


SEDANIA INNOVATOR BERHAD

ANNUAL REPORT


FINTECH


INTERNET
OF THINGS


GREEN
TECH


SHARING
PLATFORM


BIG DATA
ANALYTICS

2018

 SEDANIA

LOGO STORY



Our new logo is inspired by two hands in unison through the simple gesture of a handshake. Two hands clasping each other, discovering strength and support. Two hands united in a strong grasp, to form the letter “S”. United in Strength to signify collaboration and cooperation between the company and the partners, clients, staff members, investors and other stakeholders. No longer just I or me. It is now US.

The “S” in the logo is built into a Heptagon, symbolizing being ‘well-grounded’ and ‘down-to-earth’. The top parts are upward reaching, and represent hopes to reach ‘the sky’.

The upward reaching parts make up 6 of the sides to the heptagon, which represents the 5 + 1 DNA that SEDANIANS possess. These are Spirit, Strategy, Strength, Speed, Stamina and Style.

The “S” in the logo represents agility and nimbleness, the ability to adapt quickly to consumer demands and expectations, as often expected out of every SEDANIAN.

The angle of the “S” in the SEDANIA logo signifies an upward trend, propelled ahead, Moving Forward.

“EDANIA” retains its look and feel from previous logo versions, with respect to the legacy that we have built since 2002. It is however paired to the prolific take on the “S”, to symbolise a revitalisation of the logo, and not a total departure from the heritage of the company.

Combined with the angled S, the logo now takes on the form of a key, which symbolises the “unlocking” of potentials and opportunities.

It also can be used to secure and protect things that are important and valuable to us.

The logo represents SEDANIA’s direction to become The Key To Empowerment, for both consumers seeking solutions, and our own people seeking to be the best version of themselves.

The colour red in our logo represents Strength and Passion, and it exudes Vibrancy.



ABOUT US

SEDANIA INSPIRES

Sedania Innovator Berhad ("Sedania Innovator") is an innovation house. In our mission to improve people's lives in a commercially sustainable manner, we have created and curated technologies that we believe will provide long term benefits, not only to the bottom-line of the company, but also to all stakeholders including the consumers. Our innovation portfolios include technologies and platforms such as Financial Technology (FinTech), Green Technology (GreenTech), Internet of Things (IoT), Sharing Platform, and Big DataAnalytics, in Malaysia and globally.

SEDANIA INNOVATES

Sedania Innovator is focused towards building and acquiring innovations to empower corporations for operational optimization, realizing their highest potential by harnessing the most appropriate and latest technologies, and emerging as leaders of their industries. To do so, we constantly and actively explore rapidly evolving technologies, so that we can secure the tech that would empower everyone towards a more exciting future and sustainability.

Founded in 2013, Sedania Innovator is a Malaysia-based investment holding company. Its subsidiary, IDOTTV Sdn. Bhd., 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.

On 20 July 2017, Sedania Innovator acquired 100% of Sedania As Salam Capital Sdn. Bhd., which offers the As-Sidq™ platform as its core product, a Tawarruq commodity trading system that utilises prepaid telecommunication airtime credit as the traded commodity based on syariah principles.

Built by an entrepreneur passionate about growth and ever on the lookout for the next BIG thing, Sedania Innovator business portfolio now encompasses:



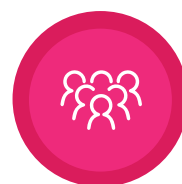
Financial
Technology
FinTech



Green
Technology
GreenTech



Internet of
Things
IoT



**Sharing
Platform**



**Big Data
Analytics**

SEDANIA DNA

- **SPIRIT**
All endeavours begin with attaining **Passion**, harnessing positive energy towards maximizing **Performance**
- **STRATEGY**
Implementing **Ingenuity** in mapping out plans without compromising on quality, to ensure optimal results
- **STRENGTH**
Realising your areas of strength, and leveraging upon the strengths of others for execution through **Collaboration**, achieving **Accountability** in the process
- **SPEED**
Consistently ensuring sense of urgency to be ahead of the game, while upholding **Integrity** and **Compliance**
- **STAMINA**
Persevere to stay ahead to achieve the end result, while retaining high sense of **Humility**

All of the above to always be practised alongside...

- **STYLE**
Always be **Confident** in ourselves, **Professional** in our dressing and in carrying ourselves in the way we **Communicate** with each other, while being **Respectful** of others and of each other.

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OUR JOURNEY

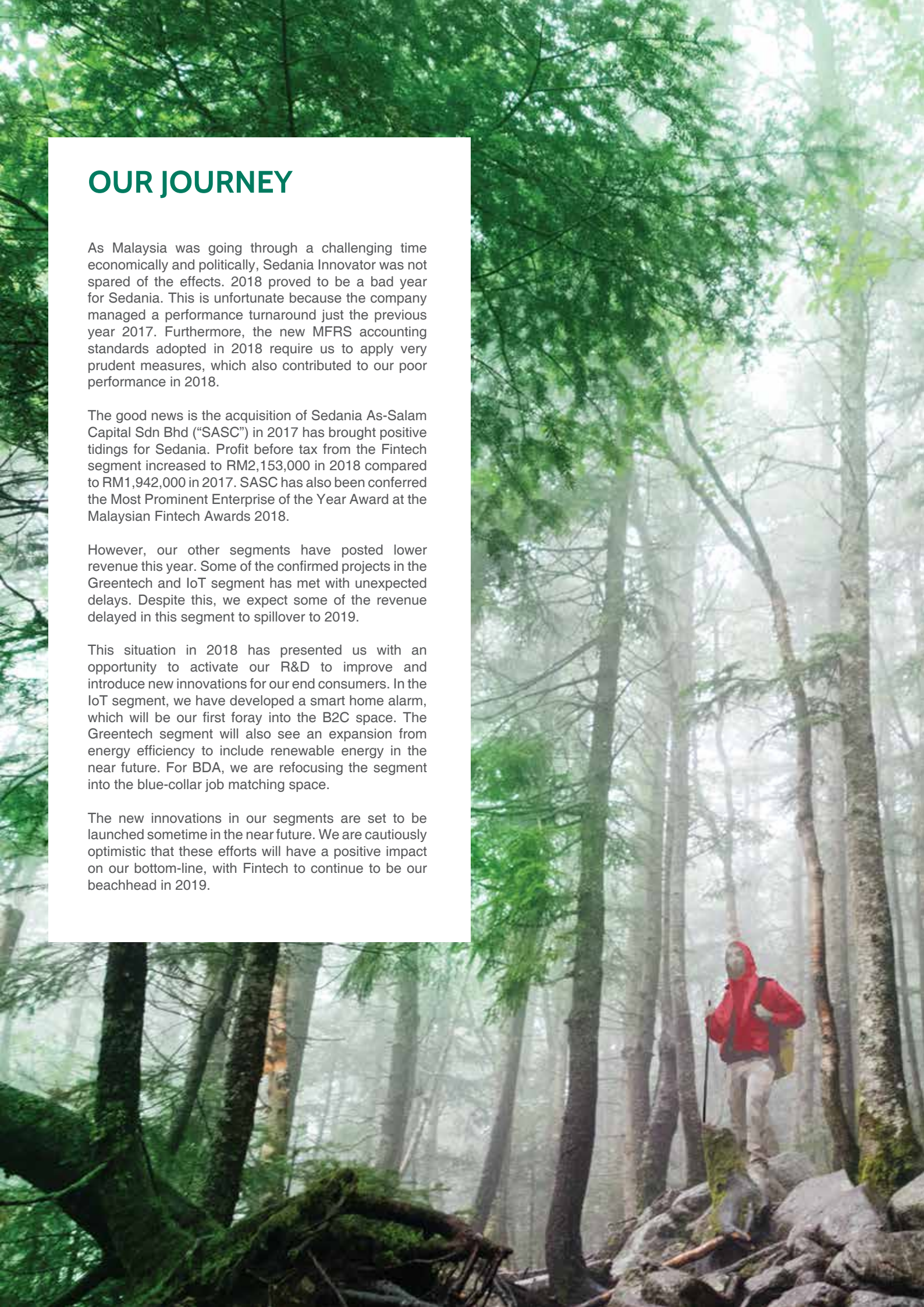
As Malaysia was going through a challenging time economically and politically, Sedania Innovator was not spared of the effects. 2018 proved to be a bad year for Sedania. This is unfortunate because the company managed a performance turnaround just the previous year 2017. Furthermore, the new MFRS accounting standards adopted in 2018 require us to apply very prudent measures, which also contributed to our poor performance in 2018.

The good news is the acquisition of Sedania As-Salam Capital Sdn Bhd ("SASC") in 2017 has brought positive tidings for Sedania. Profit before tax from the Fintech segment increased to RM2,153,000 in 2018 compared to RM1,942,000 in 2017. SASC has also been conferred the Most Prominent Enterprise of the Year Award at the Malaysian Fintech Awards 2018.

However, our other segments have posted lower revenue this year. Some of the confirmed projects in the Greentech and IoT segment has met with unexpected delays. Despite this, we expect some of the revenue delayed in this segment to spillover to 2019.

This situation in 2018 has presented us with an opportunity to activate our R&D to improve and introduce new innovations for our end consumers. In the IoT segment, we have developed a smart home alarm, which will be our first foray into the B2C space. The Greentech segment will also see an expansion from energy efficiency to include renewable energy in the near future. For BDA, we are refocusing the segment into the blue-collar job matching space.

The new innovations in our segments are set to be launched sometime in the near future. We are cautiously optimistic that these efforts will have a positive impact on our bottom-line, with Fintech to continue to be our beachhead in 2019.



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 SECRETARY

Chua Siew Chuan (MAICSA 0777689)
Cheng Chia Ping (MAICSA 1032514)

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 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel : (603) 2084 9000
Fax : (603) 2094 9940

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 PLT
BDO @ Menara CenTARa
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 : (603) 2783 9299
Fax : (603) 2783 9222

PRINCIPAL BANKERS

RHB Islamic Bank Berhad

SPONSOR

M&A Securities Sdn. Bhd.
Level 1-3, No. 45 & 47 and No. 43-6
The Boulevard Mid Valley City
Lingkaran Syed Putra, 59200 Kuala Lumpur
Tel. No.: (603) 2282 7308
Fax. No.: (603) 2283 1019

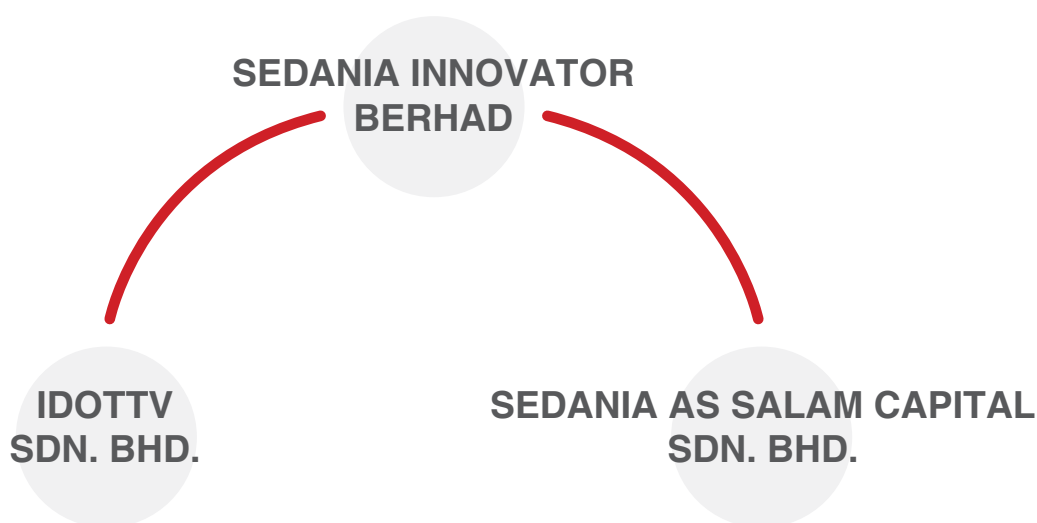
STOCK EXCHANGE LISTING

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



IDOTTV SDN. BHD.

Incorporated on 23 January 2004, in Malaysia

Issued and paid-up capital:
RM 14,000,000.00

Principal activities:

Telecommunications and Information Technology, which include multimedia products and all other related activities.

SEDANIA AS SALAM CAPITAL SDN. BHD.

Incorporated on 23 August 2005, in Malaysia

Issued and paid-up capital:
RM2,000,000.00

Principal activities:

Business of Shariah compliant platform for personal Islamic banking, financial technology consultation, solution and platforms, general advertising agents and trading of telecommunication products.

FINANCIAL CALENDAR AND PERFORMANCE SUMMARY

FINANCIAL CALENDAR

For Financial Year Ending 31 December 2018

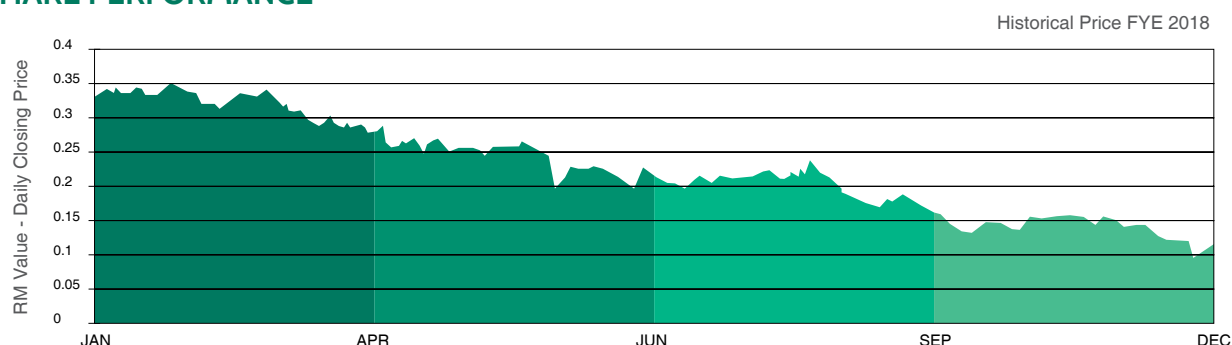
ANNOUNCEMENT OF RESULTS

First Quarter	29 May 2018
Second Quarter	30 Aug 2018
Third Quarter	30 Nov 2018
Fourth Quarter	25 Feb 2019

ANNUAL GENERAL MEETING

16 May 2019

SHARE PERFORMANCE



Year High: RM0.35 on 24 Jan 2018

Highest Trading Volume:
1,950,600 on 3 Sep 2018

Year Low: RM0.095 on 26 Dec 2018

Market Capitalisation As At 31 Dec 2018:
RM22.6 Million

Year End Close: RM0.10

FINANCIAL HIGHLIGHTS

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

RESULTS	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Revenue	11,483	8,704	17,553	27,297	12,343
Profit / (Loss) Before Taxation	6,635	1,309	(735)	2,157	(4,313)
Profit / (Loss) After Taxation	6,458	1,847	(1,002)	1,567	(4,357)
STATEMENT OF FINANCIAL POSITION					
Total assets	21,918	43,730	40,224	43,224	33,168
Total shareholders' equity	21,323	40,323	25,163	32,729	26,326
Total liabilities	595	3,407	15,061	10,622	6,842
FINANCIAL STATISTICS					
PBT Margin (%)	57.78	15.04	(4.19)	7.90	(34.94)
PAT Margin (%)	56.24	21.22	(5.71)	5.74	(35.30)
Number of Shares (Units)	148,533,000	200,000,000	200,000,000	225,806,452	225,806,452
Basic Earnings Per Share (RM)	0.04	0.01	(0.01)	0.01	(0.02)

MANAGEMENT DISCUSSION AND ANALYSIS

("MDNA")

OVERVIEW OF GROUP'S BUSINESS

Sedania Innovator Berhad ("Sedania" or "the Company") is an investment holding company with five core activities undertaken by its wholly-owned subsidiaries (collectively, "the Group"), providing products and services that address all aspects of the corporate information technology ("IT") environment — application, platform and infrastructure, that will shape the future through our value propositions in the following segments:



Financial Technology ("FinTech")

Provision of financial technology solutions for banking industry. Currently the Group offers a Tawarruq commodity trading system for financial services companies ("FSC") to process and facilitate disbursement of personal Islamic financing by utilising telco airtime as the traded commodity.



Sharing platform

Providing the technology on Airtime sharing for telecommunication ("telco") service providers. The platform 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. The Group provides this service to three (3) mobile network operators ("MNO") and one (1) mobile virtual network operator ("MVNO") in Malaysia and Bangladesh.



Internet of things ("IoT") solutions

Provision for solutions for inter-networking of connected devices for infrastructure management. Smart devices and internet are becoming more integral part of life as they will be better at identifying user needs and developing situational awareness. The Group offers IoT solutions, in particular for fire safety monitoring, fleet management and intelligent passenger transit system.



Green technology ("GreenTech") solutions

Provision of green technology solutions for a sustainable and environmentally friendly product and services. The Group focuses on energy-saving solutions for corporations with multiple locations nationwide, in particular in the telecommunications, financial and healthcare industries.



Big Data Analytics ("BDA")

Provision of Big Data analytics services and related activities. At the moment, the Group focuses on analytic solutions for human capital management to empower corporate customers to gain useful insights about the psychometric profile of their employees to effectively do talent acquisition, talent retention, team optimisation, right-sizing and succession planning.

The businesses of Sharing platform, GreenTech, IoT and BDA are carried out via IDOTTV Sdn. Bhd. ("IDOTTV") whilst FinTech is carried out via Sedania As Salam Capital Sdn. Bhd. ("SASC").

Our primary geographic markets are Malaysia and South East Asia (including Bangladesh and Philippines), which generated 93.46% and 6.54% respectively, of our consolidated revenues in the year ended 31 December 2018.

Our strategic objective is to build a sustainable organisation that remains relevant to the agenda of our clients, while creating growth opportunities for our employees and generating profitable returns for our investors.

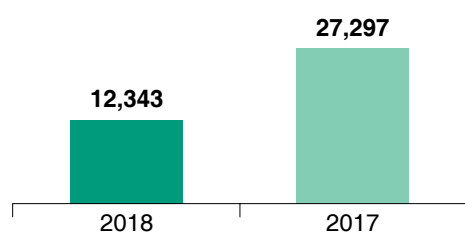
MANAGEMENT DISCUSSION AND ANALYSIS

("MDNA") *Cont.*

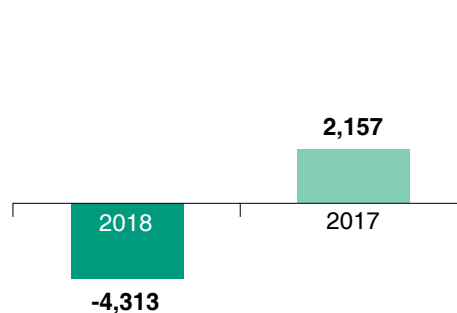
FINANCIAL PERFORMANCE OVERVIEW

Key Performance Highlights

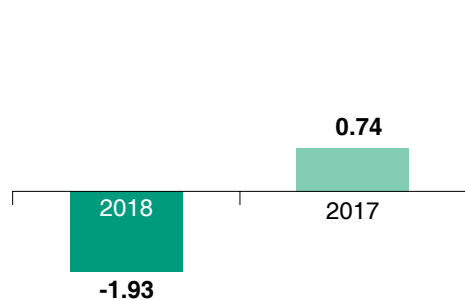
Revenue (RM'000)



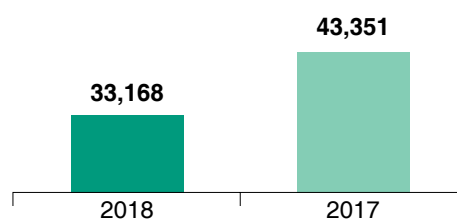
(LBT)/PBT (RM'000)



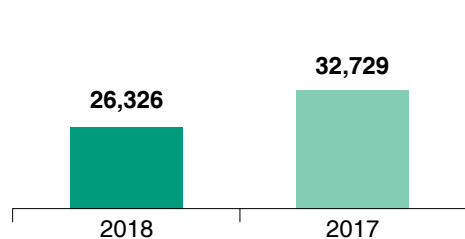
Basic EPS (Sen)



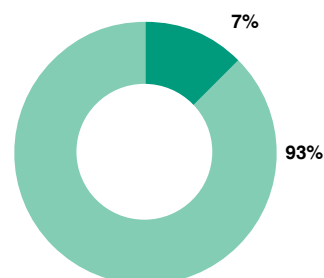
Total assets (RM'000)



Total equity (RM'000)



Sales by geographical area



Malaysia Asian countries other than Malaysia

MANAGEMENT DISCUSSION AND ANALYSIS

("MDNA") *Cont.*

SUMMARY RESULTS

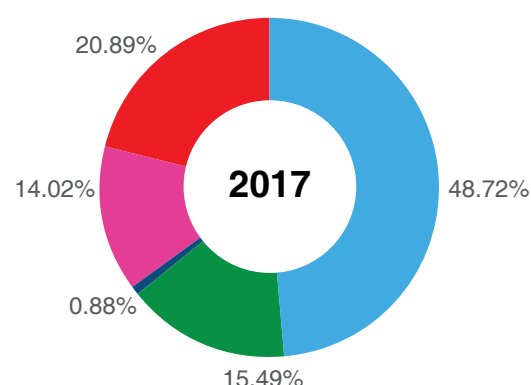
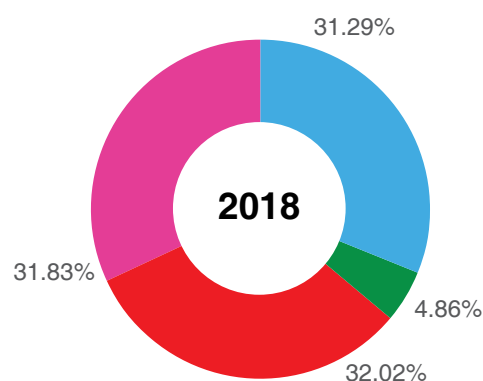
Financial year ended ("FYE") 31 December 2018 has been a challenging year for the Group. We recorded a revenue of RM12.3 million with a loss after tax ("LAT") of RM4.36 million as compared to a revenue of RM27.30 million with a profit after tax ("PAT") of RM1.57 million in the FYE 31 December 2017.

	FYE 2018 RM'000	FYE 2017 RM'000	Change (+/-)
Revenue	12,343	27,297	-54.78%
Other income	1,576	1,771	-11.01%
Operating expenses	(17,004)	(25,725)	-33.90%
EBITDA	(3,087)	3,343	(>100%)
Depreciation	(1,100)	(1,149)	-4.26%
(Loss) / Profit from operations	(4,187)	2,194	(>100%)
Finance costs	(126)	(37)	>100%
(Loss) / Profit before taxation	(4,313)	2,157	(>100%)
Taxation	(44)	(590)	-92.54%
(Loss) / profit after tax	(4,357)	1,567	(>100%)

(i) GROUP'S REVENUE AND OTHER INCOME

Significant lower contributions from IoT and Sharing platform, coupled with slow take-off from GreenTech projects contributed to a total revenue of RM12.3 million, which was RM14.95 million or 54.78% lower than the previous financial year. The breakdown of each segment compared to FYE 2017 are shown in the pie charts below.

REVENUE PROFILE



FinTech

Sharing Platform

IoT

GreenTech

BDA

MANAGEMENT DISCUSSION AND ANALYSIS

("MDNA") *Cont.*

Our other income for the FYE 2018 was mainly attributable to income distribution received from short term funds, interest income from finance lease and gain on disposal of fixed assets.

Other income in FYE 2017 included government grants of RM0.61 million.

(ii) OPERATING EXPENSES

Our total operating expenses decreased to RM17.01 million in FYE 2018 as compared to RM25.73 million in the prior year. The breakdown of operating expenses in FYE 2018 and FYE 2017 are as follows:

	FYE 2018 RM'000	FYE 2017 RM'000	Change (+/-)
Cost of sales	5,454	15,611	-65.06%
Advertisement and promotions	126	551	-77.13%
Directors remuneration	1,897	1,646	15.24%
Employee benefits expenses	4,755	5,250	-9.43%
ESOS expense	83	-	100.00%
Impairment loss on receivables	2,826	-	100.00%
Other operating expenses	1,863	2,667	-30.15%
Total operating expenses	17,004	25,725	-33.90%

The movements in the total operating expenses were mainly due to the following key drivers:

- (1) Cost of sales decreased by 65.06% in FYE 2018 due to lower revenue from the IoT solutions and GreenTech segments;
- (2) Advertising and promotions decreased by 77.13% in FYE 2018. As a percentage of revenues, advertising and promotion expenses are comparable with the previous year, recording 1.02% in FYE 2018 and 2.02% in FYE 2017;
- (3) Directors remuneration is comparable with the previous year, but increased marginally by 15.24% in FYE 2018. Directors remuneration includes directors' fees, non-executive directors' meeting allowances, executive directors' salaries and contribution to defined contribution plans;

- (4) Employee benefits expenses are comparable with the previous year, but decreased marginally by 9.43% in FYE 2018. Employee benefit expenses include salaries, wages, bonuses, allowances, defined contribution plan and related benefits.; and

- (5) Other operating expenses decreased by 30.15% from prior year as a result of disciplined management of our overhead expenses, compared to FYE 2017.

During the year, we recognised the following non-cash expenses:

- (1) ESOS expenses of RM0.08 million. The fair value of options granted is estimated at the time of the grant using the Black-Scholes option pricing model which uses various assumptions; and
- (2) Adoption of MFRS 9 as a prudent practice, the Group made an impairment of RM2.83 million on certain trade and finance lease receivables.

(iii) DEPRECIATION

The amount of our depreciation in any year is affected by:

- (1) How much we invested in new property, plant and equipment and intangible assets in previous years; and
- (2) How many assets we retired during the year.

Depreciation in FYE 2018 decreased 4.26% compared to FYE 2017 due to lower depreciable asset in FYE 2018.

(iv) FINANCE COSTS

Our finance cost totalled RM0.13 million in FYE 2018, up from RM0.04 million in FYE 2017. The increase was largely due to interest accretion of RM0.09 million on retention sum in respect of the guaranteed profit for the purchase of SASC shares that was completed in FYE 2017.

Nonetheless, our Group's other finance costs consist predominantly of interest on term loan, secured by a first legal charge against the Company's office premises and interest on hire purchase liabilities for Group's motor vehicles. The weighted average effective interest rate of borrowings of the Group is 4.45% (2017: 4.45%) per annum for term loan and 4.37% (2017: 5.37%) for hire purchase.

MANAGEMENT DISCUSSION AND ANALYSIS

("MDNA") *Cont.*

(v) LOSS BEFORE TAX (LBT) AND LOSS AFTER TAX (LAT)

Our Group recorded loss before tax and loss after tax level of RM4.31 million and RM4.35 million respectively, as compared to pre and post tax profit of RM2.16 million and 1.57 million in the FYE 2017.

Overall the total performance of the Group was mainly due to lower revenue and affected by the non-cash loss related to the impairment of trade and finance lease receivables.

STATEMENTS OF FINANCIAL POSITION

	FYE 2018 RM'000	FYE 2017 RM'000	Change (+/-)
Total non-current asset	6,940	8,600	-19.30%
Total current asset	26,228	34,751	-24.52%
Total Assets	33,168	43,351	-23.49%
Total non-current liabilities	972	705	37.87%
Total current liabilities	5,870	9,917	-40.81%
Total Liabilities	6,842	10,622	-35.59%
Total Shareholders' Equity	26,326	32,729	-19.56%
Total number of shares issued ('000)	225,806	225,806	-
Net tangible assets per share (RM)	11.66	14.49	-19.53%

(i) ASSETS

Our total assets decreased by 23.49% to RM33.17 million from RM43.35 million as at 31 December 2018 mainly due to a reduction in cash and cash equivalents and impairment recognised on trade and finance lease receivables.

Trade and other receivables decreased by 31.09% to RM12.21 million during the financial year mainly due to:

- (1) lower sales but higher collection in the financial year, in particular from IoT and GreenTech segment; and
- (2) change in fair value of the trade and other receivables in accordance with MFRS 9 credit loss/impairment loss on prudent basis amounting to RM4.35 million.

Likewise, finance lease receivables decreased by 16.22% from RM5.10 million in FYE 2017 to RM4.27 million due to the net effect of expected credit loss/impairment loss on prudent basis as a result of MFRS 9 adoption amounting to RM0.8 million in FYE 2018.

(ii) LIABILITIES

Our total liabilities decreased by 35.59% to RM6.84 million from RM10.62 million as at 31 December 2018. The reduction in total liabilities is driven mainly by a reduction in trade and other payables of RM3.76 million as compared to previous year.

In addition, in FYE 2018, we had made a payment of RM1.53 million to Sedania Corporation Sdn. Bhd. This being the release of retention sum in respect of the FYE 2017 guaranteed profit and accrued interest for the purchase of SASC shares. SASC had on 31 December 2017, achieved an audited PAT of RM1.61 million, thus meeting its guaranteed profit amount for the FYE 2017. Sedania Corporation Sdn. Bhd. has guaranteed that the actual profit after tax of SASC for each of the financial years ended 31 December 2017 and 31 December 2018 shall not be less than RM1.5 million respectively.

As at 31 December 2018, our Group had outstanding borrowings of approximately RM1.17 million (2017: RM0.75 million) as a result of an increase in hire purchase arrangement for its property, plant and equipment.

(iii) SHAREHOLDERS' EQUITY

Total equity attributable to owners of the Company declined from RM32.73 million as at 31 December 2017 to RM26.33 million as at 31 December 2018 primarily as a result of the loss for the current year and negative adjustments made to opening retained profits as a result of MFRS 9 adoption amounting to RM2.13 million, which had also decreased the opening net assets of the Group.

Total equity was also partly offset by the recognition of Employee Share Options Scheme (ESOS) share-based payments expense allocated to the employees of the Group of RM0.08 million.

(iv) NET TANGIBLE ASSETS (NTA) PER SHARE

NTA per share as at 31 December 2018 was RM0.12, a 19.53% decline from the NTA of RM0.15 per share in the prior year.

MANAGEMENT DISCUSSION AND ANALYSIS

("MDNA") *Cont.*

LIQUIDITY

Cash and cash equivalent of the Group decreased by 16.47%, equivalent to RM2.60 million during the year as compared to a decrease of RM6.24 million in 2017, culminating from the following cash flow activities:

Cash & Cash equivalents at year end RM'000



Net cash (used in)/ generated from	FYE 2018 RM'000	FYE 2017 RM'000	Change (+/-)
Operating activities	(1,711)	(3,499)	-51.10%
Investing activities	(740)	(610)	21.31%
Financing activities	(150)	(2,134)	-92.97%
Decreased in cash & cash equivalents	(2,601)	(6,243)	-58.34%
Cash & cash equivalent at end of financial year	13,196	15,797	-16.47%

The movements in cash and cash equivalents are due to the following:

- Net cash used in operating activities decreased to RM1.71 million, from RM3.50 million in FYE 2017. This 51.10% reduction was largely due to a decrease in trade receivables as a result of lower turnover during the year, coupled with less cash used for working capital.
- Net cash used in investing activities was RM0.74 million in FYE 2018 as compared to net cash used in investing activities of RM0.61 million in FYE 2017. During the year the Company had released the first tranche retention sum of RM1.53 million, inclusive of interest, to Sedania Corporation Sdn. Bhd. for FYE 2017 in respect of the acquisition of SASC. This was partly offset by lower income distribution received from short term funds in FYE 2018 as compared to the prior year as a result of lower average cash balances.
- Net cash used in financing activities decreased 92.97% to RM0.15 million in FYE 2018, from RM2.13 million used in FYE 2017. The huge reduction was due to no interim dividend declared or paid in FYE 2018 as compared to RM2.0 million in FYE 2017.

On the basis of current cash and cash equivalents, and our ability to generate cash from operations, we believe we have the capital resources and liquidity necessary to meet our commitments, support operations, finance capital expenditures and support growth strategies.

DIVIDEND

Despite declaring interim dividends every year for 2015, 2016 and 2017 respectively, our Group 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.

REVIEW OF OPERATING SEGMENTS

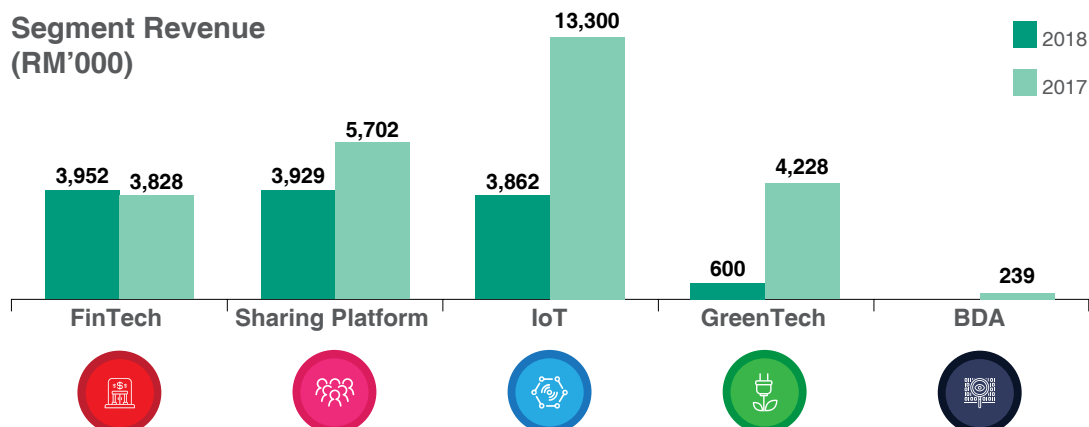
We monitor the operating results of our business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Common operating expenses/indirect cost are allocated on a reasonable basis to each segment for whose benefit the expense was incurred. Cost and expenses incurred in the holding company are managed on group basis and are allocated to Others.

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MANAGEMENT DISCUSSION AND ANALYSIS

("MDNA") *Cont.*

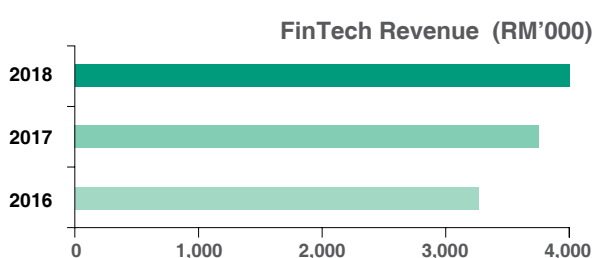


	FYE 2018 RM'000	FYE 2017 RM'000	Change (+/-)
Segment revenue			
FinTech	3,952	3,828	3.24%
Sharing Platform	3,929	5,702	-31.09%
IoT	3,862	13,300	-70.96%
GreenTech	600	4,228	-85.81%
BDA	-	239	-100.00%
Total revenue	12,343	27,297	-54.78%

Segment operating profit / (loss) before tax

FinTech	2,153	1,942	10.87%
Sharing Platform	770	501	53.69%
IoT	(3,097)	1,532	-302.15%
GreenTech	(1,539)	674	-328.34%
BDA	(1,222)	(951)	28.50%
Others	(1,295)	(1,541)	-15.96%
Operating (loss) / profit before tax	(4,230)	2,157	-296.11%

Fintech continues to sustain a modest performance YoY despite unfavourable performances in the other revenue segments. FinTech revenue grew 3.24% to RM3.95 million from RM3.83 million in FYE 2017.



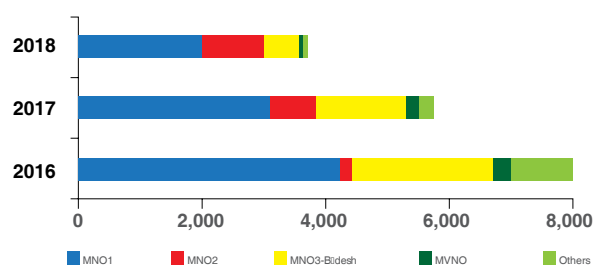
In FYE 2018, the segment processed 98,587 successful commodity trade performed under its As-Sidq platform, as compared to 71,557 successful commodity trade performed in FYE 2017.

Year	FYE 2018	FYE 2017
Total number of successful transactions	98,587	71,557
YoY Change (+/-)	+37.77%	

The segment delivered higher segment operating profit before tax of RM2.15 million, up 10.87% from RM1.942 million last year.

Sharing Platform revenue declined 31.09% to RM3.93 million compared to FYE 2017. This was mainly attributed to lower airtime sharing ("ATS") revenue contributions from a MNO in Malaysia and a MNO in Bangladesh. The impact was partly mitigated by higher average revenue from our ATS service with another Malaysian MNO signed in FYE 2016. The segment continues to experience lower average number of transactions per day as a result of overall decline in prepaid market attributed to lower average revenue per user ("ARPU") and decreasing subscriber base.

Sharing Platform Revenue (RM'000)



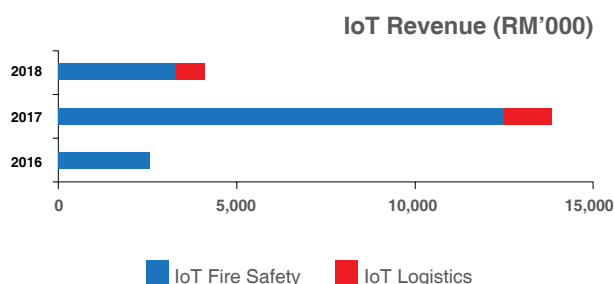
MANAGEMENT DISCUSSION AND ANALYSIS

("MDNA") *Cont.*

Year	FYE 2018	FYE 2017	FYE 2016
Total number of successful transactions	31,223,925	42,963,081	57,695,601
YoY Change (+/-)	-27.32%	-25.53%	

Despite lower revenue, Sharing platform recorded a 53.69% improvement in segment operating profit before tax compared to previous year.

IoT segment recorded revenue of RM3.86 million in the FYE 2018 (FY 2017: RM13.30 million), representing a decline of 70.96% mainly due to lower sales contributions from the fire safety solutions.

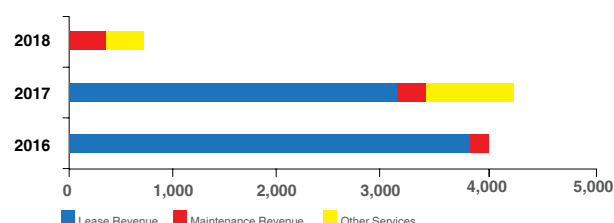


At the same time in FYE 2018, the Group focuses its resources into R&D developments of new IoT solutions for domestic fire safety device using home network infrastructure (routers, extenders and other home networking devices) and is expected to go-to market in the future.

In line with significant decline in revenue and common operating expenses/indirect cost allocated to this segment, IoT recorded a segment operating loss before tax of RM3.10 million as compared to segment operating profit before tax of RM1.53 million in FYE 2017.

GreenTech revenue declined 85.81% from RM4.23 million in FYE 2017 to RM0.60 million in FYE 2018. GreenTech revenue in FYE 2018 comprises of revenue on service payments, i.e maintenance and other services, associated with the upfront lease revenue recognised in FYE 2016 and FYE 2017. In addition, due to slow take-off of an energy efficiency project with our partner for a telecommunication company, there is no finance lease income recognised during the year.

GreenTech Revenue (RM'000)



GreenTech recorded a segment operating loss before tax of RM1.54 million as compared to segment operating profit before tax of RM0.67 million in the previous year. This was due largely to common operating expenses/indirect cost allocated to this segment.

Big Data Analytics recorded an operating loss of RM1.22 million in the FYE 2018 with no revenue contribution for this segment. During the year, the Group focuses its resources on developing mobile application to match and connect blue collar workers to employment opportunities within their vicinity.

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

We are exposed to a variety of continually changing risks that have the potential to affect our business and financial condition. We have established policies and procedures for managing our business risks arising from our core business segments covering FinTech, GreenTech, IoT, Sharing Platform and BDA.

Our plan and strategies to mitigate the following top and emerging risks are disclosed below:

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

We are exposed to credit risk from operating activities, the maximum exposure of which is represented by the carrying amounts reported in the statements of financial position. We are exposed to credit risk if counterparties to our trade receivables are unable to meet their obligations. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

("MDNA") *Cont.*

We are dependent on the performance of our strategic partners

Our provision of solutions of Sharing Platform for a Mobile Network Operator ("MNO") in Bangladesh, GreenTech and IoT are in collaboration with independent partners. 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(s) 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. Also, the progress of project delivery for GreenTech and IoT is, in part, commensurate with the status and speed of site handovers to the project teams.

We endeavor to mitigate such risks by employing a number of measures, which include aligning the project/business to key performance indicators, and regularly monitoring our credit risk and exposure.

We are subject to operational and infrastructure risks

We are exposed to many operational risks that can have a significant impact. Such risks include the risk of fraud by employees or others, unauthorised transactions by employees and operational or human error. Given the large volume of transactions we process on a daily basis for Sharing Platform and FinTech segments, certain errors may be repeated or compounded before they are discovered and rectified.

Shortcomings or failures of our internal processes, employees or systems, or of services and products provided by third parties, including any of our financial, accounting or other data processing systems, could lead to financial loss and damage our reputation. In addition, despite the contingency plans we have in place, our ability to conduct business may be adversely affected by a disruption to the infrastructure that supports both our operations and the communities in which we do business, in particular, Bangladesh, including but not limited to disruption caused by public health emergencies or terrorist acts.

The obvious near and long-term consequences of an operational risk event are financial loss, legal costs, regulatory fines and reputational damage that can affect how customers, shareholders, regulators and counterparties view us.

The rapid evolution in the technology sector also renders us susceptible to the risk of obsolescence and irrelevancy with the emergence of breakthrough technologies and/or methodologies, which may erode our competitiveness in the sectors we operate in. Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and in the industries on which we focus.

We seek to mitigate operational and infrastructure risks by anticipating and proactively deterring risks events. Within our Group, each operating segment is responsible for controlling its respective operational and infrastructure risks by assessing, managing and mitigating the risks arising from changes in business volumes and cost structures, among other factors.

We are exposed to fluctuations in exchange rates arising from our business in bangladesh

Our Group's business dealings in Bangladesh are conducted in the local currency of Bangladesh and payments to our Group are made in US Dollar ("USD"). As such any fluctuation in relation to local currencies of the countries we operate in will have an effect to the financial performance of our Group.

Introduction Of New Or Changes To Existing Accounting Estimates, Accounting Standards, Regulations And Laws

New and changing corporate governance and public disclosure requirements add uncertainty to our compliance policies and increase our costs of compliance.

We prepare our financial statements in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the provision of Companies Act 2016. Changes that the International Accounting Standards Board and Malaysian Accounting Standards Board make from time to time to these standards, which govern the preparation of our financial statements, can be difficult to anticipate and may materially affect how we record and report our financial results. Significant accounting policies and future changes in accounting policies are discussed in Note 30 on page 104 of the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS ("MDNA") *Cont.*

The application of MFRS and IFRS requires management to make significant judgments and estimates that can affect the dates on which certain assets, liabilities, revenues and expenses are recorded in our financial statements, as well as their recorded values. In making these judgments and estimates, we rely on the best information available at the time. However, it is possible that circumstances may change or new information may become available.

Notwithstanding the above, we will take necessary actions to comply with any new standards, law and regulations, and any changes to the existing standards, law and regulations. However there is no assurance that in doing so, our operational and financial results would not be adversely affected.

TREND, OUTLOOK AND PROSPECT



FinTech

Based on the statistics from Bank Negara Malaysia, online banking is the dominant channel for Malaysians to perform transactions, with an 85.1% online banking penetration.¹

In 2018, our Fintech segment has managed to fulfill its profit target, and we expect this to continue in 2019. We are embarking on efforts to get more clients to embrace our As-Sidq platform. We are also embarking to add more services including Ifinex, a financing aggregator which will help financial institutions reduce their workload in processing financing for the clients, and help people seeking financing to apply from Financial institutions that almost guarantees approval.



Sharing Platform

The Group continues to see a decline in the Sharing Platform revenue in 2018, and expects this segment to continue to be stagnant in 2019.

In an effort to reverse this trend, the Group is updating its offering in 2019, including a new tool for prepaid users to share airtime credit with one another called Ulendoo.

The Group will also look into expanding the offering of this new tool to include more services such as micro financing and credit-advance to increase ARPU for the Sharing Platform consumers.



IoT

Malaysia's internet penetration has grown to 85.7 per cent in 2018, and this condition is favourable to growth of IoT solutions in the country. As previously reported, MIMOS has estimated that the IoT adoption potential in Malaysia is estimated to reach RM9.5 billion gross national income creation by 2020.²

Riding on this, we have started to take what we learned in the SPKA project, and applied that to introduce Sedania's first B2C product. We are introducing ASAP in 2019, the first smart fire alarm for the consumer market in Malaysia. This device, which connects to our control center through the user's broadband connection, will ensure that the Fire Department (Bomba) is notified in the shortest time possible with or without human intervention.



GreenTech

The Malaysian government reported to be planning for an Energy Efficiency Bill to be introduced in 2019. This is in line with their target to reduce carbon emissions by 45 per cent before 2030 to comply with the Paris Climate Accord.³

The reduction of energy consumption becomes the key compliance metric for building owners to meet emissions reduction targets. Furthermore, an increasing number of governments and local municipalities introducing incentives to boost energy efficiency. As such we expect that our GreenTech Platform will be a popular choice among building owners. This is especially because of the low initial investment required from the clients, as the investment is recouped through the Energy Performance Contract.

Based on the existing portfolio of projects and unbilled sales for GreenTech segment, the Group is positive that the segment would deliver positive results in 2019 and beyond.

1* "Fintech Malaysia Report 2018 – The State of Play for Fintech Malaysia", Fintech Malaysia, 2018

2* "National IoT Strategic Roadmap", MIMOS Berhad & Kementerian Sains, Teknologi dan Inovasi, 2015

3* "To fight climate change, Putrajaya moots law on energy efficiency", The Malay Mail Online, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

("MDNA") *Cont.*



Big Data Analytics

While globally the BDA market size is expected to grow to USD42 billion in 2018 from USD 7.6 billion in 2011⁴, the Group has found it difficult to garner traction to the previous niche position that the Group was embarking on. Therefore, the Group has decided to put a hold on the activities with regards to the Human Capital Psychometric Analytics, and concentrate efforts to connect blue collar workers to employment opportunities within their vicinity using mobile applications.

PROSPECTS

The operating performance of the Group for the financial year ended 31 December 2018 was challenging and the Board continues to be cautious in its business outlook in the short term.

The Board is of the view that the continuous positive contributions from the FinTech segment and its new innovations that are expected to go-to-market in 2019 is encouraging.

The prospects of the IoT segment are expected to improve in 2019. The Group is also making good progress in the GreenTech segment, despite an initial delay of a particular project as a result of its extended execution time. New projects acquired further strengthens the Greentech segment's prospects in 2019 and the Board expects positive contributions from this segment in the year.

The Group will continue its efforts to focus on measures in improving operational performances whilst exercising prudent financial and risk management across the Group.

⁴ "Big Data Market Revenue Forecast Worldwide 2011-2026", Statista Inc., July 2016

SEDANIA 2018 ACTIVITIES



Sedania As-Salam Capital receiving the Most Prominent Enterprise Award from the former Malaysian Minister of Finance II during Malaysia Fintech Award 2018.



Founder and Managing Director, Datuk Azrin Mohd Noor with the panelists during the MIA International Accountants Conference 2018.



CEO Mr Daniel Ruppert giving his views during a panel session at the Malaysian Students Technology Conference 2018.

SEDANIA 2018 ACTIVITIES *Cont.*



The team at the gotong-royong to clean up Rumah Jagaan Suci Murni in Bandar Utama. (Picture 1)



The team at the gotong-royong to clean up Rumah Jagaan Suci Murni in Bandar Utama. (Picture 2)



The team at the gotong-royong to clean up Rumah Jagaan Suci Murni in Bandar Utama. (Picture 3)



The team that participated in the plogging activity to clean up Taman Bandaran Kelana Jaya.

BOARD OF DIRECTORS

Y. BHG. TAN SRI ABDUL HALIM BIN ALI

Senior Independent Non-Executive Chairman
Malaysian, 75 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 the ESOS Committee, and a member of the Remuneration Committee and the Audit & Risk Management Committee.

In 1966, he graduated from the University of Malaya, with a Bachelor of Arts (Honours) in History, and to-date, has almost fifty one (51) years of working experience.

Upon graduation in 1966, he joined the Ministry of Foreign Affairs, where he held several appointments at home as well as at Malaysian Diplomatic Missions overseas.

From 1982 to 1985, he was the Malaysian Ambassador to Vietnam followed by his appointment as Deputy Secretary General III (Administration) of the Ministry of Foreign Affairs from 1985 to 1988. He then served as the Malaysian Ambassador to Austria from 1988 to 1991 and as Deputy Secretary General I (Political Affairs) from 1991 until his promotion in 1996 to Secretary General of the Ministry.

In September 1996, 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, MBSB Bank Berhad, IJM Corporation Berhad and 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 five (5) Board Meetings of the Company for the financial year ended 31 December 2018.

DATUK NOOR AZRIN BIN MOHD NOOR

Managing Director
Malaysian, 49 years of age, Male

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

In 1994, he graduated with a Bachelor of Law (Honours) from University of Wolverhampton, United Kingdom. He is the founder of the Group and has more than twenty-five (25) years of working experience, with twenty (20) 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 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 played a key role in forming national policies to champion the interests of mobile users, and actively engaged with telecommunications players to push the telecommunications sector forward.

BOARD OF DIRECTORS *Cont.*

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 five 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?" the third "Stories For Our Children", the fourth "Stories of Trials, Tribulations and Hope", and the fifth "Stories of Life: It All Starts With The Heart". Datuk Azrin also is a regular contributor in The Edge Weekly.

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, 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 five (5) Board Meetings of the Company for the financial year ended 31 December 2018.

NOOR SYAFIROZ BIN MOHD NOOR

Executive Director

Malaysian, 42 years of age, Male

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

In 1998, he graduated from La Trobe University, Australia with a Bachelor of Commerce. He has over five (5) years of audit and over sixteen (16) years in business and business management experience.

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 the 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, 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 five (5) Board Meetings of the Company for the financial year ended 31 December 2018.

BOARD OF DIRECTORS *Cont.*

Y.BHG. TAN SRI NURAIZAH BINTI ABDUL HAMID

Independent Non-Executive Director
Malaysian, 74 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, the Audit & Risk Management Committee and the ESOS Committee.

In 1967, she graduated from University of Malaya with a Bachelor of Arts (Honours) majoring in History, 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-six (36) 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 five (5) Board Meetings of the Company for the financial year ended 31 December 2018.

BOARD OF DIRECTORS *Cont.*

DATUK SYED IZUAN BIN SYED KAMARULBAHRIN

Independent Non-Executive Director
Malaysian, 49 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, the Nomination Committee and the ESOS Committee.

A graduate from Emile Woolf College of Accountancy, London, 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 started his career with Price Waterhouse in 1993, carrying out statutory audit on private and public limited companies. Currently, he is attached to The Weststar Group, which is primarily involved in the automotive, aviation, construction & property, defense and engineering sectors, as the Financial Adviser to the Group's Executive Chairman. In all, he has more than twenty-five (25) years of experience in corporate financing, accounting and advisory.

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 all five (5) Board Meetings of the Company for the financial year ended 31 December 2018.

LAU KIN WAI

Independent Non-Executive Director
Malaysian, 42 years of age, Male

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

Kin Wai received his MBA degree from the University of Oxford and a Bachelor of Engineering degree with first class Honours from the University of Manchester. He was also a faculty member and PhD candidate at the Imperial College London.

Kin Wai is a tech investor and entrepreneur with broad experience across Asia and Europe. Since founding his first company at the age of 23, he has since occupied himself with building companies across Internet media, software and biotechnology. He was named by the media as one of the youngest Managing Directors of a publicly traded firm in Southeast Asia when he took his first company to a successful IPO at the age of 28.

He has to date founded half a dozen of technology companies with 4 of them being listed on major stock exchanges in the Asia Pacific region. More recently, he co-founded the Fatfish Internet Group ("Fatfish"), a Singapore-headquartered regional venture builder 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"). Fatfish has recently set up presence in Sweden.

Kin Wai currently serves as the Chairman of iCandy Interactive Ltd (ASX:ICI), the first smartphone game company to go public from Southeast Asia. He also sits on the Board of various public and private tech companies across the Southeast Asia region namely Lunch Actually Group and iFashion Group.

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.

Kin Wai attended four (4) out of the five (5) Board Meetings of the Company for the financial year ended 31 December 2018.

KEY MANAGEMENT

DANIEL BERND RUPPERT

Chief Executive Officer

German, 43 years of age, Male

Date of Appointment: 09 January 2018
 Years of Experience: 18 Years
 Field: Banking & Retail
 Business Ventures: Presto Group

Academic / Professional Qualification(s):

- Bachelor in Computer Science from James Madison University, VA, USA (1995)
- Masters in Business Administration from the European Business School (EBS) (1999)

Career:

- Investment Banking Analyst, Jefferies Investment Banking in London
- Investment Banking Associate, Westlb Panmure Ltd.

Achievements / Awards:

- Expanded multiple businesses into various markets
- Implemented purpose-built technological solutions for notable events in Malaysia
- Sound knowledge of business operations and expansion
- Established and grew Presto Group to annual turnover of RM30million.

RIZALZIN HASHIM BIN MOHAMMED

Chief Financial Officer

Malaysian, 42 years of age, Male

Date of Appointment: 01 January 2007
 Years of Experience: 20 Years
 Field: Hospitality & Services
 Plantation & Manufacturing
 Media, Engineering & Telecommunications Services

Academic / Professional Qualification(s):

- Bachelor of Business, majoring in Accounting from University of Technology Sydney, Australia (1998)
- Chartered Accountant with the Malaysian Institute of Accountants
- Certified Practicing Accountant with CPA Australia Ltd.

Career:

- Accounts Executive, Perhentian Island Resort, Terengganu (1998)
- Assistant Manager of Finance and Administration, Inch Kenneth Kajang Rubber PLC (2000)
- Group Accountant, Sedania Corporation Sdn. Bhd. (2005)

Achievements / Awards:

- Managed the financial operations of SEDANIA Group
- Awarded Best CFO for Investor Relations in a Micro-Cap Company by the Malaysian Investor Relations Association in 2017.

KEY MANAGEMENT *Cont.*

RAZAM BIN MOHD RASHID

Chief Technology Officer

Malaysian, 50 years of age, Male

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Date of Appointment: 17 August 2017
 Years of Experience: 26 Years
 Field: Technology, especially
 Mobile Solutions &
 Value-added Services
 Business Ventures: Iridea (M) Sdn. Bhd. (1999)

Academic / Professional Qualification(s):

- Bachelor of Science in Engineering from the University of Evansville, Indiana, USA (1992)

Career:

- Robotics Engineer, Motorola USA (1992)
- Head of Operation - ISP and Value Added Services, Celcom (2000)
- Vice President, Technology / CTO of AtlasONE Malaysia Sdn. Bhd. (2001)
- Chief Executive Officer, Iridea Sdn. Bhd. (2004)
- Member of the Board of Directors / Investor / Asia Pacific Business Development Director, PRYTE Oy

Achievements / Awards:

- Bullseye Award, Motorola (1992)
- Bronze Medal, National Productivity Centre, Malaysia (1992)
- Developer Challenge Winner, Celcom (2008)
- Winner of Creative VAS Solution, Indosat (2010)
- Successful exit from PRYTE Oy (acquired by Facebook in 2014)
- Winner at The League of Extraordinary Developer's Challenge and Best Social Network Services, Celcom (2015)

Disclaimer:-

All Key Management Personnel do not hold any directorship in any public corporation.

All Key Management Personnel have no family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company.

All Key Management Personnel have no conviction of any offences within the past five (5) years.

SUSTAINABILITY STATEMENT

Recognising the need to be a sustainable organisation, we took on various steps to ensure that we go beyond a business entity, but also a company that does its part in building up and taking care of the society around us. Therefore, we have supported important causes such as promoting decent work and economic growth for our team members, taking care of the environment and also lending a helping hand to the needy.

HUMAN RESOURCE GROWTH

By creating a conducive working environment for every employee, we believe that they would be able to contribute their best. We acknowledge the importance of our employees to feel a sense of belonging to inspire them to work with us.

“If it is manmade, it’s meant to be improved”. We constantly review our policies to ensure that positive economic growth impacts everyone, in line with the vision to turn every single employee into the best version they can be. We strive to provide a conducive working environment for our employees to ensure high productivity from the staff members. Personal development is also made a priority, and all staff members are encouraged to improve their value through the acquisition of knowledge and new skill sets. In order to do this, we encourage our staff members to attend relevant training, seminars and workshops.

Employee Share Option Scheme (ESOS) which was introduced in 2015 and inaugurally granted in 2018 is to reward exemplary staff members. The scheme gives the opportunity to our staff members to participate by owning shares in the company, which will increase their economic growth together with the growth of the company.

SAFETY AND HEALTH

We consider health and safety issues as paramount. They are equally as important as other issues concerning the human resources, clients and visitors to the workplace. It is the human resource management to provide the framework to promote, stimulate and encourage the highest standard of safety and health at work.

We are committed to ensuring an environmentally friendly, healthy and safe workplace for all our employees, contractors and visitors at our business premises. As an employer, we are responsible for our employees’ safety and wellbeing while at work.

Beyond ensuring employees’ comfort, we believe that providing a healthy working environment will boost morale and work performance. We provide employees with outpatient and inpatient insurance to ensure that any health-related issues will be dealt with haste, and with minimal impact on the production.

MARKETPLACE

We are committed to delivering value to the expectations of our Stakeholders by engaging in ethical business and management practices, emphasizing on corporate governance and corporate accountability.

We uphold the principles of transparency, by making sure that the flow of information to the shareholders are timely and accurate.

ENVIRONMENTAL AWARENESS

We recognise the importance of environmental protection, pollution reduction and conservation of resources. We ensure that all of our business activities are compliant with the applicable environmental laws and regulations.

We will also continue to push further the Greentech business segment to help other corporations and building owners to install the platform to increase energy efficiency in order to reduce carbon emissions generated by the corporation. We consider this to be part of our nation-building agenda, in line with the Government’s aim to reduce carbon footprint by 40 per cent by 2020.

SOCIAL OUTREACH

We believe that as a company, we cannot be separated from the community that we operate in. We believe that we have our social roles to support the community. In line with these beliefs, we have conducted various activities, including contributions to charitable organisations, trainings seminars and other community-building activities. Our employees are encouraged to participate in social work and community services organised.

SUSTAINABILITY STATEMENT *Cont.*

During the financial year, the Group has undertaken and participated in the following activities:

- i. Yayasan Rosni Noor – Charity Fundraising Fashion Show (11 August 2018)
 - (a) This event is jointly organised by Rosni Noor Foundation and us to raise funds for the foundation for its activities to help underprivileged children. The event managed to raise RM25,952.25 for the foundation.
 - (b) The participants were provided training in various duties within our Group.
 - (c) By the end of the training period, four (4) of the five (5) SL1M trainees were offered a permanent position within the Group.
- ii. Pusat Jagaan Suci Rohani Cleanup Day
 - (a) We had organised a cleanup day at Pusat Jagaan Suci Rohani, an orphanage located in Bandar Utama.
 - (b) For this purpose, we managed to get a sponsor to provide mosquito larvicide to be applied since we have found mosquito larvae around the premises.
 - (c) About 15 staff members including the top management have participated in the event.
- iii. Skim Latihan 1Malaysia (“SL1M”)
 - (a) We provided on-the-job training for five (5) Skim Latihan 1Malaysia participants.
- iv. MDeC Digital Ninja
 - (a) We hosted three (3) SPM leavers from Sekolah Tun Fatimah to expose them to the technology industry. They were attached with us for three (3) weeks under the Development team supervision from 2 April 2018.
- v. Plogging – 23 March 2018
 - (a) We organised a “gotong-royong” to cleanup Taman Bandaran Kelana Jaya, located next to our main office in Kelana Jaya.
 - (b) About 15 staff members participated in the event.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“**the Board**”) of Sedania Innovator Berhad (“**the Company**”) and its subsidiaries (“**the Group**”) are committed towards ensuring that good Corporate Governance (“**CG**”) 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 realising long- term shareholders’ value and safeguarding interests of other stakeholders.

As part of this commitment, the Board is pleased to present this CG Overview Statement (“**Statement**”) to provide stakeholders with an overview of the extend of compliance with the Practices as set out in the Malaysian Code on Corporate Governance (“**MCCG**”) under the stewardship of the Board.

This Statement also serves as a compliance with Rule 15.25(1) of the ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and should be read together with the CG Report 2018 of the Company, which is available on the Company’s website at www.sedaniainnovator.com, as well as in the Annual Report & CG Report 2018 announcement to Bursa Securities.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Duties and responsibilities of the Board

The Board is responsible for the leadership, oversight and long term success of the Group. 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:-

- (a) reviewing and adopting a strategic plan for the Company, including its goals and ensuring that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environment and social considerations underpinning sustainability;
- (b) overseeing the conduct of the Group’s business and evaluating whether or not its businesses are being properly managed.

- (c) identifying principal risks, set the risk appetite within which the Board expects the Management to operate and ensuring the implementation of appropriate systems to manage the significant financial and non-financial risks and ensuring there is a sound framework for internal controls and risk management;
- (d) ensuring that all candidates appointed to senior management positions are of sufficient caliber, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- (e) overseeing the development and implementation of a shareholder communications policy;
- (f) reviewing the adequacy and integrity of the Group’s internal control and management information systems; and
- (g) ensuring that the Company adheres to high standards of ethics and corporate behavior.

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

2. The Chairman of the Board

Tan Sri Abdul Halim bin Ali, the Chairman of the Board, leads the Board with a keen focus on governance and compliance. His key responsibilities as a Chairman, include but not limited to the following:-

- (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) Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- (c) Leading Board meetings to ensure robust decision making;
- (d) Encouraging active participation and allowing dissenting views to be freely expressed by Board members to tap the wisdom of all the Board members, and to promote consensus building as much as possible;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont.

- (e) Facilitating the Board and Management interface by acting as the conduit between the two parties;
- (f) Leading the Board in establishing and monitoring good corporate governance practices in the Company;
- (g) Facilitating the selection and appointment of a successor to the Managing Director; and
- (h) Acting as a spokesperson for the Board and the Company.

3. Separation of the position of Chairman and Managing Director

The Board Chairman and Managing Director are separate persons and not related to each other. Their roles are kept separate to ensure a clear division of responsibilities and an appropriate balance of power and authority. In this regard, no one individual can influence the Board's discussions and decision-making.

Generally, the Chairman will lead the Board in its collective oversight of management, while the Managing Director has overall responsibilities over the Group's operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions. The Chairman has never assumed an executive position in the Company. In addition, the Managing Director by virtue of his position as a Board member, also functions as the intermediary between the Board and Management.

The distinct and separate roles of the Chairman and Managing Director, with a clear division of responsibilities, ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making, and are clearly defined in the Board Charter.

4. Companies Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries who were appointed on 31 May 2018, as follows:-

- Ms. Chua Siew Chuan, FCIS
- Mr. Cheng Chia Ping, ACIS

Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as Company Secretaries under Section 235(2) of the CA 2016. Further details on the qualifications and experiences of the Company Secretaries are outlined in the **CG Report 2018**, which are available for viewing on the Company's corporate website at www.sedaniainnovator.com.

All Directors have unrestricted access to the advice and support of the Company Secretaries in relation to the Board policies and procedures, compliance of applicable rules and regulations by the Group and CG related practices.

By virtue of their experience, the Company Secretaries have been able to competently provide sound advice to the Board on matters relating to the powers, roles and responsibilities of Directors, compliance with corporate law, securities laws, ACE LR of Bursa Securities and the MCGG.

For FYE 2018, the Board is satisfied with the performance and support rendered the Company Secretaries to the Board in discharging its functions.

5. Timely circulation of meeting materials

Board Meetings and Board Committees 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. A full agenda and comprehensive Board papers are circulated to all Directors at least five (5) business days prior to the meetings.

The Company Secretary(ies) attends all Board Meetings and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Whenever necessary, key senior management or external advisors are also invited to attend Board and Board Committees 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.

Minutes of meetings are circulated to all Board and/or Board Committees members in a timely manner and signed by the Board Chairman/Board Committee Chairman/Chairperson as a correct record of the proceedings of the meetings based on confirmation from all the Board/Board Committee members.

The proceedings and resolutions passed in each Board and Board Committee meeting are minuted and kept in the statutory minutes book at the registered office of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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6. Board Charter

The Board has a Board Charter outlining the authority, responsibilities, membership and operation of the Board of the Group's, adopting principles of good CG and practice, in accordance with applicable laws in Malaysia. The Board Charter entails, inter alia, the following main items:-

- Composition of the Board;
- Retirement, re-election and re-appointment of the Directors;
- Roles and responsibilities of the Board;
- Matters reserved for the Board; and
- Board processes

The Board Charter is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of company business.

The Board Committees in performing their responsibilities delegated by the Board would be guided by the TOR of each of the Board Committees as approved by the Board.

The Board Charter shall be reviewed periodically and may be amended by the Board from time to time to ensure that the practices of the Board are consistent with the prevailing code of corporate governance, laws and/or regulations and reflects the Board's commitment to best practice in corporate governance.

The Board Charter was last reviewed on 30 November 2018 and is available for viewing under the "Investor Relations" section of the Company's website at www.sedaniainnovator.com.

7. Code of Conduct and Ethics

The Board has formalised a Code of Conduct and Business Ethics ("**the Code**") for its Directors to promote an ethical framework, policies and conduct throughout the Group. The Code serves as guidance on the standard of behaviour expected of all Directors in the discharge of their duties and/or dealings with the Company to maintain high standards of business ethics and integrity.

The guiding principles of the Code are as follows:-

- Core values and culture;
- Duties of good faith, fidelity, diligence and integrity;
- Workplace culture and environment; and
- Discipline, disciplinary process and sanctions.

All employees have been provided with the Code. As part of the enforcement process, all employees are required to declare that they will adhere to the provisions of the employees' Code of Ethics and Conduct.

The Code is available for viewing under the "Investor Relations" section of the Company's website at www.sedaniainnovator.com.

8. Whistleblowing Procedures

The Group has in place a whistleblowing policy which provide an avenue for all employees of the Company and its subsidiaries and members of the public to report genuine concerns or issues including but not limited to, reporting of fraudulent financial information, actual or suspected fraud, misappropriation of monies, misrepresentation, concealment of facts or information with the intention to mislead, violation of laws and regulations, endangerment of employees or public health and safety, violation of Company policies, taking or giving kickbacks, bribes, favours, privileges, criminal offences, blackmailing, amongst others.

Any employee who has reasonable belief that there is serious malpractice relating to the matter disclosed, may direct such complaint and report to the Chairman of the ARMC in writing. The Management will ensure that any employee of the Company who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.

The whistleblowing policy is available for viewing under the "Investor Relations" section of the Company's website at www.sedaniainnovator.com.

PART II – BOARD COMPOSITION

1. Size and Composition of the Board

For FYE 2018, the Board comprises six (6) members, of which, four (4) were Independent Non-Executive Directors ("**INEDs**") and the remaining two (2) were Executive Directors ("**EDs**").

This composition fulfils the requirement as set out in Rule 15.02 of the ACE LR of Bursa Securities, which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent directors.

This also applies to Practice 4.1 of MCCG 2017 where at least half of the Board comprises independent directors. This independent element brings an objective and independent judgement to the decision-making process of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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The Board is of the view that the current composition is appropriate given the nature of business and scale of operations of the Group.

The profiles of the members of the Board are provided in the Annual Report as set out on pages 20 to 23.

2. Tenure of Independent Directors

The NC assessed the independence of the INEDs and monitors their tenure annually. None of the INEDs has exceeded the tenure of a cumulative term of nine (9) years in the Company as at 31 December 2018.

The tenure of the INED should not exceed a cumulative term of nine (9) years. Should the Board intends to retain the INED as Independent Director (“ID”) after serving beyond nine (9) years, then the Board must justify and seek shareholders’ approval before the said ID can continue to act in such capacity. If the Board continues to retain the ID after twelfth (12th) year, the Board should seek annual shareholders’ approval through a two-tier voting process.

3. Procedures for Appointment of Directors and Senior Management

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

The Board has entrusted the NC with the duty to review candidates for the Board and key senior management positions taking into consideration the candidates’ skills, knowledge, expertise and experience, time commitment, character, competence, professionalism and integrity. While the RC is responsible to determine the remuneration packages for these appointments. approval through a two-tier voting process.

4. Boardroom Diversity

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.

5. Board Committees

The Board has delegated certain responsibilities to the Board Committees to assist it in discharging its fiduciary duties. All the Board Committee operate within clearly defined TOR.

• NC

The NC is chaired by Tan Sri Abdul Halim bin Ali, a Senior INED. For FYE 2018, the NC comprises exclusively INEDs and the composition of the NC is as follows:-

Name	Designation	Directorate
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

The NC is governed by its TOR which outlines its remit, duties and responsibilities and the same is available for viewing under the “Investor Relations” section of the Company’s website at www.sedaniainnovator.com.

Summary of Works

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

- Reviewed and assessed the annual performance and effectiveness of the Board and the Board Committees as a whole;
- Reviewed and assessed the annual independence assessment of the Independent Directors;
- Reviewed and assessed the composition of the Board Committees;
- Reviewed and assessed the performance and making recommendations to the Board regarding the Directors who are seeking for re-election at the AGM; and
- Reviewed and assessed the candidate as the successor of the Chief Executive Officer of one (1) of its subsidiary company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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- **RC**
The membership of the RC and summary of the works carried out by the RC to discharge their duties during the FYE 2018 are stated in **Principle A, Section II Paragraph (8)** of this Statement.
- **ARMC**
The membership, a summary of the activities of the ARMC and Internal Audit Function and Activities in respect of the FYE 2018 are stated in the **ARMC Report** of this Annual Report.
- **Employees' Share Option Scheme ("ESOS") Committee**
The ESOS Committee is formed to administer the ESOS established by the Company with effect from 5 November 2015. The composition of the ESOS Committee are as follows:-

Name	Designation	Office 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
Lau Kin Wai	Member	Independent Non-Executive Director
Rizalzin Hashim bin Mohammed	Member	Chief Financial Officer
Daniel Bernd Ruppert	Member	Chief Executive Officer
Noor Haizah binti Abdul Halim	Member	Director of Talent Management

During the financial year under review, the ESOS Committee held three (3) meetings on matters including the following:-

- Discussed and approved on the appointment of two (2) new members of the ESOS Committee;
- Reviewed and assessed the proposed revision of the percentage of allocation;
- Reviewed and assessed the proposed ESOS allocation;
- Reviewed and approved on the granting of first tranche of ESOS options to all eligible employees; and

- Reported to the ARMC and the Board at every quarterly meeting if there is any offer of ESOS to the eligible persons.

The ESOS Committee is governed by its TOR which outlines its remit, duties and responsibilities and the same is available for viewing under the "Investor Relations" section of the Company's website at www.sedaniainnovator.com.

6. Annual Assessment

The NC would conduct annual Board evaluation to review the skills and experience of each individual Director, and assess the effectiveness of the Board and Board Committee as a whole.

The Board evaluation comprises Board and Board Committees 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 NC were properly documented.

7. Time Commitment and Directors' Training

The Board reviewed the results of the Directors' performance evaluation in the board meeting held in March 2019 and is generally satisfied with the current size, composition as well as the mix of skill sets and independence of its INEDs. During the financial year under review, the Board held five (5) meetings 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 complied with the minimum requirement of 50% attendance at board meetings as stipulated in Rule 15.05(3)(c) of the ACE LR of Bursa Securities.

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:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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Board Meeting

Director	Number of Meetings attended/ held in FYE 2018	%
Tan Sri Abdul Halim bin Ali (Chairman)	5/5	100.00
Datuk Noor Azrin bin Mohd Noor	5/5	100.00
Tan Sri Nuraizah binti Abdul Hamid	5/5	100.00
Datuk Syed Izuan bin Syed Kamarulbahrin	5/5	100.00
Noor Syafiroz bin Mohd Noor	5/5	100.00
Lau Kin Wai	4/5	80.00

NC Meeting

Members	Number of Meetings attended/ held in FYE 2018	%
Tan Sri Abdul Halim bin Ali (Chairman)	2/2	100.00
Tan Sri Nuraizah binti Abdul Hamid	2/2	100.00
Datuk Syed Izuan bin Syed Kamarulbahrin	2/2	100.00

RC Meeting

Members	Number of Meetings attended/ held in FYE 2018	%
Tan Sri Nuraizah binti Abdul Hamid (Chairman)	2/2	100.00
Tan Sri Abdul Halim bin Ali	2/2	100.00
Datuk Syed Izuan bin Syed Kamarulbahrin	2/2	100.00

The attendance of the ARMC Meetings held during FYE 2018 is stated in the ARMC Report in this Annual Report.

Prior to accepting new directorships, the Director will notify the Chairman and inform him of the expected time commitment for the new appointment accordingly. The Directors are also required to submit a timely update on their other relevant directorship and shareholdings to the Company Secretaries, who will update the Board. Such information is used to monitor the number of directorships held by the Directors and to notify the Companies Commission of Malaysia accordingly, if so required.

None of the Directors of the Company held more than five (5) directorships in public corporations listed on Bursa Securities.

In order for the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges faced by the Board.

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.

During FYE 2018, 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. The list of trainings/ conference/ seminar and/or workshops attended by each of the Director are as follows:-

Directors	List of Training / Conference / Seminar / Workshop Attended / Participated
Tan Sri Abdul Halim bin Ali	Program Perkongsian Ilmu 'Sirkulasi Kampung Bharu 118 Tahun
	Higher Education Forum 2018 – Islamic Economies @ 4IR: WAQF Revival
	International Construction Transformation Conference 2018: Achieving Peak Productivity through Technology and Innovation
	Annual Report 2017/Financial Stability and Payment Systems Report 2017 Briefing Session
	Shariah Advisory Committee, Board of Director and Management Committee Session 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont.

Directors	List of Training / Conference / Seminar / Workshop Attended / Participated
Tan Sri Abdul Halim bin Ali	FIDE Programme – Module A
	IJM Senior Management Forum 2018
	Sales & Service Talk by PricewaterhouseCoopers
	FIDE Elective Programme: Credit Risk Management – Banking Sector
	Premier Lecture by YAB Tun Dr. Mahathir Mohamad, Prime Minister MJIT Japan Day & Official Launching of Residensi UTMKL
	Khazanah Megatrends Forum 2018
	Anti-Money Laundering & Counter Terrorism Financing (AML/CFT) Program
	FIDE Programme – Module B
	FIDE Forum: Dinner Talk with Dr. Marshall Goldsmith in conjunction with the Launch of FIDE Forum's DNA of a Board Leader
	IJM Budget Talk 2019
Datuk Noor Azrin bin Mohd Noor	National Economic Outlook Conference 2019-2020
	Persidangan Kepimpinan dan Governan Universiti kali ke-4: Humanising Higher Education
	The Annual Report of Tomorrow - Guide to Forward-Looking Information
	Common Offences & Pitfalls to avoid under the Companies Act 2016
	Fundamental Principles of Effective Communication
Tan Sri Nuraizah binti Abdul Hamid	The Annual Report of Tomorrow - Guide to Forward-Looking Information
	IVAS-IVSC Business Valuation Conference 2018 – Panel Discussion on “Should Initial Coin Offerings Be Valued?”
Datuk Syed Izuan bin Syed Kamarulbahrin	
Noor Syafiroz bin Mohd Noor	
Lau Kin Wai	

8. Remuneration Committee

The members of the RC comprises exclusively of INEDs that assist the Board on reviewing and recommending the proposed remuneration packages of Directors and senior management of the Company. The composition of the RC are as follows:-

Name	Designation	Directorate
Tan Sri Nuraizah binti Abdul Hamid	Chairperson	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 RC's authority and duties as well as functions are clearly defined in the TOR of the RC, which is available for viewing under the “Investor Relations” section of the Company's website at www.sedaniainnovator.com.

Summary of Works

The following works were undertaken by the RC during the financial year under review:-

- Reviewed and confirmed the Minutes of the RC Meeting held in year 2018;
- Reviewed the Directors' fees and benefits payable to the Non-Executive Directors; and
- Reviewed the remuneration packages of the Chief Executive Officer of its subsidiary company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont.

9. Directors' Remuneration

Details of the aggregate remuneration of the Directors during the FYE 2018 are as follows:-

Company	Fees (RM)	Salaries (RM)	Statutory Contributions (RM)	Meeting allowance (RM)	Benefits in-kind (RM)	Total (RM)
Executive Directors:						
Datuk Noor Azrin bin Mohd Noor	-	756,000	91,643	-	7,802	855,445
Noor Syafiroz bin Mohd Noor	-	415,200	50,748	-	7,802	473,750
Non-Executive Directors:						
Tan Sri Abdul Halim bin Ali	60,000	-	-	12,000	7,802	79,802
Tan Sri Nuraizah binti Abdul Hamid	32,500	-	-	12,000	7,802	52,302
Datuk Syed Izuan bin Syed Kamarulbahrin	32,500	-	-	12,000	7,802	52,302
Lau Kin Wai	30,000	-	-	6,000	7,801	43,801
Total	155,000	1,171,200	142,391	42,000	46,811	1,557,402

Group	Fees (RM)	Salaries (RM)	Statutory Contributions (RM)	Meeting allowance (RM)	Benefits in-kind (RM)	Total (RM)
Executive Directors:						
Datuk Noor Azrin bin Mohd Noor	60,000	756,000	91,643	-	7,802	915,445
Noor Syafiroz bin Mohd Noor	-	415,200	50,748	-	7,802	473,750
Non-Executive Directors:						
Tan Sri Abdul Halim bin Ali	60,000	-	-	12,000	7,802	79,802
Tan Sri Nuraizah binti Abdul Hamid	32,500	-	-	12,000	7,802	52,302
Datuk Syed Izuan bin Syed Kamarulbahrin	32,500	-	-	12,000	7,802	52,302
Lau Kin Wai	30,000	-	-	6,000	7,801	43,801
Total	215,000	1,171,200	142,391	42,000	46,811	1,617,402

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont.

For the FYE 2018, the aggregate remuneration of the Directors of the subsidiaries and Senior Management members are not disclosed as the Board feels that it is inappropriate to disclose them and has opt not to do so in view of the competitive nature of the human resource market and to support the Company's efforts in attracting and retaining executive talents.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 1 – AUDIT COMMITTEE

1. Separation of the positions of the chair of the ARMC and the Board

In compliance with Practice 8.1 of the MCCG, the ARMC is chaired by Datuk Syed Izuan bin Syed Kamarulbahrin, which is a separate person from the chair of the Board.

The membership, a summary of the activities of the ARMC and Internal Audit Function and Activities in respect of the FYE 2018 are stated in the **ARMC Report** of this Annual Report.

2. No appointment of former key audit partners as member of the ARMC

The TOR of the ARMC has been updated accordingly to formalise the Company's policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC.

None of the members of the Board or Board Committees were former key audit partners and notwithstanding the above provision and in order to uphold the utmost independence, the Board and Board Committees have no intention to appoint any former key audit partner as a member of the Board and Board Committees.

The TOR of the ARMC was last reviewed and approved by the Board on 30 August 2018 and is available for viewing under the "Investor Relations" section of the Company's website at www.sedaniainnovator.com.

3. Assessment on external auditors

The ARMC has policies and procedures to assess the suitability, objectivity and independence of external auditors taking into account relevant professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services. The outcome of the assessment would form a basis of the ARMC in making recommendation to the Board on the re-appointment of the external auditors for the ensuing year at the AGM.

The ARMC meets the external auditors concurrently twice a year to discuss their audit plan, audit findings and the Company's financial statements.

Such meetings are held without the participation of the Management team of the Group. This encourages independence and open dialogue between both parties.

Upon completion of its assessment, the ARMC was satisfied with Messrs. BDO PLT's competency i.e. suitability and independence during the financial year under review and recommend to the Board the re-appointment of the Messrs. BDO PLT as external auditors for the financial year ending 31 December 2019. The Board had in turn, recommended the same for shareholders' approval at the forthcoming Fifth Annual General Meeting ("**5th AGM**") of the Company.

4. Skillsets of ARMC

The ARMC has conducted self and peer evaluation to assess the performance and skillsets of the individual ARMC members and their peers. The evaluation results were compiled by the Company Secretaries and tabled for the NC's review. Based on the results of the assessments, all members of the ARMC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities.

Updates on developments in accounting and governance standards are presented by the external auditors at the ARMC meetings. The members of the ARMC have attended various continuous training and development programmes as detailed in Principle A, Section II Paragraph 7 in this Statement.

PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

1. Risk Management and Internal Control Framework

Set out in this Annual Report, the Board's Statement on Risk Management and Internal Control ("**SORMIC**") for the FYE 2018, outlines the nature and scope of risk management and internal control of the Group and covers all of the Group's operations.

The Board has delegated to the ARMC the task of undertaking a periodic review of the effectiveness, adequacy and integrity of the Group's risk management framework and internal control systems.

The ARMC is responsible to assess that proper processes exist for determining, monitoring and reviewing the risk profile of the Groups and the effective communication to the relevant business units.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont.

2. Key Features of Risk Management and Internal Control Framework

The key features of the Company's risk management and internal control framework, which covers their adequacy and effectiveness are disclosed under the SORMIC on pages 42 to 46 of this Annual Report.

3. Internal Audit Function

The Group's internal audit ("IA") function is outsourced to an independent professional consulting firm and reports independently to the ARMC.

The 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 review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.

The ARMC and the Board are satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the IA function, taken the decision to continue with the outsourcing of the IA function.

Further details of the IA Function have been disclosed under the ARMC Report in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – COMMUNICATION WITH STAKEHOLDERS

1. Communication with Stakeholders

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 LR 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 EDs authorise and are responsible for approving the release of all major communications to the regulators, shareholders and stakeholders.

To further enhance communication with investors and shareholders, the Company has an "Investor Relations" section on the Company's website which provides a platform for the shareholders and potential investors to direct their enquiries on the Company.

Another key avenue of communication with its stakeholders is the general meeting of the Company, which provides a useful forum for shareholders to engage directly with the Company's Directors. During the general meeting, shareholders or proxies appointed by the shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors.

The Chairman and/or any Directors will avail themselves to provide responses to any questions raised by shareholders at the general meetings.

PART II – CONDUCT OF GENERAL MEETINGS

1. Notice of Annual General Meeting

The Notice of 5th AGM of the Company was circulated and published on 16 April 2019, which was more than 28 days prior to the date of AGM scheduled to be held on 16 May 2019. The Notice of 5th AGM, which sets out the businesses to be transacted at the 5th AGM, was also published in a major local newspaper.

The notes to the Notice of 5th AGM also provide detailed explanation for better understanding on the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make informed and proper decisions in exercising their voting rights.

2. Directors' Commitment

All the Directors were present at the 4th AGM of the Company held on 23 May 2018 to engage directly with the shareholders, and be accountable for their stewardship of the Company.

The proceedings of the AGM included the presentation of financial statements to the shareholders, and a question and answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company's financial statements and other items for adoption at the AGM, before putting a resolution to vote.

The Executive Directors ensure that sufficient opportunities are given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont.

The Chairmen of the Board Committees are also readily available to address the questions posted by the shareholders at the general meetings.

3. Voting Format

Rule 8.31A of the ACE LR of Bursa Securities requires that any resolution set out in the notice of general meetings, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting be voted by poll with effect from 1 July 2016. The Company had conducted its voting on all resolutions at the 4th AGM held on 23 May 2018 by polling in line with the requirement of the ACE LR of Bursa Securities.

The Board will consider and explore the suitability and feasibility of adopting electronic voting in coming years to facilitate greater shareholders participation at general meetings, and to ensure accurate and efficient outcomes of the poll voting process.

This Statement was approved by the Board of Directors via a Circular Resolution passed on 25 March 2019.

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") for the financial year ended 31 December 2018 ("FYE 2018") which provides insights to the manner in which the ARMC had discharged its functions, in compliance with Rule 15.15(1) of the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the new Malaysian Code on Corporate Governance ("MCCG").

1. COMPOSITION

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. This complies with Rules 15.09(1)(a) and (b) of the ACE LR of Bursa Securities. 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 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)

The Audit Committee of the Company was established on 25 July 2014 and subsequently renamed as Audit and Risk Management Committee on 29 February 2016, to incorporate the additional oversight on risk management activities of the Group.

The Chairman of the ARMC, 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.

The ARMC, therefore meets the requirements of paragraph 15.09(1)(c) of the ACE LR of Bursa Securities which stipulates that at least one (1) member of the ARMC must be a qualified accountant.

2. MEETINGS

For the FYE 2018, 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 2018
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 Chairman of the ARMC reports to the Board on principal matters deliberated at ARMC meetings. Minutes of each ARMC meeting were recorded by the Company Secretaries and tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

In addition, the Group Executive Director, the Group Chief Executive Officer and the Group Chief Financial Officer, key management, sponsor, External Auditors and outsourced Internal Auditors also attended the meetings when invited by the ARMC to provide and present reports or information during the deliberation of matters pertaining to their respective areas, in the meetings.

The ARMC also had meetings with the External Auditors without the presence of Management where they are given the opportunity to raise any concern or professional opinion and thus, to be able to exert its functions independently.

3. TERMS OF REFERENCE

The Terms of Reference ("TOR") of the ARMC has been reviewed annually by the ARMC and recommended the same to the Board of Directors for approval and adoption on 30 August 2018, to be in line with any updates from the ACE LR of Bursa Securities and MCCG.

A copy of the latest TOR of the ARMC is available for viewing at the Company's website at www.sedaniainnovator.com.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Cont.

4. SUMMARY OF ACTIVITIES IN 2018

During the FYE 2018, the main activities undertaken by the ARMC are as follows:

(a) Financial reporting review

- (i) Reviewed and recommended the unaudited quarterly financial results announcements and the annual 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"), the ACE LR and other legal requirements.
- (ii) Reviewed the financial performance of the Group on quarterly basis;
- (iii) Reviewed the identified significant matters pursuant to Rule 15.12(1)(g)(ii) of the ACE LR of Bursa Securities;

(b) External Auditors

- (i) Reviewed with the External Auditors the Audit Planning Memorandum, audit plan and scope of the statutory audit of the Company and the Group's financial statements for the FYE 2018;
- (ii) Evaluated the performance and effectiveness of the External Auditors and made recommendations to the Board of Directors on their re-appointment and remuneration;
- (iii) Reviewed the draft audit report and annual audited financial statements of the Company and issues arising from the financial statements, together with the External Auditors' management letter and management's responses;
- (iv) The Committee was also updated by the External Auditors on changes to relevant guidelines on the regulatory and statutory requirements;

- (v) Convened a meeting with the External Auditors without the presence of the Executive Directors and Management to discuss relevant issues and obtain feedbacks;
- (vi) Reviewed the ARMC Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval and inclusion in the Company's Annual Report;
- (vii) Reviewed and monitored any related party transactions and conflict of interest situation that may arise within the Company and the Group; and
- (viii) Reported to the Board on its activities, any significant issues and results.

(c) Internal Audit

- (i) Reviewed the Internal Auditors' scope of work, annual 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 to ensure control lapses are addressed); and
- (iii) Addressed the objectivity, performance and independence of the Internal Auditors.

(d) Risk Management Oversight

- (i) Examined the risk element of the various proposed investments/joint ventures to be undertaken by the Management and sought clarification/assurance from the Management on risk mitigation measures to the identified risks.

The Board is satisfied that the ARMC has carried out their responsibilities and duties in accordance with the ARMC's TOR.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Cont.

5. INTERNAL AUDIT FUNCTION

The Group appointed Talent League Sdn. Bhd. ("Internal Auditors"), as independent professional internal audit service provider to carry out its internal audit function. A team of three (3) people completes the Internal Audit structure helmed by Mr. Hong Cheong Liang, CA(M), CPA(AUS), AIIA. The Internal Auditors were engaged to conduct regular reviews and appraisals of the effectiveness of the internal control system, governance and risk management within the Company and the Group in accordance to a structured and recognised framework.

The Internal Auditors report directly to the ARMC and are provided full access to all the documents relating to the Company and Group's Governance, Financial and Operational aspect divisions.

A summary of work of the internal audit function for the FYE 2018 is as follows:-

1. Formulated the internal audit plan and presented the plan to the ARMC for review and approval;
2. Performed internal audit work in the following areas in accordance with the approved internal audit plan:-
 - Q1 2018: Corporate governance and fixed asset management;
 - Q2 2018: Management Information System and research and development;
 - Q3 2018: Human resource management; and
 - Q4 2018: Financial reporting, treasury and procurement.
3. Based on the audit reviews carried out, the Internal Auditors reported the results of the audit reviews to the ARMC. The reports highlighted internal control weaknesses or deficiencies identified and corresponding recommendations for improvements; and
4. Followed up on the status of implementation of Management action plans carried out and reported the same to the ARMC.

The total cost incurred for the internal audit function of the Group for the FYE 2018 was RM48,000 (FYE 2017: RM46,000).

The ARMC and the Board are satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsourcing of the internal audit function.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 42 to 46 of this Annual Report.

The ARMC Report was presented and approved at the meeting of the Board of Directors held on 25 March 2019.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors ("Board") of Sedania Innovator Berhad ("Company") and its subsidiaries ("Group") 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 subsidiaries ("the Group") for the financial year ended 31 December 2018 pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Malaysian Code on Corporate Governance ("MCCG") issued in 2017 and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") issued on 31 December 2012.

2. RESPONSIBILITY FOR INTERNAL CONTROLS AND RISK MANAGEMENT

The Board acknowledges 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 the 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.

Weekly meetings attended by Heads of Department and key management team are held to discuss key operational issues, business performance matters, new business ventures and appropriate mitigating risk response strategies and controls.

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 at the acceptable tolerance level.

4. INTERNAL AUDIT FUNCTIONS AND EFFECTIVENESS OF INTERNAL CONTROL

The Group's internal audit function is outsourced to an independent professional consulting firm, Talent League Sdn. Bhd. 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 Internal Audit ("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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL *Cont.*

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 performance of the internal audit function is carried out as per the annual audit plan approved by the Audit and Risk Management Committee. The internal control findings, weaknesses and recommendations as well as the management responses and action plan were deliberated during the quarterly meetings with the Audit and Risk Management Committee. The key management team is responsible to address and resolve areas with control weaknesses within the required time frame, and that the control procedures are in place and being followed.

During the year under review, the IA Consultant had conducted various risks-based internal audit ("RBIA") assignments every quarter 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 as follows:

- Q1 2018 : Corporate governance and fixed asset management
- Q2 2018 : Management Information System and research and development;
- Q3 2018 : Human resource management
- Q4 2018 : Financial reporting, treasury and procurement

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, Nominating 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 weekly 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 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 in line with the changes in the organisation.

- 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL *Cont.*

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, security implementation for the antivirus level protection and hardware systems support procedures. 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 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 DNAs, values, 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, 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL *Cont.*

Financial performance and Monthly Management Accounts which serve as a monitoring tool are circulated to key management staff and regularly compared against budget, with detailed explanations provided for material variances, reviews of internal and external factors contributing to performance, and management actions taken to improve the 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 performance and progress of key projects 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 Audit and Risk Management Committee, before recommending the same to the Board for approval.

- **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 instill 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 to maintain high competency and capability levels. These formal appraisals are guided by Key Performance Indicators ("KPIs"). All employees of the Group have individual KPIs.

Compensation is a critical area of human resource management, and one that can greatly affect employee behavior.

As such, during the year, the Company has established a grading and compensation structure comparable to market as part of the commitment to attract and retain good talents in the Group.

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 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 Annual Report. Management continues to take measures to strengthen the control environment.

7. ASSURANCE STATEMENT BY KEY MANAGEMENT TEAM

The Group Executive Directors, Group Chief Executive Officer and Chief Financial Officer ("Key Management Team") have provided assurance to the Board, to their best knowledge and believe, that the Group's risk management and internal control system were operating adequately and effectively in all material aspects, and there were no material losses incurred as a result of any weaknesses in internal controls that would require disclosure in this Annual Report.

8. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Rule 15.23 of the ACE LR of Bursa Securities, 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 Audit and Assurance Practise Guide 3: Guidance for Auditors On Engagements To Report On The Statement On Risk Management and Internal Control Included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL *Cont.*

AAPG 3 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. AAPG 3 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 has reviewed the adequacy and effectiveness of the Group's risk management processes and system of internal control for FYE 2018 and up to the date of this Statement and is of the view that the risk management processes and system of internal control are in place for the period covered by this Statement for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

The Board will continue to monitor all major risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement was approved by the Board of Directors on 25 March 2019.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

The Company did not raise funds through any corporate proposal during the financial year under review.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("**ESOS**" or "**Scheme**") of the Company was implemented on 16 November 2015 and shall be in force for a duration of ten (10) years.

The Company had on 3 December 2018 made an offer of options to its eligible employees ("**ESOS Options**") in accordance with the By-Laws of the ESOS as follows:-

Exercise price of ESOS Options offered (RM)	0.128
Number of the ESOS Options offered	5,268,000

Note:

A total of 2,104,000 number of options offered to the eligible employees of Sedania As Salam Capital Sdn. Bhd. ("SASC") are subject to SASC achieving its financial performance target, i.e profit after tax of RM1.5 million for the financial year ended 31 December 2018 ("FYE 2018").

The total number of options granted, exercised and outstanding under the ESOS during the FYE 2018 are set out in the table below:-

Description	Number of Options as at 31 December 2018	
	All Eligible Employees	Executive Directors
1. Total number of options granted	3,164,000	-
2. Total number of options exercised	-	-
3. Total options outstanding	3,164,000	-

Percentage of options applicable to Directors and Senior Management under the ESOS:-

Directors and Senior Management	During the FYE 2018	Since commencement up to FYE 2018
1. Aggregate maximum allocation	50.00%	50.00%
2. Actual granted	1.38%	1.38%

During the FYE 2018, none of the ESOS Options was offered to the Non-Executive Directors.

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 FYE 2018 are as follows:

Description	Group RM	Company RM
Audit Fees	127,000	46,000
Non-audit fees	7,500	5,000
Total	134,500	51,000

The Company incurred non-audit fees amounting to RM7,500 for services rendered by External Auditors to the Group during the FYE 2018 in relation to the review of the Statement on Risk Management and Internal Control and verification of Compliance Self Declaration for the submission to Malaysia Digital Economy Corporation ("MDEC").

MATERIAL CONTRACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interest of Directors and/or major shareholders, either subsisting at the end of the FYE 2018 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 FYE 2018.

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 2016 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended 31 December 2018 set out on pages 50 to 110 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 2016.

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

This statement was presented and approved at the meeting of the Board of Directors on 25 March 2019.

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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 2018.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Loss for the financial year	4,357,333	2,265,847

DIVIDENDS

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any 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.

EMPLOYEES' SHARE OPTION SCHEME ('ESOS')

The Company implements an ESOS, which is in force for a period of ten (10) years until 16 November 2025 ("the option period"). The main features of the ESOS are as follows:

- (a) The ESOS is made available to eligible employees and full-time Executive Directors who are confirmed employees ("Eligible Persons") of the Company and its subsidiaries as defined in the Companies Act 2016 in Malaysia, as amended from time to time, and any re-enactment thereof;
- (b) The total number of shares offered under the ESOS shall not, in aggregate, exceed 30% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS;
- (c) The option price under the ESOS shall be the five (5)-day weighted average market price of the shares as quoted on the ACE Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10% if deemed appropriate;

DIRECTORS' REPORT *(CONT.)*

EMPLOYEES' SHARE OPTION SCHEME ('ESOS') cont'd

- (d) The actual number of shares, which may be offered to any Eligible Persons shall be at the discretion of the ESOS Committee provided that the number of shares offered are not less than 1,000 shares and in multiples of 1,000 shares and are subject to the following:
- (i) not more than 10% of the shares available under the ESOS shall be allocated in aggregate to Executive Directors;
 - (ii) not more than 40% of the shares available under the ESOS shall be allocated in aggregate to senior management of the Company and its subsidiaries;
 - (iii) not more than 50% of the shares available under the ESOS shall be allocated to eligible employees of the Company and its subsidiaries; and
 - (iv) not more than 10% of the new shares available under the ESOS to be allocated to the Eligible Persons who, either singly or collectively through persons connected with the Eligible Persons, holds 20% or more of the issued and paid-up share capital of the Company.
- (e) An option granted under the ESOS may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee and is subject to the allotment of shares of 33% per year over the vesting periods of three (3) years;
- (f) The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of the Company; and
- (g) No eligible employee shall participate at any time in any other employees' share option scheme within the Company and its subsidiaries unless otherwise approved by the ESOS Committee.

The number of unissued ordinary shares under options at the option price is as follows:

Option price:	Number of options over ordinary shares				Exercisable as at 31.12.2018
	Balance as at 1.1.2018	Granted	Exercised	Balance as at 31.12.2018 [^]	
RM0.08	-	3,164,000	-	3,164,000	1,054,667
	-	3,164,000	-	3,164,000	1,054,667

[^] Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and are subject to the allotment of shares of 33% per year over vesting periods of 3 years.

Since the implementation of the ESOS until the end of the financial year, a total of 3,164,000 options had been granted to the eligible employees of the Group of which a total of 3,164,000 options had been granted to the senior management of the Company and eligible employees of the Company and its subsidiaries. No options had been exercised since the implementation of the ESOS until the end of the financial year.

DIRECTORS' REPORT *(CONT.)*

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Sedania Innovator Berhad

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
 Lau Kin Wai

Subsidiaries of Sedania Innovator Berhad (excluding those who are already listed above)

Nor Khairi Bin Khalil	
Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	(appointed on 2 May 2018)
Mohammad Ridzuan bin Abdul Aziz	(appointed on 2 May 2018)
Mohamad Rozaimy bin Abd Rahman	(appointed on 31 July 2018)
Mohammad Azlan Bin Alias	(resigned on 3 May 2018)
Dato' Izelan Bin Basar	(resigned on 2 July 2018)
Dato' Fathul Bari Bin Mat Jahya	(resigned on 2 July 2018)

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 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.1.2018	Bought	Sold	Balance as at 31.12.2018
Shares in the Company				
<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	9,286,560	-	-	9,286,560
Datuk Syed Izuan Bin Syed Kamarulbahrin	100,000	-	-	100,000
Noor Syafiroz Bin Mohd Noor	100,000	-	-	100,000
Shares in the ultimate holding company				
- Sedania Corporation Sdn. Bhd.				
<u>Direct interests:</u>				
Datuk Noor Azrin Bin Mohd Noor	999,999	-	-	999,999

DIRECTORS' REPORT *(CONT.)*

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 the ordinary shares and options over ordinary shares of the Company and 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 remuneration 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 certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 28 to the financial statements.

There were no arrangements made 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.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 21 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of insurance premium paid for the Directors of the Group and of the Company are RM46,811 (2017: RM42,889).

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, 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 all known bad debts had been 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.

DIRECTORS' REPORT *(CONT.)*

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

(I) AS AT THE END OF THE FINANCIAL YEAR *cont'd*

- (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 render the amounts written off for bad debts or 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.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature 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 would or may affect the ability of the Group and of the Company to meet their 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.

ULTIMATE HOLDING COMPANY

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

DIRECTORS' REPORT *(CONT.)*

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2018 are disclosed in Note 20 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

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

Datuk Noor Azrin Bin Mohd Noor
Director

Kuala Lumpur
25 March 2019

Noor Syafiroz Bin Mohd Noor
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 61 to 110 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 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 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Datuk Noor Azrin Bin Mohd Noor
Director

Kuala Lumpur
25 March 2019

Noor Syafiroz Bin Mohd Noor
Director

STATUTORY DECLARATION

I, **Rizalzin Hashim Bin Mohammed** (CA 38674), 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 61 to 110 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)
25 March 2019)

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
(Incorporated in Malaysia)

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 2018 of the Group and of the Company, and the 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 61 to 110.

In our opinion, 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 2018, and of their financial performance and 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 2016 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 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.

(a) Recoverability of trade receivables

Gross trade receivables of the Group as at 31 December 2018 were RM8,924,753 as disclosed in Note 8 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Audit response

Our audit procedures, with the involvement of component auditors, included the following:

- (a) Recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;
- (b) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and trade receivables to determine the appropriateness of the forward looking information used by the Group; and
- (c) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

INDEPENDENT AUDITORS' REPORT *(CONT.)*

TO THE MEMBERS OF SEDANIA INNOVATOR BERHAD
(Incorporated in Malaysia)

Key Audit Matters cont'd

(b) Impairment assessment of the carrying amount of investments in subsidiaries

As at 31 December 2018, investments in subsidiaries of the Company amounted to RM26,853,280 as disclosed in Note 6 to the financial statements.

The determination of recoverable amounts requires significant judgement and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining the recoverable amounts. In this instance, the recoverable amount is based on value-in-use or fair value less cost to sell, whichever is higher. These key assumptions include different budgeted earnings before interest and tax, growth rates, terminal values as well as determining an appropriate pre-tax discount rate.

Audit response

Our audit procedures included the following:

- (a) Challenged assessment of management that no impairment losses on investments in subsidiaries were required based on recoverable amounts of the subsidiaries;
- (b) Compared cash flow projections against recent performance and historical accuracy of forecasts/projections and challenged key assumptions in projections, where applicable;
- (c) Verified budgeted earnings before interest and tax, growth rates and terminal values by assessing evidence available to support these key assumptions; and
- (d) Assessed the reasonableness of pre-tax discount rate by comparing to the weighted average cost of capital of the Company and relevant risk factors.

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 the 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 2016 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.

INDEPENDENT AUDITORS' REPORT *(CONT.)*

TO THE MEMBERS OF SEDANIA INNOVATOR BERHAD
(Incorporated in Malaysia)

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 scepticism 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.
- (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 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 the 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.

INDEPENDENT AUDITORS' REPORT *(CONT.)*

TO THE MEMBERS OF SEDANIA INNOVATOR BERHAD
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 6 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Tan Yeong Tat
03315/07/2019 J
Chartered Accountant

Kuala Lumpur
25 March 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	2,820,664	3,504,578	-	-
Investments in subsidiaries	6	-	-	26,853,280	26,853,280
Finance lease receivables	7	3,686,936	5,095,819	-	-
Trade and other receivables	8	-	-	3,289,201	-
Deferred tax assets	9	432,240	-	-	-
		6,939,840	8,600,397	30,142,481	26,853,280
Current assets					
Trade and other receivables	8	12,212,601	17,721,868	3,139,922	6,161,300
Finance lease receivables	7	583,796	1,215,543	-	-
Inventories	10	6,116	16,057	-	-
Current tax assets		230,000	-	-	-
Short term funds	11	11,219,020	14,072,876	8,361,909	12,458,882
Cash and bank balances	12	1,976,692	1,724,079	231,777	167,484
		26,228,225	34,750,423	11,733,608	18,787,666
TOTAL ASSETS		33,168,065	43,350,820	41,876,089	45,640,946
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	42,005,304	42,005,304	42,005,304	42,005,304
Reorganisation debit	14	(10,853,280)	(10,853,280)	-	-
Reserves	14	(4,825,632)	1,577,204	(2,045,967)	273,114
TOTAL EQUITY		26,326,392	32,729,228	39,959,337	42,278,418

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
LIABILITIES					
Non-current liabilities					
Borrowings	15	969,576	649,073	-	-
Deferred tax liabilities	9	2,000	55,688	-	-
		971,576	704,761	-	-
Current liabilities					
Trade and other payables	18	5,469,163	9,229,928	1,916,752	3,362,528
Borrowings	15	198,934	98,691	-	-
Current tax liabilities		202,000	588,212	-	-
		5,870,097	9,916,831	1,916,752	3,362,528
TOTAL LIABILITIES		6,841,673	10,621,592	1,916,752	3,362,528
TOTAL EQUITY AND LIABILITIES		33,168,065	43,350,820	41,876,089	45,640,946

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 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	19	12,343,492	27,296,701	-	-
Other operating income		1,575,589	1,771,027	1,553,052	2,035,409
Advertisement and promotions		(126,065)	(551,064)	(2,592)	(2,916)
Cost of goods sold		(5,454,060)	(15,610,544)	-	-
Directors' remuneration	21	(1,897,031)	(1,646,290)	(1,557,402)	(1,562,290)
Employee benefits	26	(4,838,512)	(5,249,741)	(771,532)	(731,525)
Depreciation of property, plant and equipment	5	(1,100,241)	(1,148,876)	-	-
Impairment losses		(2,826,324)	-	(741,743)	-
Other operating expenses		(1,863,282)	(2,668,119)	(505,316)	(1,279,710)
Finance costs		(126,820)	(36,512)	(240,314)	-
(Loss)/Profit before tax	20	(4,313,254)	2,156,582	(2,265,847)	(1,541,032)
Tax expense	22	(44,079)	(590,003)	-	-
(Loss)/Profit for the financial year		(4,357,333)	1,566,579	(2,265,847)	(1,541,032)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (loss)/income		(4,357,333)	1,566,579	(2,265,847)	(1,541,032)
(Loss)/Earnings per ordinary share attributable to equity holders of the Company:					
Basic (loss)/earnings per share (sen)	23	(1.93)	0.74		
Diluted (loss)/earnings per share (sen)	23	(1.92)	0.74		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	Share capital RM	Share premium RM	Reorganisation debit RM	Retained earnings RM	Total RM
Balance as at 1 January 2017		20,000,000	14,005,304	(10,853,280)	2,010,625	25,162,649
Profit for the financial year		-	-	-	1,566,579	1,566,579
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	1,566,579	1,566,579
Transactions with owners						
Issuance of ordinary shares	13	8,000,000	-	-	-	8,000,000
Interim dividend paid	24	-	-	-	(2,000,000)	(2,000,000)
Total transaction with owners		8,000,000	-	-	(2,000,000)	6,000,000
Transfer pursuant to Companies Act 2016*		14,005,304	(14,005,304)	-	-	-
Balance as at 31 December 2017		42,005,304	-	(10,853,280)	1,577,204	32,729,228

* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

Group	Note	Share capital RM	Share premium RM	Reorganisation debit RM	Share options reserve RM	Retained earnings RM	Total RM
Balance as at 1 January 2018, as previously reported		42,005,304	-	(10,853,280)	-	1,577,204	32,729,228
Adjustments on initial application of MFRS 9 30.1(a)(iii)		-	-	-	-	(2,128,896)	(2,128,896)
Balance as at 1 January 2018, as restated		42,005,304	-	(10,853,280)	-	(551,692)	30,600,332
Loss for the financial year		-	-	-	-	(4,357,333)	(4,357,333)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	(4,357,333)	(4,357,333)
Transactions with owners							
Share options granted under ESOS		-	-	-	83,393	-	83,393
Total transaction with owners		-	-	-	83,393	-	83,393
Balance as at 31 December 2018		42,005,304	-	(10,853,280)	83,393	(4,909,025)	26,326,392

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	Note	Share capital RM	Share premium RM	Share options reserve RM	Retained earnings RM	Total RM
Balance as at 1 January 2017		20,000,000	14,005,304	-	3,814,146	37,819,450
Loss for the financial year		-	-	-	(1,541,032)	(1,541,032)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(1,541,032)	(1,541,032)
Transaction with owners						
Issuance of ordinary share	13	8,000,000	-	-	-	8,000,000
Interim dividend paid	24	-	-	-	(2,000,000)	(2,000,000)
Total transaction with owners		8,000,000	-	-	(2,000,000)	6,000,000
Transfer pursuant to Companies Act 2016*		14,005,304	(14,005,304)	-	-	-
Balance as at 31 December 2017		42,005,304	-	-	273,114	42,278,418
Balance as at 1 January 2018		42,005,304	-	-	273,114	42,278,418
Adjustments on initial application of MFRS 9	30.1(a)(iii)	-	-	-	(136,627)	(136,627)
Balance as at 1 January 2018, as restated		42,005,304	-	-	136,487	42,141,791
Loss for the financial year		-	-	-	(2,265,847)	(2,265,847)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(2,265,847)	(2,265,847)
Transaction with owners						
Share options granted under ESOS		-	-	83,393	-	83,393
Total transaction with owners		-	-	83,393	-	83,393
Balance as at 31 December 2018		42,005,304	-	83,393	(2,129,360)	39,959,337

* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(4,313,254)	2,156,582	(2,265,847)	(1,541,032)
Adjustments for:					
Bad debts written off		8,573	-	-	-
Depreciation of property, plant and equipment	5	1,100,241	1,148,876	-	-
Gain on disposals of property, plant and equipment		(200,000)	-	-	-
Interest expense on:					
- term loan		24,492	31,124	-	-
- hire purchase creditor		7,787	5,388	-	-
- retention sum in respect of the guaranteed profit for the acquisition of a subsidiary		93,945	-	93,945	-
- fair value adjustment on amount owing by a subsidiary		-	-	146,369	-
Income distribution from short term funds		(466,144)	(559,722)	(353,027)	(535,405)
Interest income from finance lease		(865,235)	(770,390)	-	-
Impairment losses on:					
- amount owing by a subsidiary	8(f)	-	-	741,743	-
- trade receivables	8(e)	2,817,595	-	-	-
- finance lease receivables	7(g)	118,005	-	-	-
Reversal of impairment losses on trade receivables	8(e)	(109,276)	-	-	-
Property, plant and equipment written off	5	2	15	-	-
Share options granted under ESOS		83,393	-	9,936	-
Unrealised (gain)/loss on foreign exchange		(138,731)	123,037	-	-
Operating (loss)/profit before working capital changes		(1,838,607)	2,134,910	(1,626,881)	(2,076,437)
Inventories		9,941	6,206	-	-
Trade and other receivables		2,326,617	(7,232,072)	(719,105)	(1,289,990)
Finance lease receivables		1,213,764	(2,475,894)	-	-
Trade and other payables		(2,326,106)	4,224,931	(11,118)	64,553
Cash used in operations		(614,391)	(3,341,919)	(2,357,104)	(3,301,874)
Tax paid		(1,096,531)	(157,194)	-	-
Net cash used in operating activities		(1,710,922)	(3,499,113)	(2,357,104)	(3,301,874)

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	5(c)	(77,329)	(170,138)	-	-
Proceeds from disposals of property, plant and equipment		400,000	-	-	-
Advances to a subsidiary		-	-	(500,000)	(1,639,500)
Repayments to ultimate holding company		(1,528,603)	(1,000,000)	(1,528,603)	-
Acquisition of interest in a subsidiary	6	-	-	-	(1,000,000)
Income distribution received from short term funds		466,144	559,722	353,027	535,405
Net cash used in investing activities		(739,788)	(610,416)	(1,675,576)	(2,104,095)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of:					
- term loan		(77,721)	(74,344)	-	-
- hire purchase creditor		(40,533)	(22,957)	-	-
Dividends paid		-	(2,000,000)	-	(2,000,000)
Interest paid		(32,279)	(36,512)	-	-
Net cash used in financing activities		(150,533)	(2,133,813)	-	(2,000,000)
Net decrease in cash and cash equivalents		(2,601,243)	(6,243,342)	(4,032,680)	(7,405,969)
Cash and cash equivalents at beginning of financial year		15,796,955	22,040,297	12,626,366	20,032,335
Cash and cash equivalents at end of financial year	12	13,195,712	15,796,955	8,593,686	12,626,366

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Term loan (Note 15) RM	Hire purchase creditor (Note 15) RM
At 1 January 2017	735,596	109,469
Cash flows		
- Repayments	(74,344)	(22,957)
At 31 December 2017	661,252	86,512
At 1 January 2018	661,252	86,512
Non-cash flows		
- Additions on property, plant and equipment	-	539,000
Cash flows		
- Repayments	(77,721)	(40,533)
At 31 December 2018	583,531	584,979

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. 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 2018 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

These financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 March 2019.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 30.1 to the financial statements.

The Group and the Company applied MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 January 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

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.

4. OPERATING SEGMENTS

Sedania Innovator Berhad and its subsidiaries are principally engaged in investment holding company, 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 and engaged in business of Shariah compliant platform for personal Islamic banking, general advertising agents and trading of telecommunication products.

NOTES TO THE FINANCIAL STATEMENTS *(CONT.)*

31 DECEMBER 2018

4. OPERATING SEGMENTS *cont'd*

The Group has arrived at six (6) (2017: six (6)) 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) Sharing platform

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.

(c) Internet of things ("IOT") solutions

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

(d) Big data analytics

Provision of big data analytics services and related activities.

(e) Financial technology

Provision of financial technology solutions for banking industry.

(f) Others

Others comprise operations relating to investment holding.

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 assets exclude current tax assets and deferred tax assets.

Segment liabilities exclude current tax liabilities and deferred tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

4. OPERATING SEGMENTS cont'd

2018	Sharing platform RM	Green technology solutions RM	Internet of things solutions RM	Big data analytics RM	Financial technology RM	Others RM	Total RM
Segment profits/(loss)	769,657	(1,539,193)	(3,096,962)	(1,221,850)	2,152,830	(1,294,343)	(4,229,861)
Share options granted under ESOS							(83,393)
Loss before tax							(4,313,254)
Included in the measure of segment profits/(loss) are:							
Revenue from external customers	3,928,737	600,575	3,861,500	-	3,952,680	-	12,343,492
Inter-segment revenue	-	-	-	-	-	1,200,000	1,200,000
Depreciation of property, plant and equipment	312,224	281,940	291,420	169,033	45,624	-	1,100,241
Interest expense	8,478	7,605	7,734	4,464	4,594	93,945	126,820
Interest income	38,705	865,235	-	-	74,413	353,026	1,331,379
Segment assets	12,277,685	5,811,285	1,219,000	-	4,572,881	8,624,974	32,505,825
Deferred tax assets							432,240
Current tax assets							230,000
Total assets							33,168,065
Included in the measure of segment assets are:							
- additions to property, plant and equipment	610,734	-	-	-	5,595	-	616,329
Segment liabilities	1,499,283	764,816	2,189,748	-	267,074	1,916,752	6,637,673
Deferred tax liabilities							2,000
Current tax liabilities							202,000
Total liabilities							6,841,673

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

4. OPERATING SEGMENTS cont'd

2017	Sharing platform RM	Green technology solutions RM	Internet of things solutions RM	Big data analytics RM	Financial technology RM	Others RM	Total RM
Segment profits/(loss)	501,392	674,441	1,531,937	(951,086)	1,940,931	(1,541,033)	2,156,582
Included in the measure of segment profits/(loss) are:							
Revenue from external customers	5,701,525	4,227,724	13,299,709	239,156	3,828,587	-	27,296,701
Inter-segment revenue	-	-	-	-	-	1,200,000	1,200,000
Depreciation of property, plant and equipment	693,044	120,096	115,001	170,055	50,680	-	1,148,876
Interest expense	19,626	3,397	3,257	4,844	5,388	-	36,512
Interest income	18,614	770,390	-	-	5,703	535,405	1,330,112
Segment/Total assets	9,955,237	8,612,224	8,429,342	200,000	3,185,852	12,968,165	43,350,820
Included in the measure of segment assets are:							
- additions to property, plant and equipment	163,959	-	-	-	6,179	-	170,138
Segment liabilities	948,330	1,301,026	4,097,017	-	268,790	3,362,529	9,977,692
Deferred tax liabilities							55,688
Current tax liabilities							588,212
Total liabilities							10,621,592

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

4. OPERATING SEGMENTS cont'd

(a) Geographical information

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

	2018 RM	2017 RM
Revenue from external customers		
Malaysia	11,536,074	25,826,962
Asian countries other than Malaysia	807,418	1,469,739
	12,343,492	27,296,701
Non-current assets		
Malaysia	6,711,458	8,227,774
Asian countries other than Malaysia	228,382	372,623
	6,939,840	8,600,397

(b) 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:

	2018 RM	Group 2017 RM
Customer A	1,978,575	3,070,513
Customer B	2,766,900	12,190,000
Customer C	600,575	4,227,724
Customer D	1,457,520	1,177,920
	6,803,570	20,666,157

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

5. PROPERTY, PLANT AND EQUIPMENT

Group

Carrying amount	Balance as at 1.1.2018 RM	Additions RM	Written off RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 31.12.2018 RM
Office building	860,000	-	-	-	(20,000)	840,000
SMS/IT equipment	1,775,964	6,041	-	-	(688,523)	1,093,482
Furniture and fittings	208,396	5,595	(2)	-	(83,761)	130,228
Motor vehicles	438,425	604,693	-	(200,000)	(207,443)	635,675
Renovation	221,793	-	-	-	(100,514)	121,279
	3,504,578	616,329	(2)	(200,000)	(1,100,241)	2,820,664

	At 31.12.2018		
	Cost	Accumulated depreciation	Carrying amount
	RM	RM	RM
Office building	1,000,000	(160,000)	840,000
SMS/IT equipment	3,941,713	(2,848,231)	1,093,482
Furniture and fittings	845,791	(715,563)	130,228
Motor vehicles	740,732	(105,057)	635,675
Renovation	584,780	(463,501)	121,279
	7,113,016	(4,292,352)	2,820,664

Carrying amount	Balance as at 1.1.2017 RM	Additions RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2017 RM
Office building	880,000	-	-	(20,000)	860,000
SMS/IT equipment	2,344,520	134,868	-	(703,424)	1,775,964
Furniture and fittings	267,517	35,270	-	(94,391)	208,396
Motor vehicles	665,633	-	-	(227,208)	438,425
Renovation	325,661	-	(15)	(103,853)	221,793
	4,483,331	170,138	(15)	(1,148,876)	3,504,578

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

5. PROPERTY, PLANT AND EQUIPMENT cont'd

Group cont'd

	At 31.12.2017		
	Cost	Accumulated depreciation	Carrying amount
	RM	RM	RM
Office building	1,000,000	(140,000)	860,000
SMS/IT equipment	3,935,672	(2,159,708)	1,775,964
Furniture and fittings	844,563	(636,167)	208,396
Motor vehicles	1,136,039	(697,614)	438,425
Renovation	874,666	(652,873)	221,793
	7,790,940	(4,286,362)	3,504,578

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

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. 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 2018, office building of the Group with a carrying amount of RM840,000 (2017: RM860,000) has been charged to a bank for credit facilities granted to the Group as disclosed in Note 17 to the financial statements.
- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2018	2017
	RM	RM
Purchase of property, plant and equipment	616,329	170,138
Financed by hire purchase arrangements	(539,000)	-
Cash payments on purchase of property, plant and equipment	77,329	170,138

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

5. PROPERTY, PLANT AND EQUIPMENT cont'd

- (d) The carrying amounts of the property, plant and equipment of the Group under hire purchase arrangements are as follows:

	Group	
	2018	2017
	RM	RM
Motor vehicles	631,217	88,425

Details of the hire purchase arrangements are disclosed in Note 16 to the financial statements.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	2017
	RM	RM
Unquoted equity shares, at cost	26,853,280	26,853,280

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.
- (b) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2018	2017	
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.
Sedania As Salam Capital Sdn. Bhd. ('SASC')*	Malaysia	100	100	Engaged in business of Shariah compliant platform for personal Islamic banking, financial technology consultation, solution and platforms, general advertising agents and trading of telecommunication products.

* Subsidiary not audited by BDO PLT or BDO member firms.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

6. INVESTMENTS IN SUBSIDIARIES cont'd

(c) Acquisition of a subsidiary during the financial year ended 31 December 2017

In the previous financial year, a reorganisation exercise had been carried out through the Company's acquisition of SASC for a total consideration of RM12,000,000 to be satisfied by a combination of cash amounting to RM4,000,000 and issuance and listing of 25,806,452 consideration shares of the Company on ACE Market of Bursa Securities on 20 July 2017. A payment of RM1,000,000 had been made to Sedania Corporation Sdn. Bhd. ('Sedania Corp') and an interest bearing security of RM3,000,000 ('Retention Sum') had been retained by the Company pursuant to the share sale agreement. Upon completion of the above reorganisation exercise, SASC became a wholly-owned subsidiary of the Company.

The carrying amounts of the identifiable assets and liabilities acquired were as follows:

	2017
	RM
Property, plant and equipment	126,619
Trade and other receivables	1,812,706
Short term funds	805,704
Cash and bank balances	440,823
Trade and other payables	(182,278)
Hire purchase creditor	(86,512)
Deferred tax liabilities	(6,000)
Current tax liabilities	(323,773)
Total identified net assets	2,587,289

Sedania Corp had guaranteed that SASC will achieve actual profit after tax ("PAT") of RM1,500,000 per annum ("Profit Guarantee") for the financial years ended 31 December 2017 and 2018. In the event it fails:

- (i) there is a shortfall for the financial year ended 31 December 2017, the Company shall be entitled to be reimbursed and deduct from the Retention Sum (Tranche 1) an amount equivalent to the shortfall or RM1,500,000, whichever is lower. During the financial year, the Group had released the first tranche retention sum of RM1,528,603 (inclusive of interest) to Sedania Corp; and
- (ii) there is a shortfall for the financial year ended 31 December 2018, the Company shall be entitled to be reimbursed and deduct from the Retention Sum (Tranche 2) an amount equivalent to the shortfall or RM1,500,000, whichever is lower.

For the financial year ended 31 December 2018, SASC has achieved profit after tax of RM1,536,258. As such, the Group has released the second tranche retention sum of RM1,574,342 (inclusive of interest up to the date of payment) to Sedania Corp in the financial year 2019.

- (d) The Group reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiaries. The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the budgeted earnings before interest and tax, growth rates, terminal values and the appropriate pre-tax discount rates used for each of the subsidiary. Impairment losses are made when the carrying amount of the investments in subsidiaries exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

7. FINANCE LEASE RECEIVABLES

	Group	
	2018	2017
	RM	RM
Non-current		
Later than one (1) year and not later than five (5) years	3,686,936	5,095,819
Current		
Not later than one (1) year	583,796	1,215,543
Total finance lease receivables	4,270,732	6,311,362

The repayment terms of finance lease receivables are as follows:

	Group	
	2018	2017
	RM	RM
Gross finance lease receivables:		
Not later than one (1) year	2,079,000	2,079,000
Later than one (1) year and not later than five (5) years	4,347,000	6,426,000
	6,426,000	8,505,000
Less: Unearned interest income	(1,328,402)	(2,193,638)
Net finance lease receivables	5,097,598	6,311,362
Less: Impairment loss	(826,866)	-
	4,270,732	6,311,362
Representing finance lease receivables:		
Not later than one (1) year	583,796	1,215,543
Later than one (1) year and not later than five (5) years	3,686,936	5,095,819
	4,270,732	6,311,362

- (a) Finance lease receivables are classified as financial assets measured at amortised cost.
- (b) The estimated market interest rate used for discounting contracted cash flows to determine the fair value of finance lease receivables are approximately equal to the effective interest rate used for computing the carrying amount of finance lease receivables. In this respect, the carrying amounts of finance lease receivables of the Group as at the end of the reporting period approximate their fair value.

The credit term of finance lease receivables of the Group is 30 days (2017: 30 days) from the date of invoice.

- (c) The effective interest rate for finance lease receivables is fixed at 15% (2017:15%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

7. FINANCE LEASE RECEIVABLES cont'd

- (d) 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) (2017: one (1)) finance lease receivables.
- (e) The fair value of finance lease receivables is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (f) Finance lease receivables are denominated in RM.
- (g) Impairment for finance lease receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 30.1(a)(ii) to the financial statements.

Movements in the impairment allowance for finance lease receivables are as follows:

	Group 2018 RM
At 1 January under MFRS 139	-
Restated through opening retained earnings	708,861
Opening impairment loss of finance lease receivables in accordance with MFRS 9	708,861
Charge for the financial year	118,005
At 31 December	826,866

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Non-current asset:				
Amount owing by a subsidiary	-	-	3,289,201	-
Current assets:				
Trade receivables				
Third parties	8,924,753	15,403,287	-	-
Less: Impairment losses on trade receivables	(4,073,708)	-	-	-
	4,851,045	15,403,287	-	-
Other receivables				
Other receivables	871,271	1,577,164	3,621	303,000
Amount owing by a subsidiary	-	-	3,987,004	5,819,500
Refundable deposits	58,198	706,438	1,000	1,000
	929,469	2,283,602	3,991,625	6,123,500
Less: Impairment losses on:				
- other receivable	(274,334)	(170,000)	-	-
- amount owing by a subsidiary	-	-	(878,370)	-
	655,135	2,113,602	3,113,255	6,123,500
	5,506,180	17,516,889	3,113,255	6,123,500
Prepayments	6,706,421	204,979	26,667	37,800
Total current receivables	12,212,601	17,721,868	3,139,922	6,161,300
Total current and non-current receivables	12,212,601	17,721,868	6,429,123	6,161,300

- (a) Trade and other receivables (excluding prepayments) are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranged from 30 to 60 days (2017: 30 to 60 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 and interest free.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

8. TRADE AND OTHER RECEIVABLES cont'd

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

Group 2018	Gross carrying amount RM	Total allowance RM	Balance as at 31.12.2018 RM
Neither past due nor impaired	1,735,247	(151,794)	1,583,453
Past due, not impaired:			
- 31 to 90 days	1,218,480	(130,701)	1,087,779
- 91 to 180 days	1,252,693	(286,418)	966,275
- 181 to 360 days	4,059,680	(2,846,142)	1,213,538
- more than 360 days	658,653	(658,653)	-
	7,189,506	(3,921,914)	3,267,592
	8,924,753	(4,073,708)	4,851,045
2017*			
Neither past due nor impaired	3,668,879	-	3,668,879
Past due, not impaired:			
- 31 to 90 days	1,522,332	-	1,522,332
- 91 to 180 days	8,277,176	-	8,277,176
- 181 to 360 days	1,229,211	-	1,229,211
- more than 360 days	705,689	-	705,689
	11,734,408	-	11,734,408
	15,403,287	-	15,403,287

* Comparative information under MFRS 139 Financial Instrument: Recognition and Measurement.

(e) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit loss model as disclosed in Note 30.1(a)(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

8. TRADE AND OTHER RECEIVABLES cont'd

(e) The movement of the allowance for impairment loss on trade receivables is as follows:

2018	Lifetime ECL allowance RM	Credit impaired RM	Total allowance RM
At 1 January under MFRS 139	-	-	-
Restated through opening retained earnings	304,822	1,060,567	1,365,389
Opening impairment loss of trade receivables in accordance with MFRS 9	304,822	1,060,567	1,365,389
Charge for the financial year	-	2,817,595	2,817,595
Reversal for the financial year	(109,276)	-	(109,276)
At the end of financial year	195,546	3,878,162	4,073,708

Trade receivables that are individually determined to be credit impaired at the financial year end relate to trade receivables who are in significant financial difficulties and have defaulted on payments.

(f) Impairment for other receivables and amount owing by a subsidiary are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 30.1(a) (ii) to the financial statements.

The movement of the allowance for impairment loss on other receivables is as follows:

	Group	
	2018 RM	2017* RM
At 1 January under MFRS 139	170,000	170,000
Restated through opening retained earnings	104,334	-
Opening impairment loss of other receivables in accordance with MFRS 9	274,334	170,000
Charge for the financial year	-	-
At 31 December	274,334	170,000

* Comparative information under MFRS 139 Financial Instrument: Recognition and Measurement.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

8. TRADE AND OTHER RECEIVABLES cont'd

- (f) Impairment for other receivables and amount owing by a subsidiary are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 30.1(a) (ii) to the financial statements. cont'd

The movement of the allowance for impairment loss on amount owing by a subsidiary is as follows:

	Company 2018 RM
At 1 January under MFRS 139	-
Restated through opening retained earnings	136,627
Opening impairment loss of amount owing by a subsidiary in accordance with MFRS 9	136,627
Charge for the financial year	741,743
At 31 December	878,370

- (g) 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:

	2018		2017	
	RM	% of total	RM	% of total
By country				
Malaysia	4,851,045	100	13,586,617	88
Bangladesh	-	-	1,810,452	12
Indonesia	-	-	6,218	<1
	4,851,045	100	15,403,287	100

At the end of the reporting period, concentration of credit risk arose from three (3) trade receivables amounting to RM3,207,790 (2017: three (3) trade receivables amounting to RM11,364,364), which represents 66% (2017: 79%) 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.

- (h) The currency exposure profile of receivables (excluding prepayments) are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	5,506,180	15,700,219	6,402,456	6,123,500
United States Dollar	-	1,810,452	-	-
Indonesian Rupiah	-	6,218	-	-
	5,506,180	17,516,889	6,402,456	6,123,500

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

8. TRADE AND OTHER RECEIVABLES cont'd

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

	Group	
	2018	2017
	RM	RM
(Loss)/Profit after tax		
USD/RM - strengthen by 3%	-	41,278
- weaken by 3%	-	(41,278)
IDR/RM - strengthen by 3%	-	142
- weaken by 3%	-	(142)

- (j) Prepayments include advance payments to suppliers for purchase of goods and services.

9. DEFERRED TAX

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

	Group	
	2018	2017
	RM	RM
Balance as at 1 January, as previously reported	55,688	84,819
Effects of first time adoption of MFRS 9	(49,688)	-
Balance as at 1 January, as restated	6,000	84,819
Recognised in profit or loss (Note 22)	(436,240)	(29,131)
Balance as at 31 December	(430,240)	55,688
Presenting after appropriate offsetting:		
Deferred tax assets, net*	(432,240)	-
Deferred tax liabilities, net*	2,000	55,688
	(430,240)	55,688

* The amounts of set-off between deferred tax assets and deferred tax liabilities of the Group were RM33,295 (2017: RM40,800).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

9. DEFERRED TAX cont'd

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

Group	Property, plant and equipment RM	Others RM	Total RM
Deferred tax liabilities			
At 1 January 2018	-	86,574	86,574
Effects of first time adoption of MFRS 9	-	(39,774)	(39,774)
Balance as at 1 January, as restated	-	46,800	46,800
Recognised in profit or loss	-	(11,505)	(11,505)
At 31 December 2018	-	35,295	35,295
At 1 January 2017	74,575	51,044	125,619
Recognised in profit or loss	(64,661)	35,530	(29,131)
At 31 December 2017	9,914	86,574	96,488
Group	Property, plant and equipment RM	Other deductible temporary differences RM	Total RM
Deferred tax assets			
At 1 January 2018	9,914	(40,800)	(30,886)
Effects of first time adoption of MFRS 9	-	(9,914)	(9,914)
Balance as at 1 January, as restated	9,914	(50,714)	(40,800)
Recognised in profit or loss	(79,648)	(345,087)	(424,735)
At 31 December 2018	(69,734)	(395,801)	(465,535)
At 1 January 2017	-	(40,800)	(40,800)
Recognised in profit or loss	-	-	-
At 31 December 2017	-	(40,800)	(40,800)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

9. DEFERRED TAX cont'd

- (c) The temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2018	2017
	RM	RM
Unused tax losses		
- Expires by 31 December 2025	2,972,379	-

Deferred tax assets of a subsidiary have not been recognised in respect of this item as it is not probable that taxable profits of the subsidiary would be available against which the deductible temporary differences could be utilised.

The amount and availability of this item to be carried forward up to the periods as disclosed above are subject to the agreement of the local tax authority.

10. INVENTORIES

	Group	
	2018	2017
	RM	RM
At cost		
Airtime reloads	6,116	16,057

Cost of inventories is determined using a weighted average cost basis and stated at the lower of cost and net realisable value.

11. SHORT TERM FUNDS

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
Short term funds	11,219,020	14,072,876	8,361,909	12,458,882

- (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) Short term funds are classified as financial asset at fair value through profit or loss ('FVTPL'), and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

11. SHORT TERM FUNDS cont'd

- (c) The fair value is measured as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

The fair value of the short term funds are determined by reference to the published net asset value per unit at the close of the business at the end of each reporting period.

- (d) Short term funds are denominated in RM.

12. CASH AND BANK BALANCES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	1,976,692	1,724,079	231,777	167,484

- (a) Bank balances are deposits held at call with licensed banks.
- (b) Cash and bank balances are denominated in RM.
- (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	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	1,976,692	1,724,079	231,777	167,484
Short term funds (Note 11)	11,219,020	14,072,876	8,361,909	12,458,882
	13,195,712	15,796,955	8,593,686	12,626,366

- (d) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

13. SHARE CAPITAL

	Group and Company			
	2018		2017	
	Number of shares	RM	Number of shares	RM
Issued and fully paid				
Balance as at 1 January	225,806,452	42,005,304	200,000,000	20,000,000
Issued during the financial year	-	-	25,806,452	8,000,000
Transfer from share premium account pursuant to the Companies Act 2016	-	-	-	14,005,304
Balance as at 31 December	225,806,452	42,005,304	225,806,452	42,005,304

- (a) In the previous financial year, the issued and fully paid-up share capital of the Company was increased from RM20,000,000 to RM28,000,000 by way of issuance of 25,806,452 new ordinary shares at an issue price of RM0.31 each pursuant to the acquisition of the entire equity interest in SASC as disclosed in Note 6 to the financial statements.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) 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.
- (c) With the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Consequently, balance within the share premium account of RM14,005,304 has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) of the Companies Act 2016 for a transitional period of 24 months from 31 January 2017. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the member as a result of this transition.

14. RESERVES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-distributable				
Reorganisation debit	(10,853,280)	(10,853,280)	-	-
Share options reserve	83,393	-	83,393	-
Distributable				
Retained earnings	(4,909,025)	1,577,204	(2,129,360)	273,114
	(15,678,912)	(9,276,076)	(2,045,967)	273,114

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

14. RESERVES cont'd

(a) Reorganisation debit

The reorganisation debit arose from the acquisition of subsidiaries based on the difference between the amount recorded as cost of merger and the nominal value of subsidiaries' share capital acquired under the pooling of interest method of accounting as follows:

	Idottv Sdn. Bhd. RM	SASC RM	Total RM
Cost of merger	14,853,280	12,000,000	26,853,280
Less: Share capital	(14,000,000)	(2,000,000)	(16,000,000)
	853,280	10,000,000	10,853,280

(b) Share options reserve

Share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees for the issue of share options. Share options reserve in relation to the unexercised option at the expiry of the share option scheme will be transferred to retained earnings.

15. BORROWINGS

	Group	
	2018 RM	2017 RM
Current liabilities		
Hire purchase creditor	124,589	24,346
Term loan (secured)	74,345	74,345
	198,934	98,691
Non-current liabilities		
Hire purchase creditor	460,390	62,166
Term loan (secured)	509,186	586,907
	969,576	649,073
Total borrowings		
Hire purchase creditor (Note 16)	584,979	86,512
Term loan (secured) (Note 17)	583,531	661,252
	1,168,510	747,764

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) All borrowings are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

15. BORROWINGS cont'd

- (c) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values, are as follows:

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM	RM	RM	RM
Hire purchase creditor	584,979	522,015	86,512	82,672

The fair value of hire purchase creditor is estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

The carrying amount of the term loan is reasonable approximation of fair value as it is a floating rate instrument that is re-priced to market interest rates on or near the end of each reporting period.

The fair value of borrowings are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (d) The weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk is summarised in the table below:

Group	Weighted average effective interest rate per annum	Within one year	One to five years	More than five years	Total
	%	RM	RM	RM	RM

31 December 2018

Hire purchase creditor

Fixed rate	4.37%	124,589	460,390	-	584,979
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Term loan

Floating rate	4.45%	74,345	367,511	141,675	583,531
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31 December 2017

Hire purchase creditor

Fixed rate	5.37%	24,346	62,166	-	86,512
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Term loan

Floating rate	4.45%	74,345	348,184	238,723	661,252
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- (e) A change of 30 basis points in interest rates, assuming all other variables remained constant, at the reporting date would result in the (loss)/profit net of tax of the Group to be higher or lower by RM2,665 (2017: RM1,706).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

15. BORROWINGS cont'd

- (f) The table below summarises the maturity profile of the Group's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 December 2018				
Hire purchase creditor	148,200	497,156	-	645,356
Term loan	98,562	425,763	146,011	670,336
	246,762	922,919	146,011	1,315,692
As at 31 December 2017				
Hire purchase creditor	28,344	66,086	-	94,430
Term loan	102,221	422,233	251,479	775,933
	130,565	488,319	251,479	870,363

16. HIRE PURCHASE CREDITOR

	Group	
	2018 RM	2017 RM
Minimum hire purchase payments:		
- not later than one (1) year	148,200	28,344
- later than one (1) year but not later than five (5) years	497,156	66,086
Total minimum hire purchase payments	645,356	94,430
Less: Future interest charges	(60,377)	(7,918)
Present value of hire purchase payments	584,979	86,512
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	124,589	24,346
Non-current liabilities		
- later than one (1) year and not later than five (5) years	460,390	62,166
	584,979	86,512

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

17. TERM LOAN

- (a) Term loan of the Group is secured by a charge over a subsidiary'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.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Trade payables				
Third parties	3,051,225	5,472,851	-	-
Other payables				
Other payables	178,244	211,578	59,891	58,823
Accruals	674,352	2,045,499	291,519	1,803,705
Amount owing to ultimate holding company	1,565,342	1,500,000	1,565,342	1,500,000
	2,417,938	3,757,077	1,916,752	3,362,528
	5,469,163	9,229,928	1,916,752	3,362,528

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group are 30 days (2017: 30 days) from the date of invoice.
- (c) Amount owing to ultimate holding company represents the retention sum as disclosed in Note 6(c) to the financial statements, which is unsecured and bears interest at a rate of 3% (2017: 3%) per annum.
- (d) The maturity profile of the liability of the Group's and of the Company's trade and other payables at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.
- (e) Trade and other payables are denominated in RM.

19. REVENUE

	Group	
	2018	2017
	RM	RM
Revenue from contracts with customers:		
Sale of goods	4,241,755	17,348,933
Services rendered	8,101,737	9,947,768
	12,343,492	27,296,701

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

19. REVENUE cont'd

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market and timing of revenue recognition.

	Malaysia RM	Bangladesh RM	Philippines RM	Total RM
31 December 2018				
Major product and service line				
Sale of goods and services rendered	11,536,074	730,348	77,070	12,343,492
Timing of revenue recognition				
Transferred at a point in time	11,536,074	730,348	77,070	12,343,492

(a) Sale of goods and services rendered

Revenue from sale of goods and services rendered is recognised at a point in time when the goods has been transferred or the services have been rendered to the customer and coincides with the delivery of products and services and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of goods and services rendered.

There is no significant financing component in the revenue arising from sale of goods and services rendered as the sales or services are made on the normal credit terms not exceeding twelve months.

20. (LOSS)/PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the (loss)/profit before tax is arrived at:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
After charging:				
Auditors' remuneration:				
- BDO PLT				
- Statutory audit	109,000	103,000	46,000	43,000
- Non-statutory audit	6,500	5,000	5,000	5,000
- Other firm of auditors				
- Statutory audit	18,000	18,000	-	-
- Non-statutory audit	1,000	40,000	-	-
Bad debts written off	8,573	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

20. (LOSS)/PROFIT BEFORE TAX cont'd

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
After charging: cont'd				
Interest expense on:				
- term loan	24,492	31,124	-	-
- hire purchase creditor	7,787	5,388	-	-
- retention sum in respect of the guaranteed profit for the acquisition of a subsidiary	93,945	-	93,945	-
- fair value adjustment on amount owing by a subsidiary	-	-	146,369	-
Unrealised loss on foreign exchange	-	123,037	-	-
And crediting:				
Income distribution from short term funds	(466,144)	(559,722)	(353,027)	(535,405)
Interest income from finance lease	(865,235)	(770,390)	-	-
Unrealised gain on foreign exchange	(138,731)	-	-	-

(a) Income distribution from short term funds is recognised when the right to receive payment is established.

(b) Interest income from finance lease is recognised upon commencement of the finance lease agreement using a constant periodic rate of return over the period of the agreement.

21. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors of the Company:				
Executive:				
Fees	60,000	60,000	-	-
Other emoluments	1,598,824	1,327,697	1,329,195	1,327,697
Non-Executive:				
Fees	165,000	174,000	155,000	150,000
Other emoluments	73,207	84,593	73,207	84,593
Total	1,897,031	1,646,290	1,557,402	1,562,290

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

21. DIRECTORS' REMUNERATION cont'd

Remuneration paid and payable to the Directors of the Company for the financial year, analysed into bands are as follows:

	2018		2017	
	Number of Directors		Number of Directors	
	Executive	Non-Executive	Executive	Non-Executive
Below RM50,000	-	3	-	3
RM50,001 - RM100,000	-	1	-	1
RM100,000 - RM300,000	-	-	1	-
RM300,001 - RM600,000	2	-	1	-
	2	4	2	4

22. TAXATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax expense based on profit for the financial year				
- current year	522,000	716,536	-	-
- over provision in prior years	(41,681)	(97,402)	-	-
	480,319	619,134	-	-
Deferred tax (Note 9)				
- relating to origination and reversal of temporary differences	(437,505)	127,166	-	-
- under/(over) provision in prior years	1,265	(156,297)	-	-
	(436,240)	(29,131)	-	-
	44,079	590,003	-	-

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

22. TAXATION cont'd

- (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	
	2018	2017	2018	2017
	RM	RM	RM	RM
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	(1,035,181)	517,580	(543,803)	(369,848)
Tax effects in respect of:				
Non-allowable expenses	844,896	723,730	916,535	570,346
Non-taxable income	(438,591)	(279,505)	(372,732)	(200,498)
Tax saving arising from tax exemption on incremental chargeable income	-	(68,423)	-	-
Deferred tax assets not recognised	713,371	-	-	-
Utilisation of previously unrecognised tax losses	-	(49,680)	-	-
	84,495	843,702	-	-
(Over)/Under provision of tax expense in prior years				
- income tax	(41,681)	(97,402)	-	-
- deferred tax	1,265	(156,297)	-	-
	44,079	590,003	-	-

- (c) In the previous financial years, 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. As at 31 December 2018, the subsidiary is in the midst of complying with MSC Malaysia requirements on the exemption given.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

23. (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.

	Group	
	2018	2017
(Loss)/Profit attributable to equity holders of the parent (RM)	(4,357,333)	1,566,579
Weighted average number of ordinary shares (unit)	225,806,452	211,595,227
Basic (loss)/earnings per ordinary share (sen)	(1.93)	0.74

(b) Diluted

Diluted (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 adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that ESOS are exercised at the beginning of the financial year. The ordinary shares to be issued under ESOS are based on the assumed proceeds on the difference between average share price for the financial year and exercise price.

	Group	
	2018	2017
(Loss)/Profit attributable to equity holders of the parent (RM)	(4,357,333)	1,566,579
Weighted average number of ordinary shares (unit)	225,806,452	211,595,227
Effects of dilution due to ESOS (unit)	1,580,025	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share (unit)	227,386,477	211,595,227
Diluted (loss)/earnings per ordinary share (sen)	(1.92)	0.74

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

24. DIVIDENDS

Company	2018		2017	
	Dividend per share sen	Amount of dividend RM	Dividend per share sen	Amount of dividend RM
Interim single tier dividend declared in respect of the financial year ended 31 December 2018/2017	-	-	1	2,000,000

25. COMMITMENT

(a) Operating lease commitments

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	
	2018 RM	2017 RM
Not later than one (1) year	35,460	40,860
Later than one (1) year and not later than five (5) years	21,920	33,560
	57,380	74,420

(b) Capital commitments

	2018 RM	2017 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	566,040	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

26. EMPLOYEE BENEFITS

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Salaries, wages, bonuses and allowances	4,007,681	4,467,278	699,492	663,169
Defined contribution plan	347,686	477,261	13,577	52,658
Other benefits	399,752	305,202	48,527	15,698
Share option granted under ESOS	83,393	-	9,936	-
	4,838,512	5,249,741	771,532	731,525

27. EMPLOYEES' SHARE OPTION SCHEME

The Company implements an ESOS, which is in force for a period of ten (10) years until 16 November 2025 ("the option period"). The main features of the ESOS are as follows:

- (a) The ESOS is made available to eligible employees and full-time Executive Directors who are confirmed employees ("Eligible Persons") of the Company and its subsidiaries as defined in the Companies Act 2016 in Malaysia, as amended from time to time, and any re-enactment thereof;
- (b) The total number of shares offered under the ESOS shall not, in aggregate, exceed 30% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS;
- (c) The option price under the ESOS shall be the five (5)-day weighted average market price of the shares as quoted on the ACE Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10% if deemed appropriate;
- (d) The actual number of shares, which may be offered to any Eligible Persons shall be at the discretion of the ESOS Committee provided that the number of shares offered are not less than 1,000 shares and in multiples of 1,000 shares and are subject to the following:
 - (i) not more than 10% of the shares available under the ESOS shall be allocated in aggregate to Executive Directors; and
 - (ii) not more than 40% of the shares available under the ESOS shall be allocated in aggregate to senior management of the Company and its subsidiaries;
 - (iii) not more than 50% of the shares available under the ESOS shall be allocated to eligible employees of the Company and its subsidiaries; and
 - (iv) not more than 10% of the new shares available under the ESOS to be allocated to the Eligible Persons who, either singly or collectively through persons connected with the Eligible Persons, holds 20% or more of the issued and paid-up share capital of the Company.
- (e) An option granted under the ESOS may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee and is subject to the allotment of shares of 33% per year over the vesting periods of three (3) years;
- (f) The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of the Company; and
- (g) No eligible employee shall participate at any time in any other employees' share option scheme within the Company and its subsidiaries unless otherwise approved by the ESOS Committee.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

27. EMPLOYEES' SHARE OPTION SCHEME cont'd

Details of the options over ordinary shares of the Company are as follows:

Option price:	← Number of options over ordinary shares →				Exercisable as at 31.12.2018
	Balance as at 1.1.2018	Granted	Exercised	Balance as at 31.12.2018 [^]	
RM0.08	-	3,164,000	-	3,164,000	1,054,667
	-	3,164,000	-	3,164,000	1,054,667

[^] Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and are subject to the allotment of shares of 33% per year over vesting periods of 3 years.

Fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions used are as follows:

	2018
Expected life (years)	3
Average share price at grant date (RM)	0.14
Exercise price (RM)	0.13
Fair value of share options (RM)	0.08
Risk free rate of interest (%)	3.69
Expected volatility (%)	79.70

28. 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) subsidiaries 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.; and
- (iii) key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel includes the Executive Directors of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

28. RELATED PARTY DISCLOSURES cont'd

- (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	
	2018	2017	2018	2017
	RM	RM	RM	RM
Transactions with ultimate holding company				
Dividends paid	-	1,000,764	-	1,000,764
Transactions with a subsidiary				
Advances given to a subsidiary	-	-	500,000	1,639,500
Management fees	-	-	1,200,000	1,200,000
Transactions with a related party in which a Director has substantial financial interests				
Office rental	-	12,000	-	-

- (c) Compensation of key management personnel

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Short term employees benefits				
- Executive Directors	1,429,480	1,187,153	1,188,650	1,187,153
- Key management personnel	1,057,509	1,559,801	580,639	520,000
	2,486,989	2,746,954	1,769,289	1,707,153
Contribution to defined contribution plan				
- Executive Directors	169,344	140,544	140,545	140,544
- Key management personnel	58,175	150,681	1,172	39,072
	227,519	291,225	141,717	179,616
	2,714,508	3,038,179	1,911,006	1,886,769

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

29. 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 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 years ended 31 December 2017 and 31 December 2018.

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Borrowings	1,168,510	747,764	-	-
Less:				
Cash and bank balances	(1,976,692)	(1,724,079)	(231,777)	(167,484)
Short term funds	(11,219,020)	(14,072,876)	(8,361,909)	(12,458,882)
Net cash	(12,027,202)	(15,049,191)	(8,593,686)	(12,626,366)
Total equity	26,326,392	32,729,228	39,959,337	42,278,418
Net debt-to-equity ratio	*	*	*	*

* There is no debt-to-equity ratio available since the Group and the Company are in net cash positions.

(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 to 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, trade receivables and finance lease receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

29. CAPITAL AND FINANCIAL RISK MANAGEMENT cont'd

(b) Financial risk management cont'd

(i) *Credit risk* cont'd

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 the 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 15 and 18 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.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 15 to the financial statements.

(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 RM but invoiced in USD and IDR.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

30. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

30.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	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
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</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

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 9 described in the following sections.

(a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and of the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

30. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs cont'd

30.1 New MFRSs adopted during the financial year cont'd

(a) MFRS 9 *Financial Instruments* cont'd

(i) Classification of financial assets and financial liabilities cont'd

The following summarises the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial asset category measured at Amortised Cost (AC) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the following common credit risk characteristic - type of products or services purchased.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

30. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs cont'd

30.1 New MFRSs adopted during the financial year cont'd

(a) MFRS 9 *Financial Instruments* cont'd

(ii) Impairment of financial assets cont'd

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within impairment losses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment. Estimated cash flows recoverable in worst-case scenarios are based on the projected future cash flows.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward looking information and estimated cash flows recoverable in worst case scenarios.

Impairment for other receivables, finance lease receivables and amount owing by a subsidiary are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. As at the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

30. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs cont'd

30.1 New MFRSs adopted during the financial year cont'd

(a) MFRS 9 *Financial Instruments* cont'd

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 January 2018:

	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139 RM	New under MFRS 9 RM
Group				
Financial assets				
Finance lease receivables	L&R	AC	6,311,362	5,602,501
Trade and other receivables	L&R	AC	17,721,868	16,252,145
Short term funds	FVTPL	FVTPL	14,072,876	14,072,876
Cash and bank balances	L&R	AC	1,724,079	1,724,079
Financial liabilities				
Trade and other payables	OFL	AC	9,229,928	9,229,928
Borrowings	OFL	AC	747,764	747,764
Company				
Financial assets				
Trade and other receivables	L&R	AC	6,123,500	5,986,873
Short term funds	FVTPL	FVTPL	12,458,882	12,458,882
Cash and bank balances	L&R	AC	167,484	167,484
Financial liabilities				
Trade and other payables	OFL	AC	3,362,528	3,362,528

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

30. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs cont'd

30.1 New MFRSs adopted during the financial year cont'd

(a) MFRS 9 *Financial Instruments* cont'd

(iii) Classification and measurement cont'd

The following tables are reconciliations of the carrying amount of the statement of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 January 2018:

	Existing under MFRS 139		New under MFRS 9
	Carrying amount as at 31 December 2017	Remeasurement	Carrying amount as at 1 January 2018
	RM	RM	RM
Group			
Trade and other receivables:			
Opening balance	17,721,868	-	17,721,868
Increase in impairment loss	-	(1,469,723)	(1,469,723)
Total trade and other receivables	17,721,868	(1,469,723)	16,252,145
Finance lease receivables:			
Opening balance	6,311,362	-	6,311,362
Increase in impairment loss	-	(708,861)	(708,861)
Total amount finance lease receivables	6,311,362	(708,861)	5,602,501
Deferred tax liabilities:			
Opening balance	(55,688)	-	(55,688)
Temporary differences	-	49,688	49,688
Total deferred tax liabilities	(55,688)	49,688	(6,000)
Retained earnings:			
Opening balance	1,577,204	-	1,577,204
Increase in impairment loss for:			
- trade and other receivables	-	(1,469,723)	(1,469,723)
- Finance lease receivables	-	(708,861)	(708,861)
Deferred tax assets	-	49,688	49,688
Total retained earnings	1,577,204	(2,128,896)	(551,692)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

30. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs cont'd

30.1 New MFRSs adopted during the financial year cont'd

(a) MFRS 9 *Financial Instruments* cont'd

(iii) Classification and measurement cont'd

	Existing under MFRS 139		New under MFRS 9
	Carrying amount as at 31 December 2017	Remeasurement	Carrying amount as at 1 January 2018
	RM	RM	RM
Company			
Trade and other receivables:			
Opening balance	5,819,500	-	5,819,500
Increase in impairment loss	-	(136,627)	(136,627)
Total trade and other receivables	5,819,500	(136,627)	5,682,873
Retained earnings:			
Opening balance	273,114	-	273,114
Increase in impairment loss for amount owing by a subsidiary	-	(136,627)	(136,627)
Total retained earnings	273,114	(136,627)	136,487

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

31 DECEMBER 2018

30. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs cont'd

30.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

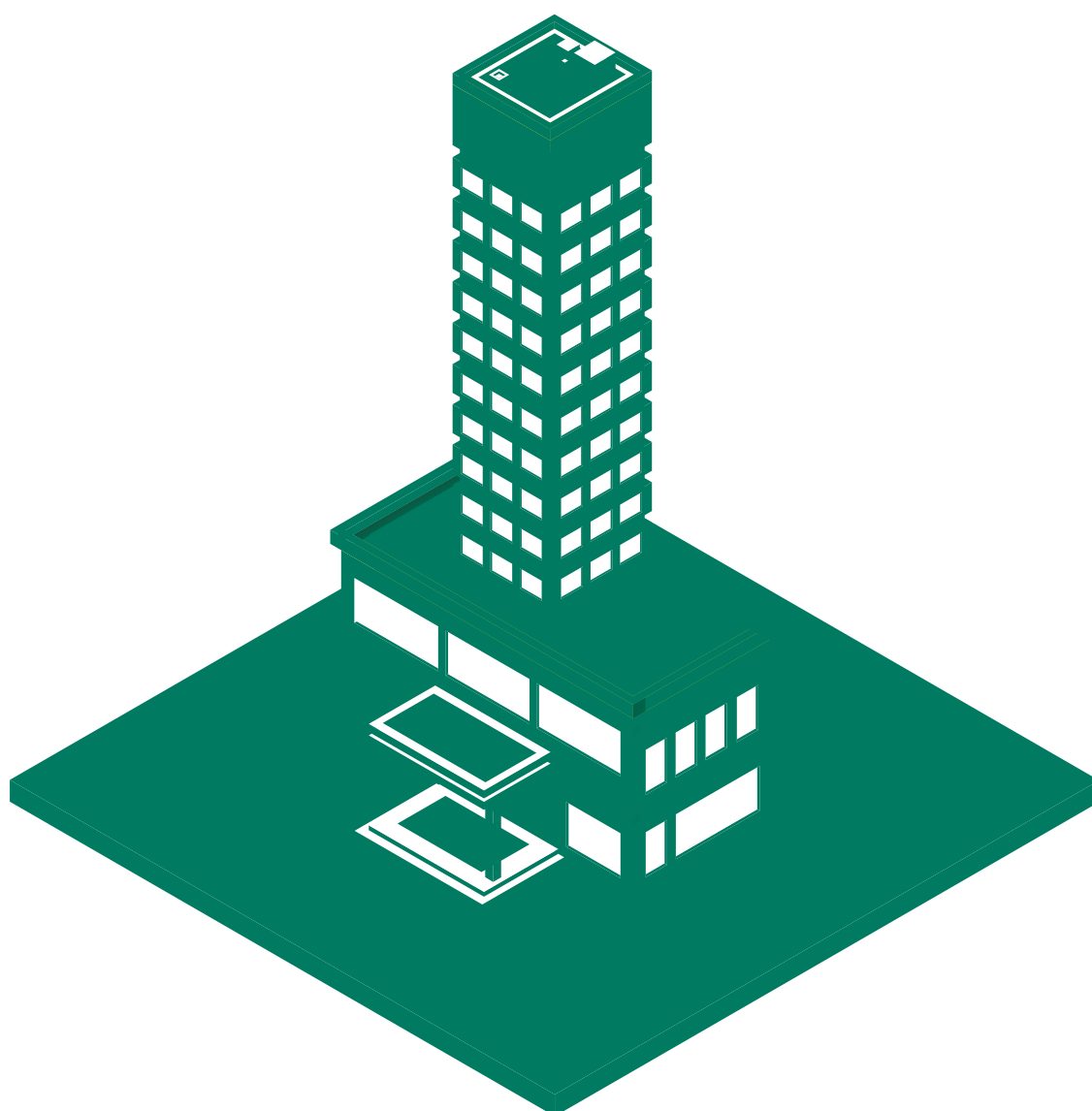
The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

LIST OF PROPERTIES

Registered owner	Location	Description and Existing Use	Built-Up Area (Sq. ft.)	Tenure	Approximate Age of Building (Years)	Net Book Value as at 31 December 2018 RM	Effective Year of Purchase
IDOTTV Sdn. Bhd.	Unit No. 10B Level 10 Kelana Parkview Tower Jalan SS 6/2 47301 Petaling Jaya, Selangor Darul Ehsan	A unit on the 10th floor of a thirteen (13) storey office building as our head office and for our business operations	5,080	Freehold	20	840,000	23 May 2011



ANALYSIS OF SHAREHOLDINGS

AS AT 14 MARCH 2018

Total no. of Issued Shares : 225,806,452
 Class of Shares : Ordinary shares
 Voting Rights : One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 14 MARCH 2019

Size of shareholdings	No. of Shareholders	% of Total Shareholders	No. of Shares Held	% of Issued Capital
1 – 99	6	0.52	100	0.00
100 – 1,000	103	9.00	45,600	0.02
1,001 – 10,000	389	33.97	2,588,400	1.15
10,001 – 100,000	513	44.80	20,349,700	9.01
100,001 – 11,290,321 (less than 5% of Issued Shares)	130	11.35	70,939,760	31.42
11,290,322 and more than 5% of Issued Shares	4	0.35	131,882,892	58.41
TOTAL	1,145	100.00	225,806,452	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 14 MARCH 2019

No	Name	Direct	No. of Shares Held		%
			%	Indirect	
1.	Sedania Corporation Sdn Bhd	114,882,892 ⁽¹⁾	50.88	-	-
2.	Maybank Nominees (Tempatan) Sdn Bhd MAM DP LTD for MAM PE Asia Fund I (Labuan) LLP	25,000,000	11.07	-	-
3.	Datuk Noor Azrin bin Mohd Noor	9,286,560	4.11	114,982,892 ⁽¹⁾	50.92

Notes:

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

ANALYSIS OF SHAREHOLDINGS (CONT.)

AS AT 14 MARCH 2018

DIRECTORS' SHAREHOLDINGS AS AT 14 MARCH 2019

No	Name	Direct Interest	%	Indirect Interest	%
1.	Y. Bhg. Tan Sri Abdul Halim bin Ali	100,000	0.04	-	-
2.	Datuk Noor Azrin bin Mohd Noor	9,286,560	4.11	114,982,892 ⁽¹⁾	50.92
3.	Noor Syafiroz bin Mohd Noor	100,000	0.04	-	-
4.	Y. Bhg. Tan Sri Nuraizah binti Abdul Hamid	100,000	0.04	-	-
5.	Datuk Syed Izuan bin Syed Kamarulbahrin	100,000	0.04	-	-
6.	Lau Kin Wai	-	-	-	-

Note:

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

THIRTY (30) LARGEST SHAREHOLDERS AS AT 14 MARCH 2019

(without aggregating the securities from different securities accounts belongs to the same person)

No.	Name	Holdings	% of Issued Capital
1.	Sedania Corporation Sdn. Bhd.	41,882,892	18.55
2.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Malaysia Debt Ventures Berhad for Sedania Corporation Sdn. Bhd.</i>	33,000,000	14.61
3.	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account - AmBank (M) Berhad for Sedania Corporation Sdn. Bhd. (Smart)</i>	32,000,000	14.17
4.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>MAM DP Ltd for MAM PE Asia Fund I (Labuan) LLP</i>	25,000,000	11.07
5.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Azrin bin Mohd Noor (7003861)</i>	6,500,000	2.88
6.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Sedania Corporation Sdn. Bhd.</i>	5,500,000	2.44
7.	Ding Huong Kai	4,497,300	1.99
8.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Ser Lay</i>	4,144,000	1.84
9.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. <i>Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)</i>	3,251,100	1.44
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund</i>	2,690,200	1.20
11.	Sedania Corporation Sdn. Bhd.	2,500,000	1.11
12.	Leong Yaw Fan	2,435,000	1.08
13.	Noor Azrin bin Mohd Noor	2,356,560	1.04

ANALYSIS OF SHAREHOLDINGS (CONT.)

AS AT 14 MARCH 2018

THIRTY (30) LARGEST SHAREHOLDERS AS AT 14 MARCH 2019 cont'd
(without aggregating the securities from different securities accounts belongs to the same person)

No.	Name	Holdings	% of Issued Capital
14.	Grup Buku Karang kraf Sdn. Bhd.	2,000,000	0.89
15.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)</i>	1,976,200	0.88
16.	Tan Ah Ba @ Tan Boon Leng	1,600,000	0.71
17.	Azlan Shah bin Jaffril	1,597,000	0.71
18.	Sam Tuck Wah	1,300,000	0.58
19.	Mak Suet Chee	1,146,500	0.51
20.	Mansor bin Musa	928,700	0.41
21.	Seow Boon Siew	600,000	0.27
22.	HLIB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koh Jik Kong (CCTS)</i>	549,600	0.24
23.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Jalluddin bin Abu Hassan</i>	500,000	0.22
24.	Lai Yoke Chor	498,000	0.22
25.	Bong Hua	491,000	0.22
26.	Citigroup Nominees (Asing) Sdn. Bhd. <i>CBHK PBGSGP for Sunnyvale Holdings Ltd</i>	473,300	0.21
27.	Mohd Azlan bin Onn	466,600	0.21
28.	Ng Pooi Wah	460,000	0.20
29.	Noor Azrin bin Mohd Noor	430,000	0.19
30.	Universal Trustee (Malaysia) Berhad - TA Dana Fokus	414,000	0.18
	TOTAL	181,187,952	80.24

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting (“5th AGM”) of Sedania Innovator Berhad (“Company”) will be held at Dewan Presiden, Kelab Golf Negara Subang, Jalan SS7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan on Thursday, 16 May 2019 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 2018 together with the Directors’ and Auditors’ Reports thereon. | <i>Please refer to Explanatory Note A</i> |
| 2. To approve the payment of Directors’ fees payable to Non-Executive Directors of the Company up to an amount of RM150,000.00 from 17 May 2019 until the next AGM of the Company. | Ordinary Resolution 1
(Explanatory Notes B) |
| 3. To approve the payment of benefits payable to Non-Executive Chairman and Non-Executive Directors up to an amount of RM92,000.00 from 17 May 2019 until the next AGM of the Company. | Ordinary Resolution 2
(Explanatory Notes B) |
| 4. To re-elect the following Directors who are retiring in accordance with Article 95 of the Company’s Articles of Association: - | |
| i) Datuk Noor Azrin Bin Mohd Noor; and | |
| ii) Tan Sri Nuraizah Binti Abdul Hamid. | Ordinary Resolution 3
(Explanatory Note C) |
| 5. To appoint Puan Norliza Binti Kamaruddin as an Independent Non-Executive Director of the Company. | Ordinary Resolution 4
(Explanatory Note D) |
| 6. To re-appoint Messrs. BDO PLT as the Company’s Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. | Ordinary Resolution 5 |

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary and Special Resolutions:-

- | | |
|--|---|
| 7. Authority to Allot and Issue Shares pursuant to the Companies Act 2016 | Ordinary Resolution 6
(Explanatory Note E) |
| <p>“THAT pursuant to the Companies Act 2016 (“Act”), the Articles of Association of the Company, ACE Market Listing Requirements (“ACE LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and subject to the 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 ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities;</p> | |

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING (CONT.)

8. **Proposed Adoption of New Constitution of the Company**

Special Resolution
(Explanatory Note F)

"THAT approval be and is hereby given to the Company to revoke the existing Memorandum and Articles of Association in its entirety with immediate effect and in place thereof, the proposed new Constitution as set out in Appendix A attached herewith be and is hereby approved and adopted as the Constitution of the Company ("**Proposed Adoption of New Constitution**");

AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities (if any) and to do all acts and things and take all such steps as may be considered necessary to give effect to the Proposed Adoption of New Constitution."

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

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)
CHENG CHIA PING (MAICSA 1032514)
Company Secretaries

Kuala Lumpur
16 April 2019

Notes:

- (a) *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 9 May 2019 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.*
- (b) *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. There shall be no restriction as to the qualification of the proxy.*
- (c) *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.*
- (d) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.*
- (e) *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.*
- (f) *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.*
- (g) *The instrument appointing a proxy(ies) 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, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING (CONT.)

EXPLANATORY NOTE A:

The Audited Financial Statements in Agenda 1 is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval from the members for the Audited Financial Statement. Hence, this Agenda item is not put forward for voting.

EXPLANATORY NOTES B:

Ordinary Resolution 1 – Directors' Fees payable from 17 May 2019 up to the next AGM of the Company ("**Relevant Period**").

The proposed Ordinary Resolution 1, if passed will allow the Company to pay Directors' fees of RM5,000.00 per month to the Non-Executive Chairman and RM2,500.00 per month each to three (3) Non-Executive Directors from 17 May 2019 until the next AGM of the Company.

Ordinary Resolution 2 – Benefits payable from 17 May 2019 until the next AGM of the Company.

The benefits payable comprises meeting allowances, insurance coverage and travel expenses payable to the Non-Executive Chairman and Non-Executive Directors. In determining the estimated total amount of benefits payable to the Directors, the Directors considered various factors including the number of meetings for the Directors and Board Committees as well as the number of Directors involved in these meetings. The estimated amount of RM92,000.00 for the Relevant Period is derived from a total of RM72,000.00 for the financial year ending 31 December 2019 and RM20,000.00 for the period from 1 January 2019 until the next AGM in year 2020. Payment of the benefits payable will be made by the Company on a monthly basis and/or as and when incurred if the proposed Ordinary Resolution 2 is passed at the AGM of the Company.

The Directors are of the view that it is just and equitable for the Directors to be paid benefits payable on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

EXPLANATORY NOTE C:

Tan Sri Nuraizah Binti Abdul Hamid who retires in accordance with Article 95 of the Company's Articles of Association has expressed her intention not to seek for re-election. Hence, she will retire at the conclusion of the 5th AGM.

EXPLANATORY NOTE D:

In determining the eligibility of the proposed candidate stand for appointment at the forthcoming 5th AGM, the Nominating Committee had considered the requirements under Rule 2.20A of the ACE LR of the Bursa Securities and recommended Puan Norliza Binti Kamaruddin ("**Puan Norliza**") for appointment as an Independent Non-Executive Director of the Company. The Board had on the Board meeting held on 25 March 2019 assessed the profile of Puan Norliza and agreed to recommend the appointment of Puan Norliza to the shareholders for approval at the 5th AGM of the Company.

The details of Puan Norliza is set out under the Statement Accompanying Notice of AGM on page 118 in the Annual Report 2018.

EXPLANATORY NOTE E:

The proposed Ordinary Resolution No. 6, if passed, would, subject to the ACE LR of Bursa Securities, enable the Directors to allot and issue up to a maximum of ten per centum (10%) of the total number of issued shares 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 of the Company.

This is a renewal of the mandate obtained from the members at the last AGM ("**Previous Mandate**"). For further information, please refer to the Statement Accompanying Notice of AGM on the ensuing page.

EXPLANATORY NOTE F:

The proposed Special Resolution, if passed, will streamline the Company's Constitution with the Act, recent amendments made to the ACE LR of Bursa Securities as well as to enhance administrative efficiency.

The Proposed Adoption of new Constitution of the Company shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to attend and vote and do vote in person or by proxy at this meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Rule 8.29(2) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad

(a) Details of individual standing for appointment as Director.

Puan Norliza Binti Kamaruddin ("Puan Norliza")

- **Nationality/Age/Gender:**
Malaysian/54/Female
- **Academic/Professional Qualifications:**
 - Bachelors in Arts and Design from Universiti Teknologi Mara
 - Professional Certificate in Corporate Public Affairs (CPA) from The Center of Corporate Public Affairs, Melbourne Business School, Australia
- **Working experience and occupation:**
Puan Norliza specialises in a variety of sectors including oil, gas and energy, finance and banking, aviation, telecommunications and hospitality. An award winning communications expert, she has more than 25 years of experience in various communications practices particularly branding and communications strategy, corporate social responsibility & sustainability, strategic planning, corporate and government stakeholder management, crisis communications, media relations and internal communications.

Puan Norliza is currently the Managing Director in the Strategic Communications practice of FTI Consulting Inc, a global business consultancy firm listed on the NYSE. Prior to that, she was the Global Head of Strategic Communications for Petrolia Nasional Berhad (PETRONAS). In this role, she was responsible for the Company's overall communications strategy, corporate branding and reputation management in more than 30 countries. Prior to joining PETRONAS, she was the Country Head of Corporate Affairs at Standard Chartered in Malaysia.

Puan Norliza currently also serves on the Industrial Advisory Panel for Strategic Communications at Multimedia University Malaysia since 2016 and as the Board of Trustee for the Standard Chartered Foundation from 2010. She has also served as the Chairman for the Prime Ministers Hibiscus Award and was the President for the Business Council for Sustainability Responsibility Malaysia from 2011-2013.

- **Other directorships in public companies and listed corporation:**
Kumpulan Perangsang Selangor Berhad

Puan Norliza does not has any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company. Puan Norliza does not has any interest in the securities of the Company.

Puan Norliza has not been convicted of any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies in 2018.

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

The Company has obtained the mandate from the members at the last AGM held on 23 May 2018 ("**Previous Mandate**"). Pursuant to the Previous Mandate, the Company proposed to undertake a private placement of up to 22,580,600 new ordinary shares ("**Placement Shares**").

On 9 April 2019, the Company has fixed the issue price of the Placement Shares at RM0.113 per Placement Share, which represents a discount of approximately RM0.0121 or 9.67% from the five (5)-day weighted average market price of the Company from 2 April 2019 to 8 April 2019 of approximately RM0.1251 per Placement Share.

As at the date of this Notice, the Placement Shares have yet to be listed on Bursa Securities and the particulars on the proposed utilisation of proceeds have yet to be finalised.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

SEDANIA INNOVATOR BERHAD

(Company No.: 1074350-A)

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,
(NAME IN FULL AND IN BLOCK LETTERS)

NRIC/Passport/Company No. Contact No.

of
(FULL ADDRESS)

being a member/members of **SEDANIA INNOVATOR BERHAD** ("Company"), hereby appoint:-

Full Name (IN BLOCK LETTERS)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

or failing him/her,

Full Name (IN BLOCK LETTERS)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
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 Thursday, 16th May 2019 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.

No.	Ordinary Resolutions	FOR	AGAINST
1.	To approve the payment of Directors' fees payable to Non-Executive Directors of the Company up to an amount of RM150,000.00 from 17 May 2019 until the next AGM of the Company.		
2.	To approve the payment of benefits payable to Non-Executive Chairman and Non-Executive Directors up to an amount of RM92,000.00 from 17 May 2019 until the next AGM of the Company.		
3.	To re-elect Datuk Noor Azrin Bin Mohd Noor as the Director of the Company.		
4.	To re-elect Puan Norliza Binti Kamaruddin as the Independent Non-Executive Director of the Company.		
5.	To re-appoint Messrs. BDO PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
6.	Authority to allot and issue shares pursuant to the Companies Act 2016.		
	Special Resolution		
1.	Proposed Adoption of New Constitution of the Company.		

(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 2019

Fold this flap for sealing

Notes:

- (a) 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 9 May 2019 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.
- (b) 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. There shall be no restriction as to the qualification of the proxy.
- (c) 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.
- (d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
- (e) 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.
- (f) 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.
- (g) The instrument appointing a proxy(ies) 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, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

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AFFIX
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SEDANIA INNOVATOR BERHAD (1074350-A)

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
Malaysia

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SEDANIA INNOVATOR BERHAD

(Company No. 1074350-A)

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

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