet businesses in Southeast Asia and Australia. Fatfish is among the first of its kind to be listed on the Australian Securities Exchange ("ASX").

Lau Kin Wai is a director of ASX-listed Fatfish Internet Group Ltd and iCandy Interactive Limited.

Lau Kin Wai has no family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years.

Lau Kin Wai attended one (1) Board Meeting of the Company for the financial year ended 31 December 2016.

# KEY MANAGEMENT PROFILE



## MAHADZER BIN ARSHAD

Chief Executive Officer  
Malaysian, 53 years of age, Male

Mahadzer Arshad was appointed as Chief Executive Officer of SEDANIA Innovator on 1 May 2016, bringing to the Group over twenty-eight (28) years of experience in the telecommunications and IT industry, seventeen (17) of them at senior management level in start-up companies, MNCs and similarly listed companies.

Prior to his role in Sedania, Mahadzer served as Senior Vice President, Product and Marketing of ALTEL Communications and in various senior management positions in Industronics Bhd and Oriented Media Group Bhd from 2006 to 2015.

He started his career at IBM Malaysia before joining Maxis Bhd. as the Head of Business Integration for Corporate Business Unit. He then subsequently ventured and co-founded several startups, Ivanex Sdn. Bhd, a IP telephony service provider and Clockwork Orange, a mobile content development company between 2001-2006 which were later sold to investors.

Mahadzer graduated from Trent University, Ontario Canada with a Bachelor of Science (Hons.) in Mathematics & Economics in 1987.

Mahadzer does not hold any directorship in any other public corporation.

Mahadzer has no family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years.



## AZTI DIAN FITRIYANTI BINTI AZMI

Chief Executive Officer of IDOTTV  
Malaysian, 39 years of age, Female

Dian Azmi is the CEO of IDOTTV Sdn Bhd (IDOTTV) since 8 February 2013. She graduated from University Putra Malaysia with a Bachelor of Business Administration (Honours) in 2000 and a Master of Science (Human Resource Development) from the same university in 2005. Dian has over sixteen (16) years of working experience in the areas of media and advertising sales, publishing and marketing planning.

She began her career at Jakarta International School in 1996 as a Teacher's Assistant. She then joined Bumi Sains Sdn Bhd in 2001 as a Marketing Executive until 2002 and later joined Biz Connexion Sdn Bhd in 2002 as a Publication Executive. She was promoted to the position of Senior Publication Executive in 2004 and subsequently, Publication Manager in 2005 before she left in 2008. In 2008 she entered a reality show produced by NTV7 called "The Firm" and became the 2nd season winner.

She joined IDOTTV in 2008 as a Business Manager where she played a leading role in managing the company's Airtime Sharing (ATS) for a key client. In July 2011, she was given a new portfolio of creating new markets in Indonesia and was designated as the Chief Operations Officer of PT Sedania, a subsidiary of Sedania Corporation Sdn Bhd in Jakarta, Indonesia.

She was promoted to the position of CEO of IDOTTV in February 2013, responsible for managing and growing the ATS platform. The platform; now known as the Sharing Platform, is now deployed as major platform for Malaysia's leading telco providers. Under her leadership too, the mobile app version of ATS service was launched in February 2016.

Dian does not hold any directorship in any other public corporation.

Dian has no family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. She has no conviction of any offences within the past five (5) years.

## KEY MANAGEMENT PROFILE *(CONT'D)*



### **RIZALZIN HASHIM BIN MOHAMMED**

Chief Financial Officer of IDOTTV  
Malaysian, 40 years of age, Male

Rizalzin is the Chief Financial Officer (CFO) of IDOTTV Sdn Bhd since 1 January 2007.

He graduated from the University of Technology Sydney, Australia with a Bachelor of Business, majoring in Accounting in 1998. He is a Chartered Accountant with the Malaysian Institute of Accountants and a Certified Practising Accountant with CPA Australia.

He holds more than eighteen (18) years of working experiences in various industries, including two (2) years in hotel and services industry, five (5) years in plantation, and manufacturing, and the remaining in media, engineering and telecommunications services.

He started his career with Perhentian Island Resort, Terengganu in 1998 as an Accounts Executive. Subsequently in 2000, he was promoted to join its holding company, Inch Kenneth Kajang Rubber PLC, a company listed on Bursa Securities, London Stock Exchange Group PLC and Singapore Exchange Securities Trading Limited and his last held position was Assistant Manager of Finance and Administration.

He joined Sedania Corporation Sdn Bhd as the group accountant in October 2005 and was promoted to his current position as the CFO of IDOTTV in 2007. He is responsible for managing the financial operations of our Group not limited to internal and external financial reporting, regulatory compliance, investor relations, corporate development activities as well as participating in strategic planning, corporate finance and new business initiatives.

Rizalzin does not hold any directorship in any other public corporation.

Rizalzin has no family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has no conviction of any offences within the past five (5) years.



### **HYNEEIS BINTI KAMARUDIN**

Director, Talent Management  
Malaysian, 49 years of age, Female

Hyneeis is the Director, Talent Management of the Company since 1 June 2016. She graduated from the Southeast Missouri State University with a Bachelor of Arts in Psychology (Hons.) in 1992.

She has amassed more than twenty (20) years of experience in various aspects of human resource; encompassing workforce planning, leadership development, succession planning, talent management, change management, human resource policies, employee relations and executive coaching.

Prior to joining the Company, Hyneeis was attached to several local and multinational companies including Celcom, Unilever Malaysia, Measat Broadcast Network System (Astro). Her last stint prior to joining Sedania was with Chevron Malaysia, one of the top petroleum retailing companies in Malaysia under the brand Caltex, for the last twelve (12) years.

Hyneeis does not hold any directorship in any other public corporation.

Hyneeis has no family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. She has no conviction of any offences within the past five (5) years.

# CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Sedania Innovator recognises its Corporate Social Responsibility (CSR) commitments, and embarks on various endeavours to enhance the wellbeing of all, based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders.

## WE DEFINE CSR AS FOLLOWS:

1. Conducting business in a socially responsible and ethical manner;
2. Protecting the environment and upholding the safety of people;
3. Supporting human rights; and
4. Engaging with, learning from, respecting and supporting the communities and cultures in which we operate.

At Sedania Innovator, the CSR principles outlined above are considered, supported and adopted in our operations, consistent with upholding the best interests of Sedania Innovator's stakeholders. We are constantly working towards demonstrating responsibility in our relationships with the world and communities, whether in business dealings or social undertakings.

The Board and Management intends to be role models by incorporating these CSR values into decision-making across all business activities, and will ensure that appropriate organisational structures and systems are in place to effectively identify, monitor and manage CSR issues to result in enhanced business performance.

## 3. Stakeholder Relations

We are committed to timely and meaningful dialogues with all stakeholders, including shareholders, customers, employees, regulators, and so on, in order to facilitate understanding of the Group's business direction and growth potential.



From left to right : Mr. Joseph Lee (Cloudera), Dato' Wan Mohd Fadzmi Wan Othman (Agrobank), Datuk Wan Zulkiflee Wan Ariffin (Petronas), Tan Sri Abdul Halim Ali (Sedania), Tan Sri Abdul Wahid Omar (PNB), Dr. Amr Awadallah (Cloudera), Dato' Seri Dr Halim Shafie (MCMC), Datuk Azrin Mohd Noor (Sedania), Dato' Husni Salleh (TERAJU), Dato' Mohd Naim Daruwish (KWSP), Mr.Mahadzzer Arshad (Sedania)

## OUR VALUES

Our CSR is based on values that reflect existing and emerging standards of CSR, which are as follows:

### 1. Business Ethics and Transparency

We are committed to maintaining the highest standards of integrity and corporate governance practices in order to maintain excellence in our daily operations, and promote confidence in our management and governance systems.

We will advise our business partners, customers and suppliers of our standard and look forward to working with them to achieve consistency with our CSR values.

### 2. Human Rights

We strive to work within our scope of influence with government agencies and other governmental bodies to provide our support for human rights. In addition, we will always work towards building trust, delivering mutual advantage and demonstrating respect for human dignity in all relationships that we enter into, including respect for cultures, and appreciation for customs and values of individual and groups.



Datuk Azrin Mohd Noor (Sedania) sharing his thought, vision and idea with the media.

# CORPORATE SOCIAL RESPONSIBILITY STATEMENT *(CONT'D)*

## 4. Environmental Protection & Safe Working Environment

We value the importance of the environmental protection, pollution prevention, biodiversity and also resource conservation, which are essential to a sustainable environment. To this end, we have purposefully ventured into a sustainability and green technology business since 2016 to play our role in reducing the nation's carbon footprint while increasing energy efficiency. As at 31 December 2016, almost 75 sites nationwide have been equipped with energy efficient devices, which shall be maintained for the next five (5) years to ensure its continuous high working standard.

We shall continue to work with industry peers and suppliers to identify technologies and processes that will help to reduce the nation's carbon footprint in all of our products and services. We will further ensure that our partners understand and are also committed to the objectives for the betterment of all.

We are also committed in providing a safe and healthy working environment and will not compromise the welfare of our employees at any time. Our management and employees are responsible for and accountable to efforts contributing towards a safe working environment, including fostering "safety first" mindsets and operating in an environmentally responsible manner.

Reusing and recycling of office stationery and paper, switching off the lights and air conditioners when they are not in use are among some of the energy conservation measures taken by Sedania Innovator within our offices.

## 5. Employee Relations

The management of Sedania Innovator apply fair labour practices, while respecting the national laws of the country and communities where we operate. We treat our employees fairly and with dignity, and take into consideration their goals and aspirations while ensuring that diversity in the workplace is embraced. We believe in providing equal opportunity in all aspects of employment and will not tolerate unlawful workplace conducts, including discrimination, intimidation, or harassment at workplace.

We are committed to managing diversity from across multiple aspects (including age, gender, ethnicity, nationality, sexual orientation, cultural background or other personal factors) as a means of enhancing the Group's performance by recognising and utilising the combination of diverse skills and talents from its directors, management and employees.



*Datuk Azrin Mohd Noor (Sedania) during "Heart 2 Heart Session" with all the staff of the company. An open forum for the staff to share their thoughts, ideas and even concern directly to the top management of the company.*



*Datuk Azrin Mohd Noor (Sedania) "Open Communication Policy" with the key staff of the company looking for solutions to move the company to the next level.*

# CORPORATE SOCIAL RESPONSIBILITY STATEMENT *(CONT'D)*

## 6. Community development

We emphasise on building collaborative and consultative partnerships in our community investment programmes. We are working towards integrating community investment considerations and values into decision-making and business practices, and to also develop mutually beneficial relationships with communities in which the company operates.

During the year under review, Sedania Innovator launched AppAzia appstore built on Aptoide platform as a viable no-fee alternative to Google Play for application developers and smartphone users, as part of its social responsibility to further develop the nation's Digital Economy.

AppAzia allows any smartphone user worldwide to develop, upload and download Android-based applications without geographical borders, strict restrictions and cost. To create awareness and encourage the flourishing of the Malaysia-based mobile applications development community, Sedania Innovator through Aptoide offers an incentive of USD100 credit to each local mobile app developer who joins the AppAzia platform.

To enhance the platform's future sustainability, Sedania Innovator is already in talks to partner with educational institutions to encourage its students to develop and share mobile applications in AppAzia, thereby promoting the advancement of the mobile app development community amongst the next generation, creating a possible avenue for developers to generate income, and more importantly, providing a platform to showcase their prowess to the world.



*Mr. Mahadzer Arshad, CEO Sedania Innovator with Tiago Costa, Vice President Aptoide Asia Pacific during the official launch of Appazia appstore as part of its social responsibility to the develop the Digital Economy generation.*





# CORPORATE GOVERNANCE STATEMENT

## INTRODUCTION

The Board of Directors (“the Board”) of SEDANIA Innovator Berhad (“the Company”) is committed towards ensuring that good Corporate Governance is observed throughout the Group. Upholding integrity and professionalism in its management of the affairs of the Group, the Board aims to enhance business prosperity and corporate accountability with the ultimate objective of realizing long-term shareholders’ value and safeguarding interests of other stakeholders.

This statement describes how the Group has applied the principles set out in the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) and except where stated otherwise, its compliance with the best practices of the MCCG 2012 for the financial year ended (“FYE”) 31 December 2016.

Consistent with the Board’s commitment to corporate governance, the Company continuously review its governance framework and policies as they form the thrust for good corporate governance citizenship and sustainability of the Company’s business.

## PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:-

- 1) reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group’s business;
- 2) overseeing the conduct of the Group’s business and evaluating whether or not its businesses are being properly managed;
- 3) identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- 4) ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- 5) overseeing the development and implementation of a shareholder communications policy; and
- 6) reviewing the adequacy and integrity of the Group’s internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

### (i) Board Charter

The primary objective of the Company’s Board Charter is to set out the roles and responsibilities of the Board, the division of authority and responsibilities of the Board and Management, terms of reference and composition of the Board Committees and other administrative policies and procedures in relation to the operation of the Board as a whole.

The Board Charter is published on the Company’s website at [www.sedaniainnovator.com](http://www.sedaniainnovator.com).

### (ii) Sustainability

The Board views the commitment to sustainability and environment, social and governance performance as part of its broader responsibility to clients, shareholders, workplace and the communities in which it operates. Every business decision that the Group makes pertaining to growth and profitability is consistent with its social and environmental needs for sustainability.

Disclosures on corporate responsibility are presented under “Corporate Social Responsibility” of this Annual Report.



# CORPORATE GOVERNANCE STATEMENT *(CONT'D)*

## (iii) Access to Information and Advice

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors. Each Director is provided with the agenda and a full set of Board papers providing details on business performance, operational, financial, corporate developments and other relevant documents prior to each Board meeting with the aim of enabling the Directors to make well-informed decisions on matters arising at the Board meetings. It is the primary responsibility of the Chairman of the Board to organize such information necessary for the Board to deal with the agenda and the Board adopts a formal schedule of matters specifically referred to it for decision.

All issues raised, discussions, deliberations, decisions and conclusions including dissenting views made at Board meetings along with clear actions to be taken by responsible parties are recorded in the minutes. Where the Board is considering a matter in which a Director has interest, the relevant Director immediately discloses the interest and abstains from participating in any discussion or decision making on the subject matter.

## (iv) Access to Senior Management, Company Secretary and Independent Professional Advice

Complete and unrestricted access is provided to the Board, either collectively or in their individual capacities by Senior Management. In addition to regular presentations by the Senior Management to the Board and Board Committees, Directors may seek briefings from Senior Management on specific matter.

The Board also has unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties required.

Likewise, the Directors, whether as a full Board or in their individual capacity, have access to independent professional advice whenever such services are needed to assist them in carrying out their duties at the Company's expense.

## PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD

### (i) Board Composition and Balance

The current Board consists of six (6) members, comprising four (4) Independent Non-Executive Directors and two (2) Executive Directors. This composition fulfills the requirement as set out in paragraph 15.02 of the ACE Market Listing Requirement ("LR") of Bursa Securities, which stipulates that at least two (2) Directors or one-third of the Board, whichever is higher, are independent directors.

The Board believes that the current composition is appropriate given the nature of business and scale of operations of the Group. The Company shall pursue diversity in terms of gender and qualification to improve boardroom diversity.

The Board regularly review the composition of the Board and its Committees to ensure appropriate balance and a good mix of skills and experience. The Board members comprise high caliber individuals with diverse professional backgrounds, skills and extensive experience and knowledge in their respective fields. Together the directors with their wide range of competencies, capabilities, technical skills and relevant business experience add value in governing the strategic direction of the Company.

The profiles of the members of the Board are provided in the Annual Report set out on pages 12 to 15.

The Executive Directors are generally responsible for making and implementing operational decisions whilst the Non-Executive Directors support the skills and experience of the Executive Directors, contributing to the formulation of policy and decision-making with their knowledge of and experience in other business sectors.



# CORPORATE GOVERNANCE STATEMENT *(CONT'D)*

## (ii) Establishment of Nomination Committee

The Nomination Committee is comprised exclusively of three (3) Independent Non-Executive Directors, as follows:-

Names of Committee Members	Designation
Tan Sri Abdul Halim bin Ali	Chairman (Senior Independent Non-Executive Director)
Tan Sri Nuraizah binti Abdul Hamid	Member Independent Non-Executive Director)
Datuk Syed Izuan bin Syed Kamarulbahrin	Member (Independent Non-Executive Director)

In accordance with its Terms of Reference, the Nomination Committee reviewed the Board structure on the designation, roles and responsibilities of the individual Directors of the Company to ensure that the Board has the required mix of skills, experience and other core competencies.

The Nomination Committee held two (2) meetings during the financial year. The details of attendance are as follows:-

Members	Number of Meetings attended in 2016
Tan Sri Abdul Halim bin Ali	2/2
Tan Sri Nuraizah binti Abdul Hamid	2/2
Datuk Syed Izuan bin Syed Kamarulbahrin	2/2

During the financial year under review, the Nomination Committee held two (2) meetings on matters including the following:-

- (a) reviewing and assessing the annual performance and effectiveness of the Board and the Board Committees as a whole;
- (b) reviewing and assessing the annual independence assessment of the Independent Directors;
- (c) reviewing and assessing the composition of the Board Committees;
- (d) reviewing and assessing the performance and making recommendations to the Board regarding the Directors who are seeking re-election at the AGM; and
- (e) Overseeing the appointment succession planning and performance evaluation of the Top Management.

## (iii) Board Evaluation

For the financial year under review, the Board assisted by the Nomination Committee reviewed the skills, experience of the individual Director and assessed the effectiveness of the Board as a whole.

The Board was satisfied with the performance and effectiveness of the Board and Board Committees who have discharged their duties and responsibilities effectively. The Board evaluation criteria was reviewed by the Nomination Committee during the financial year.

The Board evaluation comprises Board and Board Committee assessments, assessment of Independence of Independent Directors and the contribution of each individual Director. The evaluations involve individual Directors and Committee members completing a set of evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered by the Company. The criteria for assessing the independence of an Independent Director include the relationship between the respective Independent Director and the Group and his involvement in any significant transaction with the Group. The Board also undertook a self-assessment in which they assessed their own performance. All assessments and evaluations carried out by the Nomination Committees were properly documented.



# CORPORATE GOVERNANCE STATEMENT *(CONT'D)*

## (iv) Appointment, Re-appointment and Re-election of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors (including the Managing Director) shall retire from office and be eligible for re-election at each Annual General Meeting and all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Directors appointed during the year will be subject to retirement and re-election by shareholders at the Annual General Meeting.

The performance of those Directors who are subject to re-election at the Annual General Meeting are assessed by the Nomination Committee and recommendations are submitted to the Board for approval.

The Board believes that diversity in the Board's composition will bring values to board deliberation. The Board recognises the benefit of diversity in gender and hence gender will be considered in the recruitment and appointment of Directors. The Board currently has one (1) woman Director and is satisfied with the current composition.

## (v) Establish formal and transparent remuneration policies and procedures for the Board

The Board has established a Remuneration Committee to oversee the function of remunerating the Board in a manner that attracts, retain and motivates Directors.

The Remuneration Committee currently comprises exclusively of three (3) Independent Non- Executive Directors, as follows:

Names of Committee Members	Designation
Tan Sri Nuraizah binti Abdul Hamid	Chairman Independent Non-Executive Director)
Tan Sri Abdul Halim bin Ali	Member (Senior Independent Non-Executive Director)
Datuk Syed Izuan bin Syed Kamarulbahrin	Member (Independent Non-Executive Director)

The Remuneration Committee held two (2) meetings during the financial year ended 31 December 2016. The details of attendance are as follows:-

Members	Number of Meetings attended in 2016
Tan Sri Nuraizah binti Abdul Hamid	2/2
Tan Sri Abdul Halim bin Ali	2/2
Datuk Syed Izuan bin Syed Kamarulbahrin	2/2

# CORPORATE GOVERNANCE STATEMENT *(CONT'D)*

Aggregate remuneration of Directors categorised into appropriate components for the financial year under review are as follows:

	Group RM	Company RM
<u>Executive Directors</u>		
Salaries and other emoluments	898,400	898,400
Statutory contributions	104,709	104,709
Total	<u>1,003,109</u>	<u>1,003,109</u>
<u>Non-Executive Directors</u>		
Fees	122,500	122,500
Other emoluments	62,222	62,222
Total	<u>184,722</u>	<u>184,722</u>
Total Directors' Remuneration	<u>1,187,831</u>	<u>1,187,831</u>

The number of Directors whose remuneration falls into the following bands is as follows:

Range	Executive Directors	Non-Executive Directors	Total
Below RM50,000	-	3	3
RM50,001 to RM100,000	-	1	1
RM100,001 to RM300,000	1	-	1
RM300,001 to RM600,000	1	-	1
	<u>2</u>	<u>4</u>	<u>6</u>

## PRINCIPLE 3 - REINFORCE INDEPENDENCE OF THE BOARD

### (i) Reinforcement of Independence

The Board acknowledges the importance of Independent Non-Executive Directors in bringing objectivity and impartiality in providing unbiased opinion and judgement to ensure that the interests of the Group, shareholders, customers and other stakeholders are taken into account during its decision making process. Currently the Board consists of four (4) Independent Non-Executive Directors who neither involved themselves in the business transactions nor participated in the day-to-day management of the Group. The Independent Non-Executive Directors satisfy the definition set out in the LR of Bursa Securities and the Company meets the minimum requirement prescribed by the LR of Bursa Securities to have at least one-third (1/3) of its Board members being Independent Non-Executive Directors.

In line with the recommendation of MCCG 2012, the tenure of the Independent Non-Executive Director should not exceed a cumulative term of nine (9) years. Should the Board intend to retain the Director as an Independent Non-Executive Director after the latter has served a cumulative term of nine (9) years, shareholders' approval will be sought at general meeting.

An Independent Non-Executive Chairman leads the Board and he is also identified as the Senior Independent Non-Executive Director to whom concerns may be conveyed by fellow directors, shareholders and other stakeholders.

### (ii) Division of Roles and Responsibilities between the Chairman and the Managing Director

The Board appreciates the distinct roles and responsibilities of the Chairman of the Board and the Managing Director. This division ensures that there is a clear and proper balance of power and authority. As such, the role of the Chairman and the Managing



# CORPORATE GOVERNANCE STATEMENT *(CONT'D)*

Director is separate. The Chairman's main responsibility is to ensure effective conduct of the Board through the execution of the following key roles:-

- (a) building a high performance Board by leading the evaluation of the Board's performance and ensuring that succession planning is considered on an ongoing basis;
- (b) managing Board meetings to ensure robust decision making by ensuring the provision of accurate, timely and clear information to all Directors. The Chairman encourages participation and deliberation by Board members to tap the wisdom of all the Board members and to promote consensus building as much as possible;
- (c) facilitating the Board and Management interface by acting as the conduit between the two parties;
- (d) facilitating the selection and appointment of a successor to the Managing Director; and
- (e) acting as a spokesperson for the Board and the Company.

The Chairman has never assumed an executive position in the Company.

The Managing Director has overall responsibilities over the Group's operational and business units, organizational effectiveness and implementation of Board policies, directives, strategies and decision. In addition, the Managing Director by virtue of his position as a Board member, also functions as the intermediary between the Board and management.

## **PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS**

The Board requires all members to devote sufficient time and effort to carry out their responsibilities. Each Director is expected to commit time as and when required to effectively discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees. Board Meetings and Board Committee meetings are scheduled in advance of the new financial year to facilitate the Directors in planning their meeting schedule for the year. Special Board meetings are convened between the scheduled meetings to consider urgent matters that require expeditious decision or deliberation by the Board.

In order for the Board meetings to be more effective and in-depth deliberations of matters are achieved, the meeting agenda at Board meetings are sequenced in such a way taking into consideration the complexity of the proposal and/or whether they are items for approval, discussion or notation by the Board.

Whenever necessary, Key Senior Management or external advisors are also invited to attend Board and Board Committee meetings to provide further clarity on agenda items being discussed to enable the Board and/or Board Committees to arrive at a considered and informed decision.

During the financial year under review, the Board met six (6) times to review the Group's operations, strategy and business plans, review and approve the quarterly financial results and annual financial statements and other matters requiring the Board's approval. All Directors attended all the board meetings held during the financial year and have complied with the minimum requirement of 50% attendance at board meetings as stipulated in the LR of Bursa Securities.

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities. Their meeting attendance at the board meetings held during the financial year under review is as follows:

Members	Attendance at Meetings in 2016
Tan Sri Abdul Halim bin Ali	6/6
Datuk Noor Azrin bin Mohd Noor	6/6
Tan Sri Nuraizah binti Abdul Hamid	6/6
Datuk Syed Izuan bin Syed Kamarulbahrin	5/6
Koh Eu-Jin (Resigned on 29 May 2016)	2/3
Lau Kin Wai (Appointed on 16 November 2016)	1/1
Noor Syafiroz bin Mohd Noor	6/6

## Directors' Training – Continuing Education Programmes

The Board recognises the importance of continuous professional development and training for directors. All directors of the Company have attended and successfully completed the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Securities.

During the financial year, seminars and training programmes attended include topics relating to corporate governance, risk management, corporate strategy, leadership management and new legislation. The directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on regular basis.

An induction briefing will be provided by the Board and senior management to newly appointed Independent Non-Executive Directors to provide them with in-depth knowledge of the Group's business and strategies.

During FY2016, most of the Directors had attended various training programmes, conferences and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

## List of Directors' Training in 2016

Directors	List of Training / Conference / Seminar / Workshop Attended / Participated
Tan Sri Abdul Halim bin Ali	Bursa Malaysia's Listing Requirements Updates 2016 & The Proposed Malaysian Code of Corporate Governance 2016
Datuk Noor Azrin bin Mohd Noor	The AGM - A Practical Insight and Managing Shareholders' Expectations
Tan Sri Nuraizah binti Abdul Hamid	The AGM - A Practical Insight and Managing Shareholders' Expectations
Datuk Syed Izuan bin Syed Kamarulbahrin	Amendments to Bursa Malaysia's Listing Requirements - with Latest Cases on Directors Duties
Noor Syafiroz bin Mohd Noor	Expectation on PLCs and directors in Disclosure & Compliance Requirements Under the Listing Requirements
Lau Kin Wai <sup>#</sup>	-

Note #: Mr Lau Kin Wai was appointed to the Board on 16 November 2016.



# CORPORATE GOVERNANCE STATEMENT *(CONT'D)*

## **PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY**

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results of operations, changes in equity and cash flows for the period then ended.

In preparation of the financial statements, the Board has ensured that:

- a. suitable accounting policies have been adopted and applied consistently;
- b. judgments and statements made are reasonable and prudent; and
- c. financial statements have been prepared on a going concern basis.

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit and Risk Management Committee, comprising wholly Independent Non-Executive Directors. The composition of the Audit and Risk Management Committee, its terms of reference and the activities carried out are summarised in the Audit and Risk Management Committee Report as stated on page 30 of this Annual Report.

The Audit and Risk Management Committee primary responsibility is to ensure that financial statements of the Group and the Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 2016. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

With assistance from the Audit and Risk Management Committee, the Board oversees the Group's financial reporting processes and the quality of its financial reporting.

## **PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS OF THE GROUP**

The Board recognises that the ultimate responsibility for ensuring the Group's sound internal control system and reviewing its effectiveness lies with the Board. In achieving this, the Board ensures that principal risks in the Group are identified, measured and managed with appropriate internal control system, and that the effectiveness, adequacy and integrity of the internal control system is reviewed on an ongoing basis.

The Statement on Risk Management & Internal Control ("SORMIC"), which provides an overview of the risk management framework and state of internal control within the Group, is presented on page 32 to page 36 of this Annual Report.

## **INTERNAL AUDIT FUNCTION**

The Group's internal audit function is outsourced to an independent professional consulting firm and reports independently to the Audit and Risk Management Committee. The internal audit ("IA") Consultant has unrestricted access to all functions, records, documents, personnel, or any other resources or information, at all levels throughout the Group. Being an independent third party, the IA Consultant is able to perform the internal audit function with impartiality, proficiency and due professional care.

Details of the Company's internal control framework are set out under the SORMIC in this Annual Report.

## **PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**

The Company is committed to ensure that all information such as corporate announcements, circulars to shareholders and financial results are disseminated to the general public in a timely and accurate manner.

The Company releases all announcements, material and price sensitive information in a timely manner to Bursa Securities as required under the ACE Market Listing Requirements of Bursa Securities as well as releases the Company's updates to the market and community through the Company's website, media releases and other appropriate channels.

The Executive Directors authorise and are responsible for approving the release of all major communications to the regulators, shareholders and stakeholders.





# CORPORATE GOVERNANCE STATEMENT *(CONT'D)*

## **PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS**

### **Investors and Shareholders Relationship**

The Board recognises the importance of maintaining effective communication with its investors and shareholders. An Investor Relation function has been established to facilitate communication between the Company and its existing shareholders and potential investors.

The Investor Relation function communicates with the shareholders and investors through periodic roadshows and investors briefing, with fund managers, institutional investors and research analysts. Information such as the Group's performance, strategy and major development are presented and explained during these investors briefing.

Apart from the mandatory announcements of the Group's financial results and corporate developments to Bursa Securities, the Group maintains a website ([www.sedaniainnovator.com](http://www.sedaniainnovator.com)) where shareholders and prospective investors can access corporate information, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated email address, [investorrelations@sedaniainnovator.com](mailto:investorrelations@sedaniainnovator.com) to which stakeholders can direct their queries or concerns.

### **General Meetings**

The Company's Extraordinary General Meeting ("EGM") and Annual General Meeting ("AGM") represent the primary platforms for direct two-way interaction between the shareholders, Board and management of the Company. The Company's next AGM to be held on 15 May 2017 will act as a principal forum for dialogue with all shareholders. They are encouraged and will be given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns.

Shareholders are encouraged to participate in the Question and Answer session on the resolutions to be proposed or about the Group's operation in general. Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Constitution to attend and vote on their behalf. The Chairman and the Board Members are in attendance to provide clarification on shareholders' queries.

The Company shall start to conduct its general meetings by poll instead of voting by show of hands as practiced previously to comply with Paragraph 8.31A of the LR (voting by poll). The outcomes of voting on the proposed resolutions are disclosed to the market and posted on the Company's website after the general meetings. The External Auditors attend the AGM to answer shareholders' questions on the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditors in the audit process.

## **COMPLIANCE STATEMENT**

The Company has complied with the Principles as set out in the Malaysian Code on Corporate Governance 2012 and the relevant chapters of the ACE Market Listing Requirement of Bursa Securities on Corporate Governance to the extent as set out above throughout the financial year ended 31 December 2016.

This Statement on Corporate Governance was approved by the Board of Directors on 30 March 2017.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“the Board”) of Sedania Innovator Berhad (“the Company”) is pleased to present the Report of the Audit and Risk Management Committee (“ARMC” or Committee”) for the financial year ended 31 December 2016.

## COMPOSITION

The members of the ARMC during the financial year are as follows:

Names of Committee Members	Designation
Datuk Syed Izuan bin Syed Kamarulbahrin	Chairman (Independent Non-Executive Director)
Tan Sri Abdul Halim bin Ali	Member (Senior Independent Non-Executive Director)
Tan Sri Nuraizah binti Abdul Hamid	Member Independent Non-Executive Director)

## MEETINGS

For the financial year ended 31 December 2016, five (5) ARMC meetings were held. Details of attendance of each member at the ARMC meetings are as follows:

Members	Number of Meetings attended in 2016
Datuk Syed Izuan bin Syed Kamarulbahrin	5/5
Tan Sri Abdul Halim bin Ali	5/5
Tan Sri Nuraizah binti Abdul Hamid	5/5

The Audit Committee was established on 25 July 2014 and subsequently renamed as Audit and Risk Management Committee on 29 February 2016, to act as a committee for the Board of Directors. Datuk Syed Izuan bin Syed Kamarulbahrin is a Chartered Accountant by profession and a Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. All members of the ARMC are financially literate and are able

to analyse and interpret financial statements to effectively discharge their duties and responsibilities. The ARMC, therefore meets the requirements of paragraph 15.09(1)(c) of the ACE Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which stipulates that at least one (1) member of the ARMC must be a qualified accountant. The ARMC comprises exclusively of Independent Non-Executive Directors.

The Group’s Chief Financial Officer and the Internal Auditors attended ARMC meetings upon invitation. Representatives of the External Auditors, Messrs BDO, other Board members and senior key management also attended some of the meetings upon invitation by the Chairman of the ARMC.

The ARMC Chairman reports to the Board on principal matters deliberated at ARMC meetings. Minutes of each meeting are circulated to the Board at the most practicable next Board Meeting.

## SUMMARY OF ACTIVITIES IN 2016

The ARMC carried out its duties in accordance with its Terms of Reference. The main activities undertaken by the ARMC are as follows:

### (a) Financial Reporting

- (i) Reviewed and recommended the quarterly unaudited financial results announcements and the audited financial statements of the Company and the Group for the consideration and approval of the Board, focusing particularly on:
  - a. The overall performance of the Group;
  - b. The prospects of the Group;
  - c. The changes and implementation of major accounting policies and practices; and
  - d. Compliance with Malaysian Financial Reporting Standards (“MFRS”), ACE Market Listing Requirements (“AMLR”) and other legal requirements.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT *(CONT'D)*

- (ii) Reviewed and monitored any related party transactions and conflict of interest situation that may arise within the Company and the Group;
- (iii) Discussed and reviewed the status of utilisation of proceeds from the Company's IPO proceeds;
- (iv) Reviewed and considered with the external auditors, statutory audit plan, scope of work and results of the annual audit for the Group and the Management Letter including Management's response;
- (v) The Committee was also updated by the External Auditors on changes to relevant guidelines on the regulatory and statutory requirements;
- (vi) Convened a meeting with the external auditors without the presence of the Executive Directors and Management to discuss relevant issues and obtain feedbacks;
- (vii) Reviewed the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control before submitting for Board's approval and inclusion in the Company's Annual Report; and
- (viii) Reported to the Board on its activities, any significant issues and results.

### **(b) Internal Audit**

- (i) Reviewed the Internal Auditors' scope of work, audit plan and budget for the year to ensure adequacy of resources, competencies and the scope of coverage;
- (ii) Reviewed the status report and recommendations for corrective action plans submitted by Internal Auditors on their risk-based internal audit assignments (where appropriate, the ARMC instructed management to rectify and improve the systems of internal controls based on the Internal Auditors' recommendations and suggestions);
- (iii) Reviewed and recommended to the Board the Disaster Recovery Plan and Business Continuity Plan;
- (iv) Reviewed the risk profile of the Group; and
- (v) Addressed the objectivity, performance and independence of the Internal Auditors.

The ARMC Report was presented and approved at the meeting of the Board of Directors held on 30 March 2017.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 1. INTRODUCTION

The Board is pleased to present the Statement on Risk Management and Internal Control ("Statement") which outlines the nature and scope of risk management and internal control system of Sedania Innovator Berhad and its subsidiary ("the Group") for the financial year 31 December 2016 pursuant to Rule 15.26(b) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, Malaysian Code on Corporate Governance 2012 and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines").

## 2. BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of internal controls and risk management, and reviewing the adequacy and integrity of those processes. However, it also recognises that due to inherent limitations, the Group's system of internal control is designed to manage the Group's risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the Board is also of the view that the Group's system of internal control can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board believes that the review on the adequacy and effectiveness of the system of internal control and risk management is a concerted and continuous process. Such reviews are conducted through the various committees established by the Board and Management. The Board has, through the Audit and Risk Management Committee, carried out the process of identifying, evaluating, monitoring and managing the key operational and financial risks affecting the achievement of its corporate objectives throughout the period.

The Board is of the view that system of internal controls in place for the year under review is sound and adequate after taking into consideration of the costs and benefits to safeguard the Group's assets and protect the stakeholders' interests in ensuring achievement of the business objectives and enhancing shareholder value.

## 3. RISK MANAGEMENT

The Board affirms that effective risk management is an essential and indispensable part of corporate management. The Group strives to manage risk effectively with a view to protect assets and stakeholders, ensuring achievement of the business objectives and enhancing shareholder value.

The Board further acknowledges that risk management is an ongoing process and business risks are embedded and forms an important part of the internal control system of the Group. As such, continuous efforts are made to improve the policies, processes, people and structures within the Group.

The Board, assisted by the Audit and Risk Management Committee, approves the overall risk management framework and reviews and approves the Group's risk profiles against the agreed risk appetite. Responsibility for risk management resides at all levels within the organisation from the executive to the operational level at all business units and business support functions.

Periodic meetings attended by Heads of Department and key management team are held to discuss key operational issues, business performance matters and appropriate mitigating controls, when necessary. The Audit and Risk Management Committee's role, supported by the outsourced internal audit consultant ("IA Consultant") is to provide an independent assessment of the adequacy and reliability of the risk management processes.

The above risk management framework facilitates and enhances the ability of the Board and Management to manage risks within defined risk parameters and risk standards.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(CONT'D)*

## 4. INTERNAL AUDIT FUNCTIONS AND EFFECTIVENESS OF INTERNAL CONTROL

The Group's internal audit function is outsourced to an independent professional consulting firm, Messrs C.H. Loo & Co. The duty of the internal audit is to examine and evaluate major processes of operations of the Group in order to assist the Board in the effective discharge of the Board's responsibilities.

The IA Consultant aims to advise management on areas for improvement, highlight on significant findings in respect of any non-compliance and subsequently perform follow-up reviews to determine the extent to which the recommendations have been implemented.

IA Consultant reports independently to the Audit and Risk Management Committee. In the course of performing its duties, IA Consultant has unrestricted access to all functions, records, documents, personnel, or any other resources or information, at all levels throughout the Group. Being an independent third party, the IA Consultant is able to perform the internal audit function with impartiality, proficiency and due professional care.

The IA Consultant adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the Group. The audit plan will be presented to the Audit and Risk Management Committee for approval annually. The resulting reports from the audits undertaken will be reviewed by the Audit and Risk Management Committee and then forwarded to the key management team for attention and necessary corrective actions. The key management team is responsible for ensuring the corrective actions on reported weaknesses are taken within the required time frame.

During the year under review, the IA Consultant has conducted various risks-based internal audit ("RBIA") assignments on a quarterly basis and made recommendations in improving the system of internal controls to the Audit and Risk Management Committee. The areas of RBIA audit covered during the year were Management Information System and research and development; financial reporting, treasury and procurement; human resource and fixed asset management; business development, marketing and credit risk management. The cost incurred for the internal audit function in respect of the financial year ended 31 December 2016 was RM40,000 excluding Goods and Services Tax and out-of-pocket expenses.

## 5. OTHER KEY INTERNAL CONTROLS

The Board is committed in maintaining a strong control structure and environment to facilitate the proper conduct of the Group's businesses and operations. The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls are as stated below:

- **Organisational Structure**

The Group has in place an organisational structure that is aligned to business efficacy and operational requirements, with clearly defined lines of accountability, responsibility and delegated authority. The Board is the pinnacle of the corporate governance structure of the Group. The Board is assisted not only by the key management team, but also by delegation of authority to the independent board committees such as the Audit and Risk Management, Nomination and Remuneration Committees in specific areas for enhanced internal control and corporate governance.

- **Executive Review and Management Meetings**

There has been active participation by the Executive Directors in the day-to-day running of business operations, and regular dialogue with senior management of the respective business units.

Management Meetings, attended by the Executive Directors and respective Head of Department are held on a regular basis to identify, discuss and report on operational performance, business strategy, financial and key management issues for effective monitoring and decision-making.

- **Policies, Procedures and Financial Authority Limits**

The Group has in place documented policies and procedures to govern the financial and operational functions, and ethics of the Group. The objectives of the policies and procedures are to ensure ethic, compliance with applicable laws and regulations, internal control principles and mechanisms are embedded in operations



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

and that there is a clear line of responsibility and accountability among the business units of the Group. Some of the key policies and procedures implemented within the Group are:

a) Group's Authority Manual

The Group's Authority Manual assigns authority to the Board and to the appropriate level of Management staff to exercise control on the Group's commitment of both capital and operational expenditures. It provides limits to enable decisions to be taken timely and at the same time provides check and balance on the amounts and types of commitments that Management can undertake on behalf of the Group. The Authority Manual is approved by the Board and is regularly updated as and when is necessary.

b) Operational Manuals

Operational manuals for business units are available within the Group and set out policies and procedures for day-to-day operations and act as guidance to employees on the necessary steps to be taken in a given set of circumstances. The manuals enable tasks to be carried out with minimal supervision.

c) IT Policies and Procedures

The IT Security Policy incorporates the Corporate Policy on among others, the usage of personal computer software, E-mail and internet; management of IT assets and security implementation for the antivirus level protection. It is established to achieve and maintain confidentiality, integrity, availability, authenticity and reliability of information and data processing.

d) Whistle-blowing Policy

The Group's whistle-blowing policy guides employees of the Group in communicating and reporting instances of illegal or immoral conduct to the appropriate parties within the Group and at the same

time protecting these employees against victimisation, discrimination or being disadvantaged in any way arising from such communications. Arrangements are in place for the proportionate and independent investigations on all allegations or reports from within or outside the Group with appropriate follow up actions. The policy builds into the Group's culture, abhorrence for fraud, and that any conduct of this nature will not be tolerated. It also promotes a transparent and open environment for fraud reporting within the Group.

e) Group Communication Policy

The Board has also adopted a Communication Policy to ensure that all decisions made are communicated promptly to all staff at all levels within the Group and to enable the SEDANIA Group to communicate effectively with its shareholders, major investors, other stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.

f) Human Resource Policy

The Group has implemented a Human Resource Policy and Code of Conduct that sets out general employment terms and conditions and sets the tone for control consciousness and employee conduct. It is designed to provide guidelines to employees with the objective of ensuring issues and matters during the tenure of their employment are properly understood by all employees. It is a written guideline which clearly defines the organisation's policies, company's expectations of employees and employee's expectations toward the Company.

The Group has also incorporated Talent and Succession Management policies and procedures within the Human Resource Policy. This is part of the Group's organisational development initiative to ensure leadership and talent continuity for all key positions and to enhance the Group's capability to systematically identify,



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(CONT'D)*

evaluate, develop, deploy and retain those who are qualified, eligible and suitable to be potential successors for Senior Level Mission Critical Positions.

In addition, internal control procedures have been set out in a series of other standard operating practice manuals and business process manuals to serve as guidance for proper measures to be undertaken and are subject to regular review, enhancement and improvement.

- **Strategic Business Planning, Budgeting and Reporting**

A Group strategic business planning process is in place where the financial planning is correlated to the Group's strategic business plans. The Group performs an annual budgeting and forecasting exercise including development of business strategies and establishment of key performance indicators against which units within the Group can be evaluated. The Group's strategic direction is also reviewed annually in light of the prevailing market conditions and significant market risks.

Financial performance and Monthly Management Accounts which serve as a monitoring tool are circulated to key management staff and regularly compared against budgetary parameters, with explanations of major variances, reviews of internal and external factors contributing to performance, and an account of management actions taken to improve results. Variances against budget are analysed and reported internally on a monthly basis in Management meetings.

- **Performance Reporting and Monitoring**

On a quarterly and annual basis, the financial results together with their variances are reported and reviewed by the Board to enable them to gauge the Group's achievement of its annual targets and review any key financial and operational issues.

- **Investment Appraisal**

Major investment proposals on mergers and acquisitions as well as long-term business investments are thoroughly reviewed and appraised by the Board.

- **Insurance and Physical Safeguards**

Adequate insurance provision and security measures on major assets of the Group are provided to ensure that it sufficiently safeguards against any mishap that will result in material losses to the Group.

- **Human Resource Management System**

A structured Performance Management System has been developed as a means to instil a performance culture within the Group and to align operations with corporate objectives as well as employees' interest with the shareholders.

As such, to assess and reward staff, the Group carries out formal appraisals on an annual basis. These formal appraisals are guided by Key Performance Indicators ("KPIs"). All employees of the Group have individual KPIs.

Manpower planning, selection, recruitment and promotion guidelines are established and carried out to ensure that key positions within the Group, are filled by staff with the appropriate calibre and the relevant competencies to support the achievement of the Group's objectives and to effectively manage the risks to ensure achievement of these objectives. A computerised Human Resource Management System, e-HRMS, provides a comprehensive employee database and an efficient support system for managing human resource functions. In addition, all new hires are required to attend a New Hire Orientation / Induction program when they join the Group.

## 6. WEAKNESS IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

The Management identified minor internal control weaknesses during the period, all of which are being addressed. No major internal control weaknesses were identified nor did any of the reported weaknesses result in material losses or contingencies requiring disclosure in the Group's Annual Report. Management continues to take measures to strengthen the control environment.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(CONT'D)*

## 7. ASSURANCE STATEMENT BY EXECUTIVE DIRECTOR

The CEO and CFO have provided assurance to the Board, at his best knowledge and believe, that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, to meet the Group's objectives during the financial period under review until the date of this statement.

continue to review and take measures to strengthen the internal control environment from time to time based on the recommendations proposed by the IA Consultant.

## 8. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the said review procedures were performed in accordance with the Recommended Practice Guide 5 (Revised): Guidance for Auditors On Engagements To Report On The Statement On Risk Management and Internal Control Included in the Annual Report ("RPG 5") issued by the Malaysian Institute of Accountants.

The Board recognises that the development of the system of internal control is an ongoing process as part of its efforts in managing the risk faced by the Group. Consequently, the Board maintains an ongoing commitment to further strengthen the control environment within the Group.

This statement was approved by the Board of Directors on 30 March 2017.

RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in this Annual Report will, in fact, remedy the problems.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement in Risk Management and Internal Control: Guidelines for Directors of Listed Issuer, nor is factually inaccurate.

## 9. CONCLUSION

The Board is of the opinion that the system of risk management and internal control that has been instituted throughout the Group is satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report 2016. The Board will



## OTHER ADDITIONAL COMPLIANCE INFORMATION

### UTILISATION OF PROCEEDS FROM PUBLIC ISSUE

Sedania Innovator Berhad (“SEDANIA” or “the Company”) was listed on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 29 June 2015 (“Listing”). In conjunction with the Listing, the Company undertook a public issue of 51,467,000 new ordinary shares of RM0.10 each at an issue price of RM0.38 per share (“Public Issue”), raising gross proceeds of RM19.56 million.

The status of the utilisation of the gross proceeds from the Public Issue as at 31 December 2016 is as follows:

Purpose	Proposed utilisation	Amount Utilised as at 31 Dec 2016	Balance as at 31 Dec 2016	Estimated Timeframe for Utilisation (from the listing date)
	RM'000	RM'000	RM'000	
Capital Expenditure	4,000	4,000	-	Within 24 months
Marketing Expenses	4,100	1,654	2,446	Within 24 months
R&D Expenses	2,500	2,500	-	Within 18 months <sup>#</sup>
Working capital*	6,757	6,757	-	Within 24 months
Listing expenses*	2,200	1,083	1,117	Within 3 months
	<b>19,557</b>	<b>15,994</b>	<b>3,563</b>	

Note:

The above utilisation of proceeds should be read in conjunction with Section 3.6 of the Company's Prospectus dated 9 June 2015 and the Company's announcements dated 20 August 2015, 24 November 2015 and 29 February 2016.

\* The total listing expenses amounted to RM1.99 million, of which RM906,221 was paid from the Company's internally generated funds as at 31 December 2014 and a further RM1.083 million was utilised up to 30 September 2015. As such, the balance of RM1.12 million to be reallocated for use as working capital for the Group.

# On 29 July 2016, the Company had announced that the Board has resolved to extend the timeframe for the utilisation of the remaining unutilised IPO proceeds allocated for R&D expenses amounting to RM0.58 million until 28 December 2016. The allocation for R&D has been fully utilised as at 31 December 2016.

### EMPLOYEES' SHARE OPTION SCHEME (“ESOS”)

No option has been granted by the Company under the new ESOS approved by the shareholders on 5 November 2015 to any parties during the financial year ended 31 December 2016.

### AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors by the Group and the Company for the financial year 2016 are as follows:

	Group RM'000	Company RM'000
Audit Fees	100	40
Non-audit fees	5	5
<b>Total</b>	<b>105</b>	<b>45</b>



## OTHER ADDITIONAL COMPLIANCE INFORMATION *(CONT'D)*

### **AUDIT AND NON-AUDIT FEES** *cont'd*

The Company incurred non-audit fees amounting to RM5,000 for services rendered by external auditors to the Group during the financial year ended 31 December 2016 in relation to the review of the Statement on Risk Management and Internal Control, and the review of the breakdown of realised and unrealised profits or losses.

### **MATERIAL CONTRACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS**

There were no material contracts entered into by the Company and/or its subsidiary involving the interest of Directors and/or major shareholders, either subsisting at the end of the financial year ended 31 December 2016 or entered into since the end of the previous financial year.

### **RECURRENT RELATED PARTY TRANSACTIONS**

There were no material recurrent related party transactions entered into by the Group during the financial year ended 31 December 2016.



# DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENT

In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flows of the Group and the Company in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act 1965 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended 31 December 2016 set out on pages 41 to 86 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are reasonable and prudent.

The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 30 March 2017.



# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiary are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	<b>Group RM</b>	<b>Company RM</b>
(Loss)/Profit for the financial year	(2,136,279)	278,500
Attributable to:		
Owners of the parent	(2,136,279)	278,500
Non-controlling interest	-	-
	(2,136,279)	278,500

## DIVIDEND

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	<b>RM</b>
In respect of the financial year ended 31 December 2015:	
Interim single tier dividend of 1 sen per ordinary share, paid on 29 February 2016	2,000,000
In respect of the financial year ended 31 December 2016:	
Interim single tier dividend of 1 sen per ordinary share, paid on 20 October 2016	2,000,000

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.



# DIRECTORS' REPORT *(CONT'D)*

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

## DIRECTORS

The Directors who have held for office since the date of the last report are:

Tan Sri Abdul Halim Bin Ali  
 Tan Sri Nuraizah Binti Abdul Hamid  
 Datuk Noor Azrin Bin Mohd Noor  
 Datuk Syed Izuan Bin Syed Kamarulbahrin  
 Noor Syafiroz Bin Mohd Noor  
 Koh Eu-Jin (resigned on 29 May 2016)  
 Lau Kin Wai (appointed on 16 November 2016)

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	←----- Number of ordinary shares of RM0.10 each ----->			
	Balance as at 1.1.2016	Bought	Sold	Balance as at 31.12.2016
<b>Shares in the Company</b>				
<u>Direct interests:</u>				
Tan Sri Abdul Halim Bin Ali	100,000	-	-	100,000
Tan Sri Nuraizah Binti Abdul Hamid	100,000	-	-	100,000
Datuk Noor Azrin Bin Mohd Noor	8,886,560	400,000	-	9,286,560
Datuk Syed Izuan Bin Syed Kamarulbahrin	100,000	-	-	100,000
Noor Syafiroz Bin Mohd Noor	100,000	-	-	100,000

	←----- Number of ordinary shares of RM0.10 each ----->			
	Balance as at 1.1.2016	Bought	Sold	Balance as at 31.12.2016
<b>Shares in the ultimate holding company</b>				
<b>- Sedania Corporation Sdn. Bhd.</b>				
<u>Direct interests:</u>				
Datuk Noor Azrin Bin Mohd Noor	999,999	-	-	999,999



# DIRECTORS' REPORT *(CONT'D)*

## **DIRECTORS' INTERESTS** cont'd

By virtue of his interest in the shares of the ultimate holding company, Datuk Noor Azrin Bin Mohd Noor is also deemed to be interested in the shares of the subsidiaries of the ultimate holding company to the extent of the ultimate holding company's interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

## **DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than deemed benefits arising from related party transactions as disclosed in Note 24 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## **OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**

### **(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### **(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
  - (i) which would necessitate the writing off of bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.



# DIRECTORS' REPORT *(CONT'D)*

## **OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY** cont'd

### **(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT** cont'd

- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

### **(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

## **SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

Significant events subsequent to the end of the reporting period are disclosed in Note 26 the financial statements.

## **ULTIMATE HOLDING COMPANY**

The Directors regard Sedania Corporation Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

## **AUDITORS**

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

**Datuk Noor Azrin Bin Mohd Noor**  
Director

**Noor Syafiroz Bin Mohd Noor**  
Director

Kuala Lumpur  
30 March 2017





## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 50 to 85 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2016.

In the opinion of the Directors, the information set out in Note 27 to the financial statements on page 86 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

**Datuk Noor Azrin Bin Mohd Noor**  
Director

Kuala Lumpur  
30 March 2017

**Noor Syafiroz Bin Mohd Noor**  
Director



## STATUTORY DECLARATION

I, Rizalzin Hashim Bin Mohammed, being the officer primarily responsible for the financial management of Sedania Innovator Berhad, do solemnly and sincerely declare that the financial statements set out on pages 50 to 86 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Kuala Lumpur this )  
30 March 2017 )

**Rizalzin Hashim Bin Mohammed**

Before me:

**Baloo A/L T. Pichai** (No. W663)  
Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SEDANIA INNOVATOR BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Sedania Innovator Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 85.

In our opinion, at the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Recoverability of trade receivables

As at 31 December 2016, trade receivables that were past due and not impaired amounted to RM4,255,433. The details of trade receivables and its credit risk have been disclosed in Note 8(d) to the financial statements.

The determination of whether these trade receivables are recoverable involves significant management judgement.

#### Audit response

Our audit procedures included the following:

- (a) Evaluated the credit controls operated by the management over the recoverability of trade receivables of the Group;
- (b) Critically assessed recoverability of receivables that were past due but not impaired with reference to their historical bad debt expense, credit profiles of the counter parties and past historical payment trends; and
- (c) Traced cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.



# INDEPENDENT AUDITORS' REPORT *(CONT'D)* TO THE MEMBERS OF SEDANIA INNOVATOR BERHAD

## Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and of the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



# INDEPENDENT AUDITORS' REPORT *(CONT'D)* TO THE MEMBERS OF SEDANIA INNOVATOR BERHAD

## **Auditors' Responsibilities for the Audit of the Financial Statements** cont'd

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: cont'd

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiary that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## **OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 27 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



# INDEPENDENT AUDITORS' REPORT *(CONT'D)*

TO THE MEMBERS OF SEDANIA INNOVATOR BERHAD

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **BDO**

AF : 0206

Chartered Accountants

Kuala Lumpur

30 March 2017

### **Rejeesh A/L Balasubramaniam**

02895/08/2018 J

Chartered Accountant



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	4,312,196	4,368,619	-	-
Investment in a subsidiary	6	-	-	14,853,280	14,853,280
Finance lease receivable	7	3,075,485	-	-	-
		7,387,681	4,368,619	14,853,280	14,853,280
<b>Current assets</b>					
Trade and other receivables	8	9,126,032	5,198,619	3,231,810	29,594
Finance lease receivable	7	759,983	-	-	-
Inventories	9	22,263	-	-	-
Short term funds	10	19,573,962	33,773,787	19,564,286	27,943,416
Cash and bank balances	11	2,064,255	388,668	468,049	100,904
		31,546,495	39,361,074	23,264,145	28,073,914
<b>TOTAL ASSETS</b>		<b>38,934,176</b>	<b>43,729,693</b>	<b>38,117,425</b>	<b>42,927,194</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	12	20,000,000	20,000,000	20,000,000	20,000,000
Reserves	13	16,186,518	20,322,797	17,819,450	19,540,950
<b>TOTAL EQUITY</b>		<b>36,186,518</b>	<b>40,322,797</b>	<b>37,819,450</b>	<b>39,540,950</b>



# STATEMENTS OF FINANCIAL POSITION *(CONT'D)*

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowing	14	661,251	735,595	-	-
Deferred tax liabilities	15	84,819	87,932	-	-
		746,070	823,527	-	-
<b>Current liabilities</b>					
Trade and other payables	16	1,800,971	2,464,703	297,975	3,386,244
Borrowing	14	74,345	71,115	-	-
Current tax liabilities		126,272	47,551	-	-
		2,001,588	2,583,369	297,975	3,386,244
<b>TOTAL LIABILITIES</b>		2,747,658	3,406,896	297,975	3,386,244
<b>TOTAL EQUITY AND LIABILITIES</b>		38,934,176	43,729,693	38,117,425	42,927,194

The accompanying notes form an integral part of the financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED TO 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	17	14,272,743	8,704,131	1,610,000	9,800,000
Other operating income		1,296,558	1,178,205	910,870	484,271
Advertisement and promotions		(1,110,215)	(411,489)	(3,024)	(3,796)
Cost of goods sold		(5,482,429)	-	-	-
Directors' remuneration		(1,187,831)	(397,000)	(1,187,831)	(373,000)
Employee benefits	23	(5,172,789)	(4,146,594)	(459,255)	(191,215)
Depreciation of property, plant and equipment	5	(1,037,390)	(741,768)	-	-
Other operating expenses		(3,414,923)	(2,846,120)	(592,260)	(1,145,393)
Finance costs		(34,353)	(30,278)	-	-
(Loss)/Profit before tax	18	(1,870,629)	1,309,087	278,500	8,570,867
Taxation	19	(265,650)	538,281	-	-
(Loss)/Profit for the financial year		(2,136,279)	1,847,368	278,500	8,570,867
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (loss)/income		(2,136,279)	1,847,368	278,500	8,570,867
(Loss)/Profit attributable to:					
Owners of the parent		(2,136,279)	1,847,368	278,500	8,570,867
Non-controlling interests		-	-	-	-
		(2,136,279)	1,847,368	278,500	8,570,867
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(2,136,279)	1,847,368	278,500	8,570,867
Non-controlling interests		-	-	-	-
		(2,136,279)	1,847,368	278,500	8,570,867
Basic and diluted (loss)/earnings per share (sen)	20	(1)	1		

The accompanying notes form an integral part of the financial statements.





# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED TO 31 DECEMBER 2016

Group	Note	Share capital RM	Share premium RM	Reorganisation debit RM	Retained earnings RM	Total RM
<b>Balance as at 1 January 2015</b>		14,853,300	-	(853,280)	7,323,405	21,323,425
Profit for the financial year		-	-	-	1,847,368	1,847,368
Other comprehensive income, net of tax		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	1,847,368	1,847,368
<b>Transactions with owners</b>						
Issuance of ordinary shares pursuant to initial public offering	12	5,146,700	14,410,760	-	-	19,557,460
Share issue expenses		-	(405,456)	-	-	(405,456)
Interim dividend declared	21	-	-	-	(2,000,000)	(2,000,000)
<b>Total transaction with owners</b>		5,146,700	14,005,304	-	(2,000,000)	17,152,004
<b>Balance as at 31 December 2015</b>		20,000,000	14,005,304	(853,280)	7,170,773	40,322,797

The accompanying notes form an integral part of the financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONT'D)*

FOR THE FINANCIAL YEAR ENDED TO 31 DECEMBER 2016

Group	Note	Share capital RM	Share premium RM	Reorganisation debit RM	Retained earnings RM	Total RM
<b>Balance as at 1 January 2016</b>		20,000,000	14,005,304	(853,280)	7,170,773	40,322,797
Loss for the financial year		-	-	-	(2,136,279)	(2,136,279)
Other comprehensive income, net of tax		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	(2,136,279)	(2,136,279)
<b>Transactions with owners</b>						
Interim dividend paid	21	-	-	-	(2,000,000)	(2,000,000)
<b>Total transaction with owners</b>		-	-	-	(2,000,000)	(2,000,000)
<b>Balance as at 31 December 2016</b>		20,000,000	14,005,304	(853,280)	3,034,494	36,186,518

The accompanying notes form an integral part of the financial statements.



# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED TO 31 DECEMBER 2016

	Note	Share capital RM	Share premium RM	(Accumulated losses)/ Retained earnings* RM	Total RM
<b>Company</b>					
<b>Balance as at 1 January 2015</b>		14,853,300	-	(1,035,221)	13,818,079
Profit for the financial year		-	-	8,570,867	8,570,867
Other comprehensive income, net of tax		-	-	-	-
<b>Total comprehensive income</b>		-	-	8,570,867	8,570,867
<b>Transaction with owners</b>					
Issuance of ordinary shares pursuant to initial public offering	12	5,146,700	14,410,760	-	19,557,460
Share issue expenses		-	(405,456)	-	(405,456)
Interim dividend declared	21	-	-	(2,000,000)	(2,000,000)
<b>Total transaction with owners</b>		5,146,700	14,005,304	(2,000,000)	17,152,004
<b>Balance as at 31 December 2015</b>		20,000,000	14,005,304	5,535,646	39,540,950
Profit for the financial year		-	-	278,500	278,500
Other comprehensive income, net of tax		-	-	-	-
<b>Total comprehensive income</b>		-	-	278,500	278,500
<b>Transactions with owners</b>					
Interim dividend paid	21	-	-	(2,000,000)	(2,000,000)
<b>Total transactions with owners</b>		-	-	(2,000,000)	(2,000,000)
<b>Balance as at 31 December 2016</b>		20,000,000	14,005,304	3,814,146	37,819,450

\* Distributable

The accompanying notes form an integral part of the financial statements.



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED TO 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(Loss)/Profit before tax		(1,870,629)	1,309,087	278,500	8,570,867
Adjustments for:					
Depreciation of property, plant and equipment	5	1,037,390	741,768	-	-
Dividend income		-	-	(1,610,000)	(9,800,000)
Gain on disposal of property, plant and equipment		-	(738)	-	-
Impairment loss on other receivables	8	-	170,000	-	-
Interest expense		34,353	30,278	-	-
Income distribution from short term funds		(1,016,395)	(622,929)	(910,870)	(283,416)
Interest income from finance lease		(146,699)	-	-	-
Interest income		-	(855)	-	(855)
Unrealised gain on foreign exchange		(48,271)	(164,415)	-	-
Operating (loss)/profit before working capital changes		(2,010,251)	1,462,196	(2,242,370)	(1,513,404)
Increase in trade and other receivables		(3,732,443)	(114,763)	(202,216)	(29,594)
Increase in finance lease receivable		(3,835,468)	-	-	-
Increase in inventories		(22,263)	-	-	-
Increase in trade and other payables		1,336,268	148,732	120,440	168,535
Cash (used in)/generated from operations		(8,264,157)	1,496,165	(2,324,146)	(1,374,463)
Tax paid		(190,042)	(212,189)	-	-
Tax refunded		-	603,892	-	-
Net cash (used in)/from operating activities		(8,454,199)	1,887,868	(2,324,146)	(1,374,463)



# STATEMENTS OF CASH FLOWS *(CONT'D)*

FOR THE FINANCIAL YEAR ENDED TO 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividend received		-	-	1,610,000	9,800,000
Purchase of property, plant and equipment	5	(980,967)	(1,726,936)	-	-
Proceeds from disposal of Property, plant and equipment		-	749	-	-
Repayments from ultimate holding company		-	7,940,181	-	-
Advances to a subsidiary		-	-	(3,000,000)	-
(Repayment to)/Advances from a subsidiary		-	-	(1,208,709)	182,488
Income distribution received from short term funds		1,016,395	622,929	910,870	283,416
Interest received		-	855	-	855
Net cash from/(used in) investing activities		35,428	6,837,778	(1,687,839)	10,266,759
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Drawdown of term loan		-	850,000	-	-
Repayments of term loan		(71,114)	(43,290)	-	-
Proceeds from issuance of ordinary shares		-	19,557,460	-	19,557,460
Payment of share issue expenses		-	(405,456)	-	(405,456)
Dividends paid		(4,000,000)	-	(4,000,000)	-
Interest paid		(34,353)	(27,023)	-	-
Net cash (used in)/from financing activities		(4,105,467)	19,931,691	(4,000,000)	19,152,004
Net (decrease)/increase in cash and cash equivalents		(12,524,238)	28,657,337	(8,011,985)	28,044,300
Cash and cash equivalents at beginning of financial year		34,162,455	5,505,118	28,044,320	20
Cash and cash equivalents at end of financial year	11	21,638,217	34,162,455	20,032,335	28,044,320

The accompanying notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 1. CORPORATE INFORMATION

Sedania Innovator Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at 10th floor, Kelana Parkview Tower, Jalan SS6/2, 47301 Petaling Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding company of the Company is Sedania Corporation Sdn. Bhd., a company incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2016 comprise the Company and its subsidiary. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

The Company is principally an investment holding company. The principal activities of the subsidiary are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

These financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 30 March 2017.

### 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out in pages 50 to 85 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 27 to the financial statements set out on page 86 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

### 3. OPERATING SEGMENTS

Sedania Innovator Berhad and its subsidiary are principally engaged in provision of airtime sharing services and investment holding company.

The Group has arrived at four (4) (2015: two (2)) reportable segments that are organised and managed separately according to the nature of the operations, which require different business strategies. The reportable segments are summarised as follows:

(a) Airtime sharing services

Providing the technology on Airtime sharing for telecommunication providers.

(b) Green technology solutions

Provision of green technology solutions for a sustainable and environmentally friendly product and services.



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

31 DECEMBER 2016

### 3. OPERATING SEGMENTS *cont'd*

The Group has arrived at four (4) (2015: two (2)) reportable segments that are organised and managed separately according to the nature of the operations, which require different business strategies. The reportable segments are summarised as follows: *cont'd*

(c) Internet of things (IoT) solutions

Provision for solutions for inter-networking of connected devices for infrastructure management

(d) Other operating segment

Other operating segment comprises operations relating to investment holding.

Green technology solutions and internet of things solutions are new two (2) segments entered by the Group during the financial year.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment, and also excluding the effects of share-based payments and retirement benefit obligations.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements.

Segment liabilities exclude tax liabilities and deferred tax. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

2016	Airtime sharing services RM	Green technology solutions RM	Internet of things solutions RM	Others RM	Total RM
<b>Revenue</b>					
Total revenue	7,968,974	4,003,769	2,300,000	1,610,000	15,882,743
Inter-segment revenue	-	-	-	(1,610,000)	(1,610,000)
<b>Revenue from external customers</b>	7,968,974	4,003,769	2,300,000	-	14,272,243
Interest income	105,525	146,699	-	910,870	1,163,094
Interest expense	(34,353)	-	-	-	(34,353)
<b>Net finance income</b>	71,172	146,699	-	910,870	1,128,741
<b>Segment operating (loss)/profit before tax</b>					
	(1,507,168)	618,039	350,000	278,500	(260,629)
Taxation	(33,321)	(148,329)	(84,000)	-	(265,650)
Other material non-cash items:					
- depreciation of property, plant and equipment	(1,037,390)	-	-	-	(1,037,390)
<b>Segment assets</b>	12,062,663	4,169,368	2,438,000	20,264,145	38,934,176
<b>Segment liabilities</b>	1,618,492	-	620,100	297,975	2,536,567



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2016

### 3. OPERATING SEGMENTS cont'd

2015	Airtime sharing services RM	Others RM	Total RM
<b>Revenue</b>			
Total revenue	8,704,131	9,800,000	18,504,131
Inter-segment revenue	-	(9,800,000)	(9,800,000)
<b>Revenue from external customers</b>	8,704,131	-	8,704,131
Interest income	339,513	284,271	623,784
Interest expense	(30,278)	-	(30,278)
<b>Net finance income</b>	309,235	284,271	593,506
<b>Segment operating profit before tax</b>	<b>2,538,220</b>	<b>8,570,867</b>	<b>11,109,087</b>
Taxation	538,281	-	538,281
Other material non-cash items:			
- depreciation of property, plant and equipment	(741,768)	-	(741,768)
- impairment loss of other receivables	(170,000)	-	(170,000)
<b>Segment assets</b>	<b>15,655,779</b>	<b>28,073,914</b>	<b>43,729,693</b>
<b>Segment liabilities</b>	<b>1,093,878</b>	<b>2,177,535</b>	<b>3,271,413</b>

(a) Reconciliations

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2016 RM	2015 RM
<b>Revenue</b>		
Total revenue for reportable segments	15,882,743	18,504,131
Elimination of inter-segment revenues	(1,610,000)	(9,800,000)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	14,272,243	8,704,131
<b>(Loss)/Profit for the financial year</b>		
Total (loss)/profit for reportable segments	(260,629)	11,109,087
Elimination of inter-segment profits	(1,610,000)	(9,800,000)
(Loss)/Profit before tax	(1,870,629)	1,309,087
Taxation	(265,650)	538,281
(Loss)/Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	(2,136,279)	1,847,368





# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

31 DECEMBER 2016

### 3. OPERATING SEGMENTS *cont'd*

#### (a) Reconciliations *cont'd*

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows: *cont'd*

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Assets</b>		
Assets of the Group per consolidated statement of financial position	38,934,176	43,729,693
<b>Liabilities</b>		
Total liabilities for reportable segments	2,536,567	3,271,413
Unallocated liabilities:		
- current tax liabilities	126,272	47,551
- deferred tax liabilities	84,819	87,932
Liabilities of the Group per consolidated statement of financial position	2,747,658	3,406,896

#### (b) Geographical information

The operations of the Group are carried out primarily in Malaysia and South East Asia (which include Bangladesh and Indonesia). In presenting information on the basis of geographical areas, segment revenue is based on the geographical location in which the customer resides.

<b>Revenue from external customers</b>	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Malaysia	12,006,392	6,310,508
South East Asia other than Malaysia	2,265,851	2,393,623
	14,272,243	8,704,131
<b>Non-current assets</b>		
Malaysia	6,870,816	3,647,413
South East Asia other than Malaysia	516,865	721,206
	7,387,681	4,368,619



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2016

### 3. OPERATING SEGMENTS cont'd

#### (c) Major customers

The following are major customers with revenue equal to or more than ten per centum (10%) of Group revenue for current and prior years:

	Group	
	2016 RM	2015 RM
Customer A	4,223,269	6,114,055
Customer B	2,262,507	2,365,358
Customer C	2,300,000	-
Customer D	4,003,769	-
	12,789,545	8,479,413

### 4. CAPITAL AND FINANCIAL RISK MANAGEMENT

#### (a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern whilst maximising return to its shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2015 and 31 December 2016.

There are no changes made on the capital management, policies and procedures of the Group and the Company during the financial year.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Borrowing	735,596	806,710	-	-
Less:				
Cash and bank balances	(2,064,255)	(388,668)	(468,049)	(100,904)
Placement in funds	(19,573,962)	(33,773,787)	(19,564,286)	(27,943,216)
(Net cash)/Net debt	(20,902,621)	(33,355,745)	(20,032,335)	(28,044,120)
<b>Total equity</b>	36,186,518	40,322,797	37,819,450	39,540,950
Gearing ratio	-	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

## 31 DECEMBER 2016

### 4. CAPITAL AND FINANCIAL RISK MANAGEMENT *cont'd*

#### (b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly credit risk, liquidity and cash flow risks, interest rate risk and foreign currency risk. Information on the management of the related exposures are detailed below.

#### (i) Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major licensed financial institutions. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The Group trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 to 60 days. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the management.

#### Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of the financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 8 to the financial statements.

#### (ii) Liquidity and cash flow risks

Liquidity risk is the risk that the Group is unable to service its cash obligations in future. To mitigate this risk, the management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 14 and 16 to the financial statements respectively.

#### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group will fluctuate because of changes in market interest rates.

The exposure of the Group to changes in interest rates relates primarily to the term loan of the Group. The Group does not use derivative financial instruments to hedge its risk but regularly reviews its debt portfolio to enable it to source low interest funding.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2016

## 4. CAPITAL AND FINANCIAL RISK MANAGEMENT cont'd

### (b) Financial risk management cont'd

#### (iii) Interest rate risk cont'd

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 14 to the financial statements respectively.

#### (iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Transactional currency exposures arise from sales to South East Asia customers. These sales are priced in Ringgit Malaysia but invoiced in United States Dollar ("USD") and Indonesian Rupiah ("IDR").

The sensitivity analysis for foreign currency risk has been disclosed in Note 8 to the financial statements.

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2016 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2016 RM
<b>Carrying amount</b>				
Office building	900,000	-	(20,000)	880,000
SMS/IT equipment	2,032,652	892,282	(616,260)	2,308,674
Furniture and fittings	256,468	88,685	(97,277)	247,876
Motor vehicles	750,000	-	(200,000)	550,000
Renovation	429,499	-	(103,853)	325,646
	4,368,619	980,967	(1,037,390)	4,312,196

Group	At 31.12.2016		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Office building	1,000,000	(120,000)	880,000
SMS/IT equipment	3,713,084	(1,404,410)	2,308,674
Furniture and fittings	611,572	(363,696)	247,876
Motor vehicles	1,000,000	(450,000)	550,000
Renovation	584,780	(259,134)	325,646
	6,909,436	(2,597,240)	4,312,196



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2016

## 5. PROPERTY, PLANT AND EQUIPMENT cont'd

Group	Balance as at 1.1.2015	Additions	Disposals	Depreciation charge for the financial year	Balance as at 31.12.2015
	RM			RM	RM
<b>Carrying amount</b>					
Office building	920,000	-	-	(20,000)	900,000
SMS/IT equipment	672,526	1,723,533	-	(363,407)	2,032,652
Furniture and fittings	111,878	222,540	(11)	(77,939)	256,468
Motor vehicles	950,000	-	-	(200,000)	750,000
Renovation	7,852	502,069	-	(80,422)	429,499
	2,662,256	2,448,142	(11)	(741,768)	4,368,619

Group	At 31.12.2015		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Office building	1,000,000	(100,000)	900,000
SMS/IT equipment	2,820,802	(788,150)	2,032,652
Furniture and fittings	522,887	(266,419)	256,468
Motor vehicles	1,000,000	(250,000)	750,000
Renovation	584,780	(155,281)	429,499
	5,928,469	(1,559,850)	4,368,619

- (a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Office building	2%
SMS/IT equipment	20%
Furniture and fittings	20%
Motor vehicles	20%
Renovation	20%

- (b) As at 31 December 2016, office building of the Group with a carrying amount of RM880,000 (2015: RM900,000) has been charged to a bank for credit facilities granted to the Group as disclosed in Note 14 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

31 DECEMBER 2016

**5. PROPERTY, PLANT AND EQUIPMENT** *cont'd*

(c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Purchase of property, plant and equipment	980,967	2,448,142
Settlement of trade receivables via contra off purchase of property, plant and equipment	-	(721,206)
Cash payments on purchase of property, plant and equipment	980,967	1,726,936

**6. INVESTMENT IN A SUBSIDIARY**

<b>At cost</b>	<b>Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Unquoted equity shares	14,853,280	14,853,280

(a) Investment in a subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost.

(b) The details of the subsidiary are as follows:

<b>Name of company</b>	<b>Country of incorporation</b>	<b>Effective interest in equity</b>		<b>Principal activities</b>
		<b>2016</b>	<b>2015</b>	
Idottv Sdn. Bhd.	Malaysia	100	100	Engaged in business of providing computer solution and development services, networking installation, procurement and supply services pertaining to or connected with telecommunications and information technology which includes multimedia products and all other related activities.



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

31 DECEMBER 2016

## 7. FINANCE LEASE RECEIVABLE

	Group	
	2016 RM	2015 RM
<b>Non - current</b>		
Finance lease receivable	3,075,485	-
<b>Current</b>		
Finance lease receivable	759,983	-
	<b>3,835,468</b>	<b>-</b>

(a) The repayment terms of finance lease receivable are as follows:

	Group	
	2016 RM	2015 RM
Finance lease receivable:		
Not later than 1 year	1,134,000	-
Later than 1 year and not later than 5 years	4,252,500	-
	<b>5,386,500</b>	<b>-</b>
Less: Unearned interest	(1,551,032)	-
	<b>3,835,468</b>	<b>-</b>
Representing finance lease receivable:		
Not later than 1 year	759,983	-
Later than 1 year and not later than 5 years	3,075,485	-
	<b>3,835,468</b>	<b>-</b>

- (b) The carrying amount of finance lease receivable of the Group as at the end of the reporting period approximate its fair value.
- (c) The credit term of finance lease receivable of the Group is 30 days from the date of invoice.
- (d) The effective interest rate for finance lease receivable is fixed at 15% per annum.
- (e) The Group determines concentration of credit risk by monitoring their finance lease receivables on an ongoing basis. At the end of the reporting period, concentration of credit risk arose from one (1) (2015: Nil) finance lease receivable.
- (f) The fair value of finance lease receivable is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (g) Finance lease receivable are denominated in Ringgit Malaysia ("RM").



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2016

**8. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Trade receivables</b>				
Third parties	7,701,126	4,732,118	-	-
<b>Other receivables, deposits and prepayment</b>				
Other receivables	491,625	533,544	-	327
Amount owing by a subsidiary	-	-	3,000,000	-
Refundable deposits	574,660	24,517	1,000	1,000
Prepayments	528,621	78,440	230,810	28,267
	1,594,906	636,501	3,231,810	29,594
Less: Impairment loss on other receivables	(170,000)	(170,000)	-	-
<b>Total trade and other receivables</b>	<b>9,126,032</b>	<b>5,198,619</b>	<b>3,231,810</b>	<b>29,594</b>

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total trade and other receivables	9,126,032	5,198,619	3,231,810	29,594
Finance lease receivable (Note 7)	3,835,468	-	-	-
Cash and bank balances (Note 11)	2,064,255	388,668	468,049	100,904
Less: Prepayments	(528,621)	(78,440)	(230,810)	(28,267)
<b>Total loan and receivables</b>	<b>14,497,134</b>	<b>5,508,847</b>	<b>3,469,049</b>	<b>102,231</b>

- (a) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.
- (b) Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranged from 30 to 60 days (2015: 30 to 45 days) from the date of invoices. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Amount owing by a subsidiary represents advances, which are unsecured, interest free and payable upon demand in cash and cash equivalents.





# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

31 DECEMBER 2016

## 8. TRADE AND OTHER RECEIVABLES *cont'd*

(d) The aging analysis of trade receivables of the Group are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Neither past due nor impaired	3,445,693	836,054
Past due, not impaired:		
- 30 to 90 days	1,541,645	1,326,307
- 91 to 180 days	913,778	1,552,617
- 180 to 360 days	1,145,163	891,514
- more than 360 days	654,847	125,626
	4,255,433	3,896,064
	7,701,126	4,732,118

### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

### Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payments history.

The trade receivables of the Group that are past due but not impaired are unsecured in nature.

(e) The reconciliation of movement in the impairment loss is as follows:

<b>Other receivables</b>	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
At 1 January	170,000	-
Charge for the financial year	-	170,000
At 31 December	170,000	170,000

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the difference would impact the carrying amount of receivables.



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

31 DECEMBER 2016

**8. TRADE AND OTHER RECEIVABLES** cont'd

- (f) The Group determines concentration of credit risk by monitoring their trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

	2016		2015	
	RM	% of total	RM	% of total
<b>By country</b>				
Malaysia	4,500,291	61	2,652,962	56
Bangladesh	3,194,617	38	2,074,017	43
Indonesia	6,218	1	5,139	1
	7,701,126	100	4,732,118	100

At the end of the reporting period, concentration of credit risk arose from three (3) trade receivables amounting to RM6,810,039 (2015: two (2) trade receivables amounting to RM4,660,234), which represents 88% (2015: 99%) of trade receivables. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statements of financial position.

- (g) The currency exposure profile of receivables are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	5,925,197	3,119,463	3,231,810	29,594
United States Dollar	3,194,617	2,074,017	-	-
Indonesian Rupiah	6,218	5,139	-	-
	9,126,032	5,198,619	3,231,810	29,594

- (h) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD and IDR exchange rates against the functional currencies of the Group, with all other variables held constant:

	Group	
	2016 RM	2015 RM
<b>Profit after tax</b>		
USD/RM - strengthen by 3%	72,837	46,665
- weaken by 3%	(72,837)	(46,665)
IDR/RM - strengthen by 3%	142	116
- weaken by 3%	(142)	(116)



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

31 DECEMBER 2016

**9. INVENTORIES**

	Group	
	2016 RM	2015 RM
<b>At cost</b>		
Airtime reloads	22,263	-

Cost of inventories is determined on a weighted average basis.

**10. SHORT TERM FUNDS**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Financial assets at fair value through profit or loss</b>				
Short term funds	19,573,962	33,773,787	19,564,286	27,943,416

- (a) Short term funds held by the Group are highly liquid, readily convertible to cash and are subject to insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents.
- (b) Placement in funds are classified as at fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 2 in the fair value hierarchy.
- (c) Short term funds are denominated in Ringgit Malaysia ("RM").

**11. CASH AND BANK BALANCES**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	2,064,255	388,668	468,049	100,904

- (a) Bank balances are deposits held at call with licensed banks.
- (b) Cash and bank balances are denominated in Ringgit Malaysia ("RM").



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2016

**11. CASH AND BANK BALANCES** cont'd

- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash and bank balances	2,064,255	388,668	468,049	100,904
Short term funds (Note 10)	19,573,962	33,773,787	19,564,286	27,943,416
	21,638,217	34,162,455	20,032,335	28,044,320

**12. SHARE CAPITAL**

	Group and Company			
	2016		2015	
	Number of shares	RM	Number of shares	RM
<b>Authorised</b>				
Ordinary shares of RM0.10 each				
As at 1 January/31 December	500,000,000	50,000,000	500,000,000	50,000,000
<b>Issued and fully paid</b>				
Ordinary shares of RM0.10 each				
As at 1 January	200,000,000	20,000,000	148,533,000	14,853,300
Issued during the financial year	-	-	51,467,000	5,146,700
As at 31 December	200,000,000	20,000,000	200,000,000	20,000,000

- (a) In the previous financial year, the issued and paid-up share capital of the Company was increased from RM14,853,300 to RM20,000,000 by way of issuance 51,467,000 new ordinary shares of RM0.10 each at issue price of RM0.38 per ordinary share for cash pursuant to Initial Public Offering ("IPO").
- (b) The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

31 DECEMBER 2016

**13. RESERVES**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Non-distributable</b>				
Share premium	14,005,304	14,005,304	14,005,304	14,005,304
Reorganisation debit	(853,280)	(853,280)	-	-
<b>Distributable</b>				
Retained earnings	3,034,494	7,170,773	3,814,146	5,535,646
	16,186,518	20,322,797	17,819,450	19,540,950

- (a) The reorganisation debit arose from the acquisition of Idottv Sdn. Bhd. based on the difference between the amount recorded as cost of merger, which comprised the share capital issued by the Company of RM14,853,280, and the nominal value of Idottv Sdn. Bhd.'s share capital acquired under the pooling of interest method of accounting as follows:

	RM
Cost of merger	14,853,280
Less: Share capital of Idottv Sdn. Bhd.	(14,000,000)
Reorganisation debit	853,280

**14. BORROWING**

	Group	
	2016 RM	2015 RM
<b>Current liabilities</b>		
Term loan (secured)	74,345	71,115
<b>Non-current liabilities</b>		
Term loan (secured)	661,251	735,595
<b>Total</b>	735,596	806,710

- (a) Term loan is secured by a charge over the Group's office building as disclosed in Note 5 to the financial statements. In addition, the term loan is guaranteed by the ultimate holding company.
- (b) Term loan is repayable in 120 equal monthly installments commencing from 1 May 2015.
- (c) The weighted average effective interest rate of borrowing of the Group is 4.45% (2015: 4.45%) per annum.



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

## 31 DECEMBER 2016

**14. BORROWING** cont'd

(d) The maturity of term loan is as follows:

	Group	
	2016 RM	2015 RM
Not later than one (1) year	74,345	71,115
Later than one (1) year and not later than two (2) years	77,720	74,345
Later than two (2) years and not later than three (3) years	81,250	77,720
Later than three (3) years and not later than four (4) years	84,940	81,250
Later than four (4) years and not later than five (5) years	88,800	84,940
Later than five (5) years	328,541	417,340
	735,596	806,710

(e) Borrowing of the Group is variable rate instrument. A change of 30 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the loss after tax of the Group to be higher/(lower) by RM1,615 (2015: RM1,677).

(f) Borrowing is denominated in Ringgit Malaysia ("RM").

(g) The maturity profile of the liability of the Group's borrowing at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

Group	On demand or within one year	One to five years	Over five years	Total
	RM	RM	RM	RM
<b>As at 31 December 2016</b>				
Borrowing	105,468	421,872	353,933	881,273
<b>As at 31 December 2015</b>				
Borrowing	105,468	421,872	459,401	986,741



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2016

## 15. DEFERRED TAX LIABILITIES

- (a) The deferred tax liabilities are made up of the following:

	Group	
	2016 RM	2015 RM
Balance as at 1 January	87,932	53,424
Recognised in profit or loss (Note 19)	(3,113)	34,508
Balance as at 31 December	84,819	87,932
Presenting after appropriate offsetting:		
Deferred tax asset	(40,800)	(42,500)
Deferred tax liabilities	125,619	130,432
	84,819	87,932

- (b) The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Group	Property, plant and equipment RM	Others RM	Total RM
<b>Deferred tax liabilities</b>			
At 1 January 2016	89,328	41,104	130,432
Recognised in profit or loss	(14,753)	9,940	(4,813)
At 31 December 2016	74,575	51,044	125,619
At 1 January 2015	31,077	22,347	53,424
Recognised in profit or loss	58,251	18,757	77,008
At 31 December 2015	89,328	41,104	130,432
<b>Deferred tax asset</b>			
At 1 January 2016		(42,500)	(42,500)
Recognised in profit or loss		1,700	1,700
At 31 December 2016		(40,800)	(40,800)
At 1 January 2015		-	-
Recognised in profit or loss		(42,500)	(42,500)
At 31 December 2015		(42,500)	(42,500)



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2016

**16. TRADE AND OTHER PAYABLES**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Trade payables</b>				
Third parties	41,997	-	-	-
<b>Other payables</b>				
Other payables	557,832	145,565	80,930	35,855
Accruals	1,201,142	319,138	217,045	141,680
Dividend payable	-	2,000,000	-	2,000,000
Amount owing to a subsidiary	-	-	-	1,208,709
	1,758,974	2,464,703	297,975	3,386,244
	1,800,971	2,464,703	297,975	3,386,244

- (a) Trade payable are non-interest bearing and the normal trade credit terms granted to the Company ranged from 30 days (2015: 30 to 60) from the date of invoice.
- (b) In the previous financial year, amount owing to a subsidiary represented payment on behalf, which were unsecured, interest free and payable upon demand in cash and cash equivalents.
- (c) The maturity profile of the liability of the Group's and Company's trade and other payables at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>As at 31 December 2016</b>				
<b>Group</b>				
Trade and other payables	1,800,971	-	-	1,800,971
<b>Company</b>				
Trade and other payables	297,975	-	-	297,975
<b>As at 31 December 2015</b>				
<b>Group</b>				
Trade and other payables	2,464,703	-	-	2,464,703
<b>Company</b>				
Trade and other payables	3,386,244	-	-	3,386,244

- (d) Trade and other payables are denominated in Ringgit Malaysia ("RM").





# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

31 DECEMBER 2016

**17. REVENUE**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Services rendered	8,000,474	8,704,131	-	-
Sale of goods	6,272,269	-	-	-
Dividend income	-	-	1,610,000	9,800,000
	<b>14,272,743</b>	<b>8,704,131</b>	<b>1,610,000</b>	<b>9,800,000</b>

Revenue is measured at the fair value of the consideration received or receivables, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and the specific recognition criteria have been met for each of the activities of the Group as follows:

## (a) Services rendered

Revenue in respect of the rendering of services is recognised when services are rendered.

## (b) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with the delivery of goods, and acceptance by customers.

## (c) Dividend income

Dividend income is recognised when the right to receive payments is established.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2016

**18. (LOSS)/PROFIT BEFORE TAX**

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- Statutory audit		100,000	93,000	40,000	35,000
- Non statutory audit		5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	5	1,037,390	741,768	-	-
Directors' remuneration:					
Paid/payable by the Company:					
- fees		122,500	295,000	122,500	295,000
- other emoluments		1,065,331	78,000	1,065,331	78,000
Paid/payable by the subsidiary:					
- fees		-	24,000	-	-
Impairment loss on other receivables	8	-	170,000	-	-
Interest expense on term loan		34,353	30,278	-	-
Pre-IPO expenses		-	500,420	-	500,420
Rental of :					
- premises		21,143	20,970	-	-
- lease line		-	3,737	-	-
And crediting:					
Gain on disposal of property, plant and equipment		-	738	-	-
Gain on foreign exchange:					
- realised		85,193	151,948	-	-
- unrealised		48,271	164,415	-	-
Income distribution from short term funds		1,016,395	622,929	910,870	283,416
Interest income from finance lease		146,699	-	-	-
Interest income		-	855	-	855
Grant received from the Government		-	200,000	-	200,000



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2016

**19. TAXATION**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax expense based on profit for the financial year				
- current year	143,240	147,714	-	-
- under/(over) provision in prior years	125,523	(720,503)	-	-
	268,763	(572,789)	-	-
Deferred tax (Note 15)				
- relating to origination and reversal of temporary differences	(4,703)	45,603	-	-
- under/(over) provision in prior years	1,590	(11,095)	-	-
	(3,113)	34,508	-	-
	265,650	(538,281)	-	-

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2015: twenty-five percent (25%)) of the estimated taxable profits for the fiscal year.
- (b) The numerical reconciliations between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	(448,951)	327,272	66,840	2,142,717
Tax effects in respect of:				
Non-allowable expenses	950,323	708,660	538,169	428,351
Non-taxable income	(243,936)	(205,947)	(605,009)	(2,571,068)
Tax exempt income under pioneer status	(118,898)	(634,018)	-	-
Effect of change in tax rate	-	(2,650)	-	-
	138,538	193,317	-	-
Under/(Over) provision of tax expense in prior years				
- income tax	125,523	(720,503)	-	-
- deferred tax	1,590	(11,095)	-	-
	265,650	(538,281)	-	-



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

## 31 DECEMBER 2016

**19. TAXATION** cont'd

- (c) A subsidiary of the Group was awarded Multimedia Super Corridor ("MSC") Malaysia Status Company. Accordingly, MSC Malaysia qualifying activities of the subsidiary, namely research, development and commercialisation of mobile solutions and related services, was exempted from tax in each financial year from 10 May 2011 until 9 May 2016.
- (d) During the financial year, a subsidiary of the Group has been awarded Customised Incentive and Conditions for 70% income tax exemption on statutory income derived from the Approved Business, pursuant to the Income Tax (Exemption) (No. 11) Order 2006 [PU(A)112/2006], for a period of five (5) years from the date of the first sales invoice of the new MSC Malaysia approved activities.

**20. (LOSS)/EARNINGS PER SHARE**

- (a) Basic

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after adjusting the public issue as disclosed in Note 12 to the financial statements.

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
Profit attributable to equity holders of the parent (RM)	(2,136,279)	1,847,368
Weighted average number of ordinary shares	200,000,000	174,760,019 <sup>(1)</sup>
Basic earnings per ordinary share (sen)	(1)	1

(1) Based on ordinary shares held as at 31 December 2015 of 200,000,000, which translates to the effect of weighted average number of ordinary shares of 174,760,019.

- (b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no potential dilutive equity instruments.

**21. DIVIDENDS**

Company	<b>2016</b>		<b>2015</b>	
	<b>Dividend per share</b>	<b>Amount of dividend</b>	<b>Dividend per share</b>	<b>Amount of dividend</b>
	<b>Sen</b>	<b>RM</b>	<b>Sen</b>	<b>RM</b>
Interim single tier dividend declared in respect of the financial year ended 31 December 2016/2015	1	2,000,000	1	2,000,000



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

31 DECEMBER 2016

## 22. COMMITMENTS

### (a) Capital commitment

	Group	
	2016 RM	2015 RM
Capital expenditure in respect of development costs		
Approved and contracted for	941,981	-
Approved and but contracted for	-	-
	941,981	-

### (b) Operating lease commitment

The Group had entered into non-cancellable lease agreements for rental of premises, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The Group has aggregate future minimum lease commitment as at the end of each reporting year as follows:

	Group	
	2016 RM	2015 RM
Not later than one (1) year	23,820	20,970
Later than one (1) year and not later than five (5) years	23,820	-
	47,640	20,970

## 23. EMPLOYEE BENEFITS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries and bonuses	4,263,584	3,239,002	383,566	152,400
Contributions to defined contribution plan	495,619	386,956	50,361	18,598
Other benefits	413,586	520,636	25,328	20,217
	5,172,789	4,146,594	459,255	191,215



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

## 31 DECEMBER 2016

### 24. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

Related parties of the Company include:

- (i) subsidiary of the Company as disclosed in Note 6 to the financial statements;
  - (ii) direct and indirect subsidiaries of the ultimate holding company, Sedania Corporation Sdn. Bhd.;
  - (iii) key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company either directly or indirectly. The key management personnel includes all the Directors of the Company.
- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Transactions with a subsidiary:</b>				
Payments on behalf	-	-	4,222	182,488
Dividends received	-	-	1,610,000	9,800,000
Advances given to a subsidiary	-	-	3,000,000	-

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short term employees benefits				
- Directors	1,083,122	397,000	1,083,122	373,000
- Key management personnel	1,141,398	716,460	305,243	152,400
Contribution to defined contribution plan	218,005	59,221	141,250	18,598
	2,442,525	1,172,681	1,529,615	543,998



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

## 31 DECEMBER 2016

### 25. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

#### 25.1 New MFRSs adopted during the financial year

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2016, the Group and the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2016.

Title	Effective Date
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12, MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to MFRSs 2012 - 2014 Cycle</i>	1 January 2016

There is no material impact upon the adoption of these Standard and Amendments during the financial year, other than the adoption of Amendments to MFRS 101 *Disclosure Initiative*, which resulted in the following:

- (a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- (b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

#### 25.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Company are disclosed below. The Group and the Company intend to adopt these Standards, if applicable, when they become effective.

Title	Effective Date
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

## 31 DECEMBER 2016

### 25. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs *cont'd*

#### 25.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017 *cont'd*

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Company are disclosed below. The Group and the Company intend to adopt these Standards, if applicable, when they become effective. *cont'd*

Title	Effective Date
Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

### 26. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

- (a) On 27 February 2017, the Company entered into a share sale agreement with Sedania Corporation Sdn. Bhd. to acquire the entire issue and paid up ordinary share capital of Sedania As Salam Capital Sdn. Bhd. ("SASC"), a company incorporated in Malaysia, for a purchase consideration of RM12.00 million to be satisfied by a combination of cash amounting to RM4.00 million and issuance and allotment of 25,806,452 new ordinary shares in the Company at an issue price of RM0.31 per unit ("Proposed Acquisition").

The Proposed Acquisition is subject to the following approvals being obtained:

- (i) Bursa Securities, for the listing of and quotation of 25,806,452 new ordinary shares in the Company to be issued and allotted pursuant to the Proposed Acquisition on the ACE Market of Bursa Securities;
- (ii) Approval of the non-interested shareholders of SIB at an extraordinary general meeting ("EGM") to be convened; and
- (iii) Any other relevant authorities and/or parties, if required.





# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

31 DECEMBER 2016

## 26. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD *cont'd*

- (b) The Companies Act 2016 ('CA2016') was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016 to replace the Companies Act 1965. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which CA2016 comes into operation except Section 241 and Division 8 of Part III of CA2016.

The main changes in CA2016 that will affect the financial statements of the Group and the Company upon the commencement of CA2016 on 31 January 2017 are:

- (i) Removal of the authorised share capital; and
- (ii) Shares of the Company will cease to have par or nominal value.

The adoption of CA2016 does not have any material financial impact on the Group and the Company for the year ended 31 December 2016 as any accounting implications will only be applied prospectively. The effect of adoption mainly will be on disclosures to the annual report and financial statements for the financial year ending 31 December 2017.



# NOTES TO THE FINANCIAL STATEMENTS *(CONT'D)*

31 DECEMBER 2016

**27. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFIT OR LOSSES**

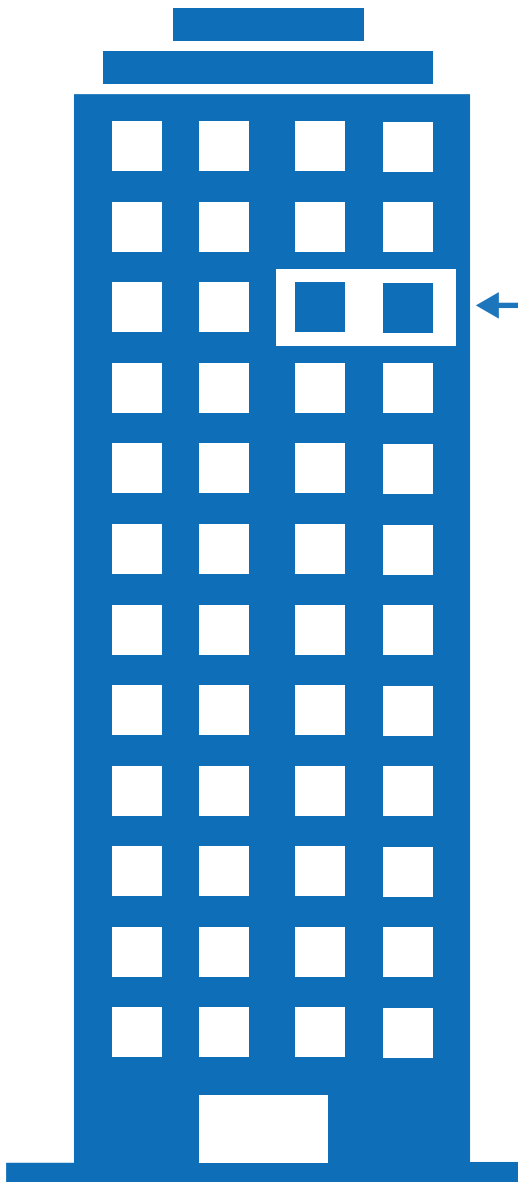
The retained earnings as at the end of each reporting period may be analysed as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings/(accumulated loss) of the Company and its subsidiary:				
- realised	3,071,042	7,094,290	3,814,146	5,535,646
- unrealised	(36,548)	76,483	-	-
	3,034,494	7,170,773	3,814,146	5,535,646
Less: Consolidation adjustments	-	-	-	-
Total retained earnings	3,034,494	7,170,773	3,814,146	5,535,646



# LIST OF PROPERTIES

As at 31 December 2016



**A unit on the 10th floor of a thirteen (13) storey office building as our head office and for our business operations.**



Registered owner:  
IDOTTV Sdn. Bhd.



Location:  
Unit No. 10B, Level 10, Kelana Parkview Tower  
Jalan SS 6/2, 47301 Petaling Jaya,  
Selangor Darul Ehsan



Built-Up Area:  
5,080 square feet



Tenure:  
Freehold



Approximate Age of Building:  
20 years



Net Book Value as at 31 December 2016:  
RM880,000



Effective year of purchase:  
23 May 2011



# ANALYSIS OF SHAREHOLDINGS

As at 31 March 2017

- A.** Issued and Fully Paid-Up Capital : RM20,000,000.00 comprising of 200,000,000 ordinary shares  
 Class of Shares : Ordinary Shares  
 Voting Rights : One (1) vote per ordinary share

**B. ANALYSIS BY SIZE OF SHAREHOLDINGS**

Size of shareholdings	No. of Shareholders	% of Total Shareholders	No. of Shares Held	% of Issued Capital
1 – 99 shares	4	0.298	75	0.00
100 – 1,000 shares	97	7.244	48,725	0.02
1,001 – 10,000 shares	490	36.594	3,442,200	1.72
10,001 – 100,000 shares	655	48.917	24,346,600	12.17
100,001 and above	93	6.945	172,162,400	86.08
<b>TOTAL</b>	<b>1,339</b>	<b>100.00</b>	<b>200,000,000</b>	<b>100.00</b>

**C. SUBSTANTIAL SHAREHOLDERS**

No	Name	Direct	No. of Shares Held		%
			%	Indirect	
1.	Sedania Corporation Sdn Bhd	100,076,440 <sup>(1)</sup>	50.04	-	-
2.	Datuk Noor Azrin bin Mohd Noor	9,286,560	4.64	100,176,440 <sup>(1)</sup>	50.04
3.	MAM PE Asia Fund I (Labuan) LLP	25,000,000	12.50	-	-
4.	Maybank Asset Management Group	-	-	25,000,000 <sup>(2)</sup>	12.50
5.	Malayan Banking Berhad	-	-	25,000,000 <sup>(3)</sup>	12.50

Notes:


- (1) Deemed interested by virtue of his substantial interest in Sedania Corporation Sdn Bhd and his sibling, Noor Syafiroz bin Mohd Noor's direct interest in SIB.  
 (2) Deemed interested by virtue of its substantial interest in MAM PE Asia Fund 1 (Labuan) LLP.  
 (3) Deemed interested by virtue of its substantial interest in Maybank Asset Management Group.

**D. DIRECTORS' SHAREHOLDINGS**

No	Name	Direct Interest	%	Indirect Interest	%
1.	Y. Bhg. Tan Sri Abdul Halim bin Ali	100,000	0.05	-	-
2.	Datuk Noor Azrin bin Mohd Noor	9,286,560	4.64	100,176,440 <sup>(1)</sup>	50.09
3.	Noor Syafiroz bin Mohd Noor	100,000	0.05	-	-
4.	Y. Bhg. Tan Sri Nuraizah binti Abdul Hamid	100,000	0.05	-	-
5.	Datuk Syed Izuan bin Syed Kamarulbahrin	100,000	0.05	-	-
6.	Lau Kin Wai	-	-	-	-

Notes:

- (1) Deemed interested by virtue of his substantial interest in Sedania Corporation Sdn Bhd and his sibling, Noor Syafiroz bin Mohd Noor's direct interest in SIB.



# ANALYSIS OF SHAREHOLDINGS *(CONT'D)*

As at 31 March 2017

**E. LIST OF TOP 30 HOLDERS AS AT 31 MARCH 2017  
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)**

No.	Name	Holdings	% of Issued Capital
1.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Sedania Corporation Sdn Bhd</i>	55,076,440	27.54
2.	Sedania Corporation Sdn Bhd	45,000,000	22.50
3.	Maybank Nominees (Tempatan) Sdn Bhd <i>MAM DP Ltd For MAM PE Asia Fund I (Labuan) LLP</i>	25,000,000	12.50
4.	Noor Azrin Bin Mohd Noor	8,856,560	4.43
5.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Universal Trustee (Malaysia) Berhad For CIMB Islamic Small Cap Fund</i>	8,171,900	4.09
6.	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad For CIMB-Principal Small Cap Fund (240218)</i>	5,387,700	2.69
7.	Nor Ashikin Binti Khamis	2,151,800	1.08
8.	Grup Buku Karangkrak Sdn. Bhd.	2,000,000	1.00
9.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad For TA Growth Fund</i>	1,450,000	0.73
10.	Mansor Bin Musa	928,700	0.46
11.	RHB Investment Bank Berhad <i>Exempt An Clr For PMB Investment Berhad</i>	900,000	0.45
12.	Universal Trustee (Malaysia) Berhad TA Dana Fokus	550,000	0.28
13.	Mohd Azlan Bin Onn	545,000	0.27
14.	Maybank Nominees (Tempatan) Sdn Bhd Lee Lep Kiong	500,000	0.25
15.	Citigroup Nominees (Asing) Sdn Bhd <i>CBHK PBGSGP For Sunnyvale Holdings Ltd</i>	473,300	0.24
16.	Mt Shukhi Bin Haji Darus	460,000	0.23
17.	Noor Azrin Bin Mohd Noor	430,000	0.22
18.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Tan Pei Pei (033)</i>	420,000	0.21
19.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Tay Moy Koh (Segamat-CI)</i>	350,000	0.18
20.	Tan Moy Seng	350,000	0.18
21.	Cheah Chin Heng	310,000	0.16
22.	Boo Kar Hoon	300,000	0.15
23.	JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Hai Guan (Margin)</i>	300,000	0.15
24.	Ong Bok Lim	300,000	0.15
25.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Exempt An For Phillip Capital Management Sdn Bhd (EPF)</i>	290,000	0.15
26.	Peng Li Vern	288,000	0.14
27.	Ar-Rayyan Capital Sdn Bhd	260,000	0.13
28.	Loh Lian Fatt	251,300	0.13
29.	Lam Kian Yew	250,000	0.13
30.	Tah Yap Siang	250,000	0.13
<b>TOTAL</b>		<b>161,800,700</b>	<b>80.90</b>



# NOTICE OF THE THIRD ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Third Annual General Meeting (AGM) of Sedania Innovator Berhad (“the Company”) will be held at Dewan Presiden, Kelab Golf Negara Subang, Jalan SS7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan on Monday, 15<sup>th</sup> day of May, 2017 at 10.00 a.m. for the purpose of transacting the following businesses :-

## AGENDA

### ORDINARY BUSINESS

- |    |  |                                     |
|----|--|-------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors’ and Auditors’ Reports thereon.                        | Please refer to Explanatory Notes A |
| 2. | To approve the payment of Directors’ fees of RM 122,500 in respect of the financial year ended 31 December 2016.   | Resolution 1                        |
| 3. | To re-elect Noor Syafiroz bin Mohd Noor , who retires in accordance to Article 95 of the Company’s Constitution, and being eligible, offer himself for re-election.          | Resolution 2                        |
| 4. | To re-elect Datuk Syed Izuan bin Syed Kamarulbahrin who retires in accordance to Article 95 of the Company’s Constitution and being eligible, offer himself for re-election. | Resolution 3                        |
| 5. | To re-elect Lau Kin Wai who retires in accordance to Article 100 of the Company’s Constitution and being eligible, offer himself for re-election.                            | Resolution 4                        |
| 6. | To re-appoint Messrs BDO as the Company’s Auditors for the ensuing year and to authorise the Directors to fix their remuneration.  | Resolution 5                        |

### SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution.

7. Ordinary Resolution

**Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”)**

Resolution 6  
(Explanatory Notes B)

“THAT subject to Sections 75 and 76 of the Act, and approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares capital of the Company for the time being and the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company in accordance with Sections 75 and 76 of the Companies Act 2016.”

### ANY OTHER BUSINESS

8. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

**SHAHNIZA ANOM BINTI ELIAS** (LS 0006472)

**TIA HWEI PING** (MAICSA 7057636)

Company Secretaries  
Selangor Darul Ehsan  
21 April 2017



# NOTICE OF THE THIRD ANNUAL GENERAL MEETING *(CONT'D)*

## Notes:

- (i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than (2) proxies to attend, vote and speak in his/her stead at the same meeting. A proxy may but need not be a member of the Company.
- (ii) Where a member of the Company appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointments shall be invalid.
- (iii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

- (iv) If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
- (v) The instrument appointing a proxy shall be signed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
- (vi) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power of attorney or authority, shall be deposited at Share Registrar's Office, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
- (vii) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 3 May 2017 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.
- (viii) Pursuant to 8.31A of the ACE market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice will be put to vote by way of poll.

## EXPLANATORY NOTES A:

The Audited Financial Statements in Agenda 1 is intended for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the members and hence is not put for voting.

## EXPLANATORY NOTES B:

The proposed Ordinary Resolution No. 6, if passed, would, subject to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, enable the Directors to allot and issue up to a maximum of ten per centum (10%) of the total issued and paid – up share capital of the Company at the date of such issuance for such purpose as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting (AGM) of the Company.

The mandate will enable the Directors to take swift action in case of a need for corporate exercise or fund raising activities or in the event business opportunities arise which involve the issuance of new shares and to avoid delay and cost in convening general meetings to approve such issuance of shares. The proceeds raised from the corporate exercises or fund raising activities will be utilised for funding future investment projects, working capital and/or acquisitions.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

**(a) Details of individuals who are standing for election as Directors**

No individual is seeking election as a Director at the forthcoming Third Annual General Meeting of the Company ("3<sup>rd</sup> AGM").

**(b) Statement relating to general mandate for issue of securities in accordance with Paragraph 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad**

Details of the general mandate to issue securities in the Company pursuant to Section 75 and 76 of the Companies Act, 2016 are set out in Explanatory Notes B of the Notice of 3<sup>rd</sup> AGM.





**PROXY FORM**

Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %
Total number of ordinary shares held		
CDS Account No.		

I/We (full name in capital letters) \_\_\_\_\_

NRIC/Company No. \_\_\_\_\_

of (full address) \_\_\_\_\_

being a member of the Company, hereby appoint \_\_\_\_\_

NRIC No./Passport No. \_\_\_\_\_ (full address) \_\_\_\_\_

or failing whom, \_\_\_\_\_

NRIC No./Passport No. \_\_\_\_\_

of (full address) \_\_\_\_\_

or failing him/her \*the Chairman of the Meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Annual General Meeting of the Company to be held at Dewan Presiden, Kelab Golf Negara Subang, Jalan SS7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan on Monday, 15<sup>th</sup> May 2017 at 10.00 am, or any adjournment thereof.

**\* Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.**

My/our proxy is to vote as indicated below:

Resolution No.	Ordinary Business	For	Against
<b>Resolution 1</b>	To approve the payment of Directors' fees of RM122,500 for the financial year ended 31 December 2016.		
<b>Resolution 2</b>	To re-elect Noor Syaifiroz bin Mohd Noor as the director of the Company.		
<b>Resolution 3</b>	To re-elect Datuk Syed Izuan bin Syed Kamarulbahrin as the director of the Company.		
<b>Resolution 4</b>	To re-elect Lau Kin Wai as the director of the Company.		
<b>Resolution 5</b>	To re-appoint Messrs BDO as Auditors of the Company and to authorize the Directors to fix their remuneration		
	<b>Special Business</b>		
<b>Resolution 6</b>	To authorize the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		

In case of a vote by a show of hands, my proxy \_\_\_\_\_ (one (1) name only) shall vote on my/our behalf.

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

\_\_\_\_\_  
**Signature/Common Seal of Shareholder**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

**Contact No.:** \_\_\_\_\_

**Notes:**

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, vote and speak in his/her stead at the same meeting. A proxy may but need not be a member of the Company.
- Where a member of the Company appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointments shall be invalid.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.  
An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy shall be signed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power of attorney or authority, shall be deposited at the Share Registrar's Office, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 3 May 2017 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.
- Pursuant to 8.31A of the ACE market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice will be put to vote by way of poll.

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AFFIX  
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**SEDANIA INNOVATOR BERHAD** (1074350-A)

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8 Jalan Kerinchi  
59200 Kuala Lumpur

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## **SEDANIA INNOVATOR BERHAD**

(Company No. 1074350-A)

Level 10, Kelana Parkview Tower , Jalan SS6/2,  
47301 Petaling Jaya, Selangor, Malaysia

Website : [www.sedaniainnovator.com](http://www.sedaniainnovator.com)



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