

RED IDEAS

HOLDINGS BERHAD

RED IDEAS HOLDINGS BERHAD

(Company No : 1234231-M)

(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 ("HALF YEARLY FINANCIAL STATEMENTS")

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY RED IDEAS HOLDINGS BERHAD. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

RED IDEAS HOLDINGS BERHAD

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(Incorporated in Malaysia)

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UNAUDITED FINANCIAL STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR CORRESPONDING PERIOD	CURRENT YEAR	PRECEDING YEAR CORRESPONDING PERIOD
	HALF YEAR 31/12/2017	HALF YEAR 31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
REVENUE	338	N/A	338	N/A
Cost of Sales	(254)	N/A	(254)	N/A
GROSS PROFIT	84	N/A	84	N/A
Other Operating Income	5	N/A	5	N/A
Administrative expenses	(1,136)	N/A	(1,136)	N/A
Listing expenses	(513)	N/A	(513)	N/A
PROFIT (LOSS) BEFORE TAX	(1,560)	N/A	(1,560)	N/A
Income Tax Expenses	-	N/A	-	N/A
PROFIT (LOSS) FOR THE FINANCIAL PERIOD	(1,560)	N/A	(1,560)	N/A
Other Comprehensive Income	17	N/A	17	N/A
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(1,543)	N/A	(1,543)	N/A
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO				
Owners of the Company	(1,560)	N/A	(1,560)	N/A
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
Owners of the Company	(1,543)	N/A	(1,543)	N/A
EARNING / (LOSS) PER ORDINARY SHARE (Sen)				
Basic*	(1.56)	N/A	(1.56)	N/A
Diluted*	(1.56)	N/A	(1.56)	N/A

*Total number of ordinary shares, 100,003,340

The unaudited Condensed Consolidated Statement Income should be read in conjunction with the accompanying explanatory notes attached to the Half Yearly Financial Statements.

RED IDEAS HOLDINGS BERHAD

(Company No : 1234231-M)

(Incorporated in Malaysia)

RED IDEAS
HOLDINGS BERHAD

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	UNAUDITED	AUDITED*
	AS AT	AS AT
	31/12/2017	31/12/2016
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	163	46
Intangible Assets	582	197
Goodwill	1,859	-
	<u>2,604</u>	<u>243</u>
Current Assets		
Inventories	153	42
Trade and other receivables	264	47
Other receivables, deposit and prepayments	447	49
Cash and Bank Balances	5,791	200
	<u>6,655</u>	<u>338</u>
TOTAL ASSETS	<u>9,259</u>	<u>581</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital		
Ordinary Shares**	7,714	253
Redeemable Preference Shares	2,200	-
Translation reserve	17	(75)
Retained Earnings	(1,560)	(1,651)
	<u>8,371</u>	<u>(1,473)</u>
SHAREHOLDERS' EQUITY		
Non-controlling interest	-	-
TOTAL EQUITY	<u>8,371</u>	<u>(1,473)</u>
LIABILITIES		
Non-Current Liabilities		
Amount due to directors	-	1,901
	-	<u>1,901</u>
Current Liabilities		
Amount due to directors	-	10
Trade, other payables and accruals	769	143
Deferred income	119	-
	<u>888</u>	<u>153</u>
TOTAL LIABILITIES	<u>888</u>	<u>2,054</u>
TOTAL EQUITY AND LIABILITIES	<u>9,259</u>	<u>581</u>
NET ASSETS PER ORDINARY SHARE (RM)***	<u>0.06</u>	<u>N/A</u>

*Combined statements of financial position as at 31 December 2016 as disclosed in IM - Appendix I

**Comprise of pre-listing shareholders equity, RM1,000,033 and nett public offering equity RM6,714,420 after less of transaction cost, RM285,825 from gross proceed RM7,000,245

***Based on 100,003,340 ordinary shares

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the Half Yearly Financial Statements.

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HOLDINGS BERHAD

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEARLY ENDED 31 DECEMBER 2017

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY

← Non-distributable → Distributable

	SHARE CAPITAL	REDEEMABLE PREFERENCE SHARES	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT HALF YEARLY					
Balance as at 07.06.2017 (date of incorporation)	0	-	-	-	0
Profit/(Loss) of the financial year	-	-	17	(1,560)	(1,543)
Issue of shares	8,000	2,200	-	-	10,200
Transaction cost of issue of shares	(286)	-	-	-	(286)
Balance as at 31.12.2017	<u>7,714</u>	<u>2,200</u>	<u>17</u>	<u>(1,560)</u>	<u>8,371</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the Half Yearly Financial Statements.

RED IDEAS HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF YEARLY ENDED 31 DECEMBER 2017

	(Unaudited)	(Audited)
	CURRENT YEAR-TO-DATE 31/12/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before income tax	(1,560)	N/A
Adjustments for		
Depreciation of Plant and Equipment	60	N/A
Amortisation of Intangible Assets	139	N/A
Waiver from director	(6)	N/A
Waiver of non-trade debtor	(6)	N/A
Operating profit / (loss) before working capital changes	(1,373)	N/A
Change in working capital		
Inventories	(79)	N/A
Trade and other receivables	(389)	N/A
Trade and other payables	(1,646)	N/A
Cash generated from / (used in) operations	(2,114)	N/A
Net cash generated from / (used in) operating activities	(3,487)	N/A
Cash flows from investing activities		
Purchase of plant and equipment	(68)	N/A
Software development expenditure	(210)	N/A
Acquisition of subsidiaries, net of cash acquired	(375)	N/A
Net cash used in investing activities	(653)	N/A
Cash flows from financing activities		
Proceeds from issue of new shares:		
- Redeemable preference shares	2,200	N/A
- Ordinary shares	7,714	N/A
Net cash generated from / (used in) financing activities	9,914	N/A
Net increase / (decrease) in cash and cash equivalents	5,774	N/A
Effect of exchange translation differences on cash and cash equivalents	17	N/A
Cash and cash equivalent at the beginning of the financial period	-	N/A
Cash and cash equivalents at the end of the financial period	5,791	N/A

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the Half Yearly Financial Statements.

A. EXPLANATORY NOTES TO THE UNAUDITED 2 HALF YEARLY FINANCIAL REPORTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

A1. BASIS OF PREPARATION

RED IDEAS HOLDINGS BERHAD was incorporated in Malaysia on 7 June 2017 as a private limited company under the Companies Act, 2016, known as Red Ideas Holdings Sdn Bhd with a paid up capital of RM2.00 comprising of two (2) ordinary shares. The Company was later converted to a public company on 21 September 2017. The registered office of the Company is located at 54B, Damai Complex, Jalan Lumut, 50400 Kuala Lumpur.

The financial Statements of Red Ideas Holdings Berhad and its subsidiaries (the “Group”) are unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and Paragraph 6.12 of the Leap Market’s Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This is unaudited financial statements ended 31 December 2017 under review, comprises of four (4) months consolidated group financial report from 30 August 2017 to 31 December 2017, as the acquisition of Red Ideas Sdn. Bhd. & Intellectual Properties Right Pte. Ltd. as the subsidiaries of the Company was completed on 30 August 2017.

The unaudited financial statements ended 31 December 2017 should be read in conjunction with the combined statements of the Group as disclosed in the Information Memorandum (“IM”) dated 28 September 2017 and its accompanying explanatory notes attached to this report.

A2. CHANGES IN ACCOUNTING POLICIES

At the date of authorization of the unaudited financial statements, the accounting policies adopted are consistent with those disclosed in the combined audited financial statements of the IM dated 28 September 2017, except other than disclosed below which are effective for period beginning on or after 1 January 2017:-

Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014–2016 Cycle</i>	Effective : 1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	Effective : 1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	Effective : 1 January 2017

The following standards were issued but not yet effective and have not been early adopted by the Group.

Amendments to MFRS 1 <i>Annual improvements to MFRS Standards 2014 -2016 Cycle</i>	Effective : 1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	Effective : 1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	Effective : 1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	Effective : 1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	Effective : 1 January 2018
MFRS 15 <i>Clarifications to MFRS 15</i>	Effective : 1 January 2018
Amendments to MFRS 128 <i>Annual improvements to MFRS Standards 2014-2016 Cycle</i>	Effective : 1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	Effective : 1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	Effective : 1 January 2018
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	Effective : 1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	Effective : 1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	Effective : 1 January 2019
MFRS 16 <i>Leases</i>	Effective : 1 January 2019

Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	Effective : 1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	Effective : 1 January 2019
Amendments to MFRS 128 <i>Long-term Interest in Associates and Joint Ventures</i>	Effective : 1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	Effective : 1 January 2019
MFRS 17 <i>Insurance Contracts</i>	Effective : 1 January 2021

The Directors expect that these standards are either not relevant or do not have material impact the financial statements in the year of initial application

A3. SEASONAL OR CYCLICAL FACTORS

The Group's operations were not affected by seasonal or cyclical factors for the current period under review.

A4. UNUSUAL ITEMS

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence for the current period under review.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in accounting estimates in the current financial period.

A6. DEBT AND EQUITY SECURITIES

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period under review.

A7. SEGMENTAL INFORMATION

The Group's revenue based on its activities is presented as follows :-

Services	4 months ended 31.12.2017 (RM'000)
Graaab App (JaGa App & Guard App)	322
My Services	16
Total	338

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Subsequent to the financial year, the Group has entered into tenancy agreement for a new premise. The Group proposed a commitment for new renovation and related costs approximately RM 250,000.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

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

A10. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this financial report.

A11. CAPITAL COMMITMENTS

There were no material capital commitments in respect of plant and equipment as at the end of the current financial period.

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

During the four (4) months period ended 31 December 2017 under review since the finalisation of acquisition of RISB & IPR on 30 August 2017, the Group has recorded the revenue of RM 338,000 with the loss before tax of RM 1,560,000. The Group's revenue is still mainly derived mostly from deployment of the Graaab JaGaApp to residential/commercial communities. The Group recorded loss before tax mainly due to the listing fees, additional working capital expenditures to fasten the pace of acquiring communities/market share.

During the periods under review, the Group has expanded its sales force, which contributed to the increase in the rate of securing communities as its customers. Aside, the Group has launched a new business segment – “My Services”, which allows third party service providers to list on its Graaab JaGaApp mobile application platform which contributed part of the revenue. The following is the analysis of matters described in the preceding paragraphs.

	As at 30.06.2017	As at 31.12.2017
Sales personnel	4	8
Relationship / product roll-out personnel	4	4
Communities/Neighbourhood	55	128
Service providers	6	6

B2. PROSPECTS OF THE GROUP

As disclosed in the IM of the Company dated 28 September 2017, the Group remains committed to continuously expanding its sales forces and to review the sale forces' commission scheme & marketing strategies to accelerate its customer/ community acquisition rate and the number of service providers with the funding raised from the LEAP Market of Bursa Malaysia Securities Berhad.

Further details of the Group's future plans and prospects are disclosed in Section 4, Part 1 of the IM.

There were no changes in the business direction of the Group which may have an impact on any for the business segments of the Group.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B4. CORPORATE PROPOSALS

There were no corporate proposals during the current quarter under review.

B5. UTILISATION OF PROCEEDS

The status of the utilisation of the proceeds, RM 7,000,245.00 million are as follows:-

Purposes	Proposed Utilisation RM'000	Actual* Utilisation RM'000	Proceed Balance RM'000	Estimated Timeframe for utilisation upon listing
Research & Development	1,000	92	908	Within 15 months
General working capital	4,150	339	3,811	Within 24 months
Office expenses / renovation and new branch offices	1,000	-	1,000	Within 12 months
Estimated listing expenses	850	799	51	Within 1 month
Total	7,000	1,230	5,770	

*Utilisation as at 31.12.2017

B6. MATERIAL LITIGATION

The Directors do not have any knowledge of any proceedings pending or threatened against the Group as the date of this report.

B7. DIVIDEND PROPOSED

There were no dividends proposed by the Board of Directors of the Company for the current period under review.

B8. EARNINGS / (LOSS) PER SHARE

The basic earnings / (loss) per share for the current period and financial year-to-date are computed as follows :-

(RM 1,560,000)/ 100,003,340 ordinary shares = (RM 1.56)/Ordinary Share

B9. PROFORMA HALF YEARLY RESULTS

The following shows the unaudited financial statements of the group on the assumption that share restructuring exercises completed on 1 July 2017

**UNAUDITED FINANCIAL STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JULY 2017
TO YEAR ENDED 31 DECEMBER 2017**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR HALF YEAR 31/12/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD HALF YEAR 31/12/2016 RM'000	CURRENT YEAR 31/12/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2016 RM'000
REVENUE	474	N/A	474	N/A
Cost of Sales	(353)	N/A	(353)	N/A
GROSS PROFIT	121	N/A	121	N/A
Other Operating Income	14	N/A	14	N/A
Administrative expenses	(1,395)	N/A	(1,395)	N/A
Listing expenses	(513)	N/A	(513)	N/A
PROFIT (LOSS) BEFORE TAX	(1,773)	N/A	(1,773)	N/A
Income Tax Expenses	-	N/A	-	N/A
PROFIT (LOSS) FOR THE FINANCIAL PERIOD	(1,773)	N/A	(1,773)	N/A
Other Comprehensive Income	2	N/A	2	N/A
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>(1,771)</u>	<u>N/A</u>	<u>(1,771)</u>	<u>N/A</u>
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO				
Owners of the Company	<u>(1,773)</u>	<u>N/A</u>	<u>(1,773)</u>	<u>N/A</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Owners of the Company	<u>(1,771)</u>	<u>N/A</u>	<u>(1,771)</u>	<u>N/A</u>
EARNING / (LOSS) PER ORDINARY SHARE (Sen)				
Basic*	<u>(1.77)</u>	<u>N/A</u>	<u>(1.77)</u>	<u>N/A</u>
Diluted*	<u>(1.77)</u>	<u>N/A</u>	<u>(1.77)</u>	<u>N/A</u>

*Total number of ordinary shares, 100,003,340

The unaudited Condensed Consolidated Statement Income should be read in conjunction with the accompanying explanatory notes attached to the Half Yearly Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER
2017**

	UNAUDITED	AUDITED*
	FROM	AS AT
	1/7/2017 TO	31/12/2016
	31/12/2017	31/12/2016
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	163	46
Intangible Assets	582	197
Goodwill	1,631	-
	<u>2,376</u>	<u>243</u>
Current Assets		
Inventories	153	42
Trade and other receivables	264	47
Other receivables, deposit and prepayments	447	49
Cash and Bank Balances	5,791	200
	<u>6,655</u>	<u>338</u>
	<u>9,031</u>	<u>581</u>
TOTAL ASSETS	<u>9,031</u>	<u>581</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital		
Ordinary Shares**	7,714	253
Redeemable Preference Shares	2,200	-
Translation reserve	2	(75)
Retained Earnings	(1,773)	(1,651)
	<u>8,143</u>	<u>(1,473)</u>
SHAREHOLDERS' EQUITY		
Non-controlling interest	-	-
	<u>8,143</u>	<u>(1,473)</u>
TOTAL EQUITY	<u>8,143</u>	<u>(1,473)</u>
LIABILITIES		
Non-Current Liabilities		
Amount due to directors	-	1,901
	<u>-</u>	<u>1,901</u>
Current Liabilities		
Amount due to directors	-	10
Trade, other payables and accruals	769	143
Deferred income	119	-
	<u>888</u>	<u>153</u>
TOTAL LIABILITIES	<u>888</u>	<u>2,054</u>
TOTAL EQUITY AND LIABILITIES	<u>9,031</u>	<u>581</u>
NET ASSETS PER ORDINARY SHARE (RM)***	<u>0.06</u>	<u>N/A</u>

*Combined statements of financial position as at 31 December 2016 as disclosed in IM - Appendix I

**Comprise of pre-listing shareholders equity, RM1,000,033 and nett public offering equity RM6,714,420 after less of transaction cost, RM285,825 from gross proceed RM7,000,245

***Based on 100,003,340 ordinary shares

Dated: 26 February 2018