



SEDANIA INNOVATOR BERHAD
(Company No. 1074350-A)
(“SEDANIA” OR THE “COMPANY”)

**INTERIM FINANCIAL REPORT FOR THE
FOURTH (4th) QUARTER ENDED 31 DECEMBER 2016**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2016

	<----Individual Quarter ---->		<----Cumulative Quarter ---->	
	31 Dec 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Revenue	8,349	1,720	14,419	8,704
Other income	217	776	1,150	1,178
Administration expenses	<u>(8,254)</u>	<u>(2,542)</u>	<u>(17,405)</u>	<u>(8,542)</u>
Profit / (Loss) from operations	312	(46)	(1,836)	1,340
Finance costs	<u>(8)</u>	<u>(11)</u>	<u>(34)</u>	<u>(30)</u>
Profit / (Loss) before taxation	304	(57)	(1,870)	1,310
Taxation	<u>(249)</u>	<u>115</u>	<u>(266)</u>	<u>538</u>
Net profit / (loss) for the period, representing total comprehensive income / (loss)	<u>55</u>	<u>58</u>	<u>(2,136)</u>	<u>1,848</u>
NET PROFIT / (LOSS) ATTRIBUTABLE TO:				
- Owners of the parent	55	58	(2,136)	1,848
- Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>55</u>	<u>58</u>	<u>(2,136)</u>	<u>1,848</u>
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:				
- Owners of the parent	55	58	(2,136)	1,848
- Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>55</u>	<u>58</u>	<u>(2,136)</u>	<u>1,848</u>
Weighted average number of ordinary shares ('000)	200,000	200,000	200,000	174,760
Earnings / (Loss) per share attributable to owners of the parent (RM):				
- Basic	0.0003	0.0003	(0.011)	0.011
- Diluted	0.0003	0.0003	(0.011)	0.011

(The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Unaudited As at 31 Dec 2016 RM'000	Audited As at 31 December 2015 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	4,312	4,369
Lease receivables	3,076	-
	7,388	4,369
CURRENT ASSETS		
Receivables, deposit & prepayments	9,126	5,199
Lease receivables	760	-
Inventory	22	-
Short term funds	19,574	33,774
Cash and bank balances	2,070	388
	31,552	39,361
TOTAL ASSETS	38,940	43,730
EQUITY		
Share capital	20,000	20,000
Reserves	16,187	20,323
Equity attributable to owners of the parent	36,187	40,323
TOTAL EQUITY	36,187	40,323
NON-CURRENT LIABILITIES		
Bank borrowings	661	736
Deferred tax liabilities	85	88
	746	824
CURRENT LIABILITIES		
Payables, accruals & other current liabilities	1,801	465
Dividend payable	6	2,000
Bank borrowings	74	71
Current tax liabilities	126	47
	2,007	2,583
TOTAL LIABILITIES	2,753	3,407
TOTAL EQUITY AND LIABILITIES	38,940	43,730
NET ASSETS PER SHARE (RM)	0.18	0.20

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2016

	←----- -Non-Distributable-----→			Distributable	
	Share Capital RM'000	Share Premium RM'000	Reorganisation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Current year-to-date ended 31 December 2016					
Balance as at 1 January 2016	20,000	14,005	(853)	7,171	40,323
Net loss for the financial period, representing total comprehensive loss for the financial period	-	-	-	(2,136)	(2,136)
Transaction with owners					
Interim dividend declared				(2,000)	(2,000)
Balance as at 31 December 2016	20,000	14,005	(853)	3,035	36,187
Preceding year corresponding period ended 31 December 2015					
Balance as at 1 January 2015	14,853	-	(853)	7,323	21,323
Net profit for the financial period, representing total comprehensive income for the financial period	-	-	-	1,848	1,848
Transaction with owners					
Public Issue, net of issuance expenses	5,147	14,005	-		19,152
Interim dividend declared				(2,000)	(2,000)
Balance as at 31 December 2015	20,000	14,005	(853)	7,171	40,323

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2016

	Current year to date 31 Dec 2016 RM'000	Preceding year to date 31 Dec 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(1,870)	1,310
Adjustments for:		
Depreciation of property, plant and equipment	1,037	742
Gain on disposal of property, plant and equipment	-	(1)
Impairment loss on other receivables	-	170
Income distribution received from short term funds	(1,016)	(624)
Interest expense	34	30
Unrealised gain on foreign exchange	(48)	(164)
Operating (loss) / profit before working capital changes	(1,863)	1,463
Changes in working capital:		
Trade and other receivables	(3,880)	(115)
Inventory	(22)	-
Lease receivables	(3,835)	-
Trade and other payables	1,336	148
	(6,401)	33
Cash (used in) / generated from operations	(8,264)	1,496
Interest paid	(34)	(27)
Income distribution received from short term funds	1,016	624
Tax paid	(211)	(212)
Penalty of underestimation tax payables	21	-
Tax refunded	-	604
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	(7,472)	2,485
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(981)	(1,727)
Proceeds from disposal of property, plant and equipment	-	1
Repayment from substantial corporate shareholder	-	7,940
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(981)	6,214

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	Current year to date 31 Dec 2016 RM'000	Preceding year to date 31 Dec 2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	-	850
Proceeds from Public Issue, net of issuance expenses	-	19,152
Repayment of term loan	(71)	(43)
Dividend paid	(3,994)	-
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	<u>(4,065)</u>	<u>19,959</u>
NET (DECREASED) / INCREASE IN CASH AND CASH EQUIVALENTS	(12,518)	28,658
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>34,162</u>	<u>5,505</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>21,644</u>	<u>34,163</u>
Cash and bank balances	2,070	389
Short term funds	19,574	33,874
	<u>21,644</u>	<u>34,163</u>

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE FOURTH (4th)
QUARTER ENDED 31 DECEMBER 2016**

**A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE
QUARTER ENDED 31 DECEMBER 2016.**

A1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting, Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities.

The accounting policies and methods of computation adopted by the Company and its subsidiaries (“Group”) in this unaudited condensed interim financial statements are consistent with those adopted in the preparation of the audited financial statements as at 31 December 2015.

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

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

Standards issued but not yet effective

The following are accounting standards, amendments and interpretation of the MFRS Framework that have been issued by MASB but have not been adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018

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MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

A2. Auditors' report of preceding annual financial statements

There was no qualification to the audited financial statements of the Group for the financial year ended ("FYE") 31 December 2015.

A3. Seasonal or cyclical factors

The business operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

A4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter under review.

A5. Material changes in estimates

Not applicable as there were no estimates reported in the prior financial years.

A6. Debt and equity securities

There were no issuances, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

A7. Segmental information

The Group's revenue based on geographical location of its customers are as follows:

	3 months ended		12 months ended	
	31 Dec 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Malaysia	7,762	1,211	12,153	6,510
Bangladesh	587	508	2,263	2,366
Indonesia	-	1	3	28
Total	8,349	1,720	14,419	8,704

Year to date revenue from Malaysia and Bangladesh contributed to approximately 84.29% and 15.69% respectively of the Group's total revenue.

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The Group's segment revenue analysis by product categories are as follows:

	3 months ended		12 months ended	
	31 Dec 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Revenue				
Airtime Sharing	1,876	1,688	7,662	8,585
Green Technology Solutions	4,080	-	4,150	-
Internet Of Things Solutions	2,300	-	2,300	-
Others	93	32	307	119
Total	8,349	1,720	14,419	8,704

Year to date revenue from Airtime Sharing segment contributed approximately 53.14% of the Group's total revenue. Likewise, Green Technology Solutions segment contributed approximately 28.78% of the Group's total revenue. This is in line with the recognition of finance lease in relation to the transaction. In Quarter 4, new revenue stream have been recognised pursuant to strategic partnership agreement signed between IDOTTV Sdn Bhd and iSCADA Net Sdn Bhd for delivery of Internet Of Things ("IoT") Solutions, which contributed 15.95% of the Group's total revenue. Others consist of revenue from SMS broadcast, video portal development and data cleansing services, which contributed approximately 2.13% of the Group's total revenue.

A8. Valuation of property, plant and equipment

The Group has not carried out any valuation of its property, plant and equipment in the current quarter.

A9. Capital commitment

	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Approved and contracted for:		
Group	941	-
Total	941	-

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

A11. Contingent liabilities and contingent assets

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There were no changes in contingent liabilities or contingent assets since the last annual reporting period date up to the date of this report.

A12. Material events subsequent to the end of the quarter

Save as disclosed in Note B6, there were no other material events subsequent to the end of the current quarter and financial year-to-date that have not been reflected in this interim financial report.

A13. Related party transactions

There were no related party transactions entered into with related parties during the current quarter.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Analysis of performance

For the quarter under review, the Group recorded a revenue of RM8.35 million and a profit before tax of RM0.30 million as compared to a revenue of RM1.72 million and loss before tax of RM0.06 million in the preceding year's corresponding quarter ended 31 December 2015. A better financial performance achieved in the current quarter under review were contributed mainly from new IoT segment and recognition of finance lease income from Green Technology Solutions as compared to the preceding year's corresponding quarter.

For the financial year-to-date, the Group recorded a revenue of RM14.42 million and a loss before tax of RM1.87 million as compared to a revenue of RM8.70 million and profit before tax of RM1.3 million recorded in the preceding financial year 2015.

Despite higher revenue recorded for the financial year-to-date, the loss after tax for the year was mainly due to increase in operating expenses inclusive of cost of sales from the new revenue segments, research and development, marketing and depreciation as compared to preceding financial year 2015.

B2. Comparison with immediate preceding quarter's results

	Quarter ended		Variance
	31 Dec 2016 RM'000	30 Sept 2016 RM'000	RM '000
Revenue	8,349	2,276	6,073
Profit / (Loss) before taxation	304	(571)	875

In the current quarter ended 31 December 2016, the Group generated revenue of RM8.35 million, as compared RM2.28 million in the immediate preceding quarter. The Group introduced a new revenue segment for IoT during the quarter under review, contributing to 27.55% of the Group's total revenue for the quarter under

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review. At the same time, the Group recognised finance lease income from Green Technology Solutions in the quarter under review, contributing to higher revenue as compared to the immediate preceding quarter.

The Group recorded a profit before taxation of RM0.30 million for the current quarter under review as compared to loss before taxation of RM0.57 million in the immediate preceding quarter. This was in tandem with the higher revenue recorded in the current quarter under review.

B3. Prospects for 2017

In 2016, the Group has expanded its customer base by signing up with a new Mobile Network Operator (“MNO”) for the provision of ATS Services. The Group has also ventured into provision of green technology and internet of things (IoT) solutions.

Malaysian business conditions are expected to remain challenging in 2017 and consumer sentiments remained weak. Nevertheless, the management is mindful of the challenges in domestic and international economic environment and is taking measures to improve the performance of the Group and ensure better efficiency.

The Group will continuously seek new opportunities to enhance its recurring revenue streams and look for new business growth by way of capitalising the strength of the business venture with strategic partners.

B4. Profit forecast

The Group has not issued any profit forecast in any public documents.

B5. Taxation

	3 months ended		12 months ended	
	31 Dec 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Tax expense recognized in profit or loss:				
Current tax provision	134	122	151	148
(Over)/Under provision in prior years	117	(272)	117	(721)
	<u>251</u>	<u>(150)</u>	<u>268</u>	<u>(573)</u>
Deferred tax:				
Relating to origination of temporary differences	2	46	2	46
Over provision in prior years	(4)	(11)	(4)	(11)
	<u>(2)</u>	<u>35</u>	<u>(2)</u>	<u>35</u>
Tax expense / (refund) for		<u>(115)</u>	<u>266</u>	<u>(538)</u>

the financial period

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B6. Status of corporate proposals and utilisation of proceeds

(i) **Status of corporate proposal**

There is no corporate proposal announced but not completed as at the date of this report.

(ii) **Utilisation of proceeds**

The status of utilisation of the IPO proceeds amounting to RM19.56 million are as follows:

Purpose	Intended timeframe for utilisation upon listing	Expiry Date	Amount allocated	Amount utilised as at 31 Dec 2016	Balance of IPO Proceeds as at 31 Dec 2016
			RM'000	RM'000	RM'000
Capital Expenditure	Within 24 months	28 June 2017	4,000	4,000	-
Marketing Expenses	Within 24 months	28 June 2017	4,100	1,654	2,446
R&D Expenses	Within 18 months [#]	28 December 2016	2,500	2,500	-
Working capital*	Within 24 months	28 June 2017	6,757	6,757	-
Listing expenses*	Fully utilised	-	2,200	1,083	1,117
			19,557	13,548	3,435

*The total listing expenses amounted to RM1.99 million, of which RM906,221 was paid from the Company's internally generated funds as at 31 December 2014 and a further RM1.08 million was utilised up to 30 September 2015. As such, the balance of RM1.12 million has been reallocated for use as working capital for the Group.

[#]On 29 July 2016, the Company had announced that the Board has resolved to extend the timeframe for the utilisation of the remaining unutilised IPO proceeds allocated for R&D expenses amounting to RM0.58 million until 28 December 2016.

The above utilisation of proceeds should be read in conjunction with the prospectus of the Company dated 9 June 2015.

B7. Borrowings

The Group's borrowings as at 31 December 2016 are as follows:

	RM'000
Secured	
Term loan*	
- not later than one (1) year	75
- later than one (1) year but not later than five (5) years	661
Total bank borrowings	<u>736</u>

* The term loan is secured by a first legal charge against the Company's office premises.

B8. Material litigation

The Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors are not aware of any proceedings pending or threatened against the Group, or of any fact likely to give rise to any proceeding which might materially or adversely affect the financial position or business of the Group.

B9. Dividends

No dividend has been paid, declared or proposed during the quarter under review.

B10. Earnings per share

The basic earnings per share are calculated as follows:

	3 months ended		12 months ended	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Profit/ (Loss) attributable to owners of the parent (RM'000)	55	58	(2,136)	1,848
Weighted average number of ordinary shares in issue ('000)	200,000	200,000	200,000	174,760
Basic (loss) / earnings per share (RM)	0.0003	0.0003	(0.011)	0.011

B11. Disclosure on selected expense/(income) items as required by the Listing Requirements

Included in profit before taxation are the following expense/(income) items:

	3 months ended 31 Dec 2016 RM'000	3 months ended 31 Dec 2015 RM'000	12 months ended 31 Dec 2016 RM'000	12 months ended 31 Dec 2015 RM'000
Depreciation and amortisation expenses	272	226	1,037	742
(Gain) / Loss on disposal of fixed assets	-	-	-	(1)
(Gain) / Loss on foreign exchange				
- realised	4	(60)	(85)	(152)
- unrealised	(29)	(164)	(48)	(164)
Government Incentives	-	(200)	-	(200)
Impairment loss on other receivables	-	170	-	170
Income distribution received from short term funds	(192)	(315)	(1,016)	(624)
Interest expense	8	11	34	30

B12. Disclosure of realised and unrealised profits

The breakdown of the retained profits of the Group as at 31 December 2016 into realised and unrealised profits is as follows:

	As at 31 Dec 2016 RM'000	As at 31 Dec 2015 RM'000
Total retained profits of the Group:		
- Realised	2,984	7,094
- Unrealised	51	77
Total	3,035	7,171
Less: Consolidation adjustments	-	-
Total retained profits of the Group	3,035	7,171

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing*

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Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

By Order of the Board

SHAHNIZA ANOM ELIAS (LS0006472)

TIA HWEI PING (MAICSA 7057636)

Company Secretaries

Kuala Lumpur

21 February 2017