

# RED IDEAS

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## HOLDINGS BERHAD

### **RED IDEAS HOLDINGS BERHAD**

(Company No : 1234231-M)

(Incorporated in Malaysia)

### **FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018 ("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***(Company No : 1234231-M)**(Incorporated in Malaysia)***RED IDEAS**  
HOLDINGS BERHAD**UNAUDITED FINANCIAL STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR HALF YEAR 30/6/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD HALF YEAR 30/6/2017 RM'000	CURRENT YEAR 30/6/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2017 RM'000
<b>REVENUE</b>	802	N/A	802	N/A
Cost of Sales	(552)	N/A	(552)	N/A
<b>GROSS PROFIT</b>	250	N/A	250	N/A
Other Operating Income	39	N/A	39	N/A
Administrative expenses	(1,399)	N/A	(1,399)	N/A
Listing expenses	-	N/A	-	N/A
<b>PROFIT (LOSS) BEFORE TAX</b>	(1,110)	N/A	(1,110)	N/A
Income Tax Expenses	-	N/A	-	N/A
<b>PROFIT (LOSS) FOR THE FINANCIAL PERIOD</b>	(1,110)	N/A	(1,110)	N/A
Other Comprehensive Income	42	N/A	42	N/A
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	(1,068)	N/A	(1,068)	N/A
<b>PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO</b>				
Owners of the Company	(1,110)	N/A	(1,110)	N/A
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO</b>				
Owners of the Company	(1,068)	N/A	(1,068)	N/A
<b>EARNING / (LOSS) PER ORDINARY SHARE (Sen)</b>				
Basic*	(1.11)	N/A	(1.11)	N/A
Diluted*	(1.11)	N/A	(1.11)	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)



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	UNAUDITED	AUDITED*
	AS AT	AS AT
	30/6/2018	31/12/2017
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	362	154
Intangible Assets	902	718
Goodwill	1,910	1,910
Revenue contract Cost	2	-
	<u>3,176</u>	<u>2,782</u>
<b>Current Assets</b>		
Inventories	181	153
Trade receivables	393	264
Other receivables, deposit and prepayments	301	36
Cash and Bank Balances	3,895	5,809
	<u>4,770</u>	<u>6,262</u>
<b>TOTAL ASSETS</b>	<u>7,946</u>	<u>9,044</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share Capital		
Ordinary Shares**	7,714	7,714
Redeemable Preference Shares	2,200	2,200
Translation reserve	115	73
Retained Earnings	(2,614)	(1,504)
	<u>7,415</u>	<u>8,483</u>
<b>SHAREHOLDERS' EQUITY</b>		
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<u>7,415</u>	<u>8,483</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Amount due to directors	-	-
	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>		
Amount due to directors	-	-
Trade, other payables and accruals	382	442
Deferred income	149	119
	<u>531</u>	<u>561</u>
<b>TOTAL LIABILITIES</b>	<u>531</u>	<u>561</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>7,946</u>	<u>9,044</u>
<b>NET ASSETS PER ORDINARY SHARE (RM)***</b>	<u>0.05</u>	<u>0.06</u>

\*Audited financial statements of financial position as at 31 December 2017

\*\*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 total number of ordinary shares, 100,003,340

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

(Company No : 1234231-M)

(Incorporated in Malaysia)



## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE 1ST HALF YEARLY ENDED 30 JUNE 2018

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
<b>AUDITED</b>					
Balance as at 31.12.2017 /01.01.2018	7,714	2,200	73	(1,504)	8,483
Profit/(Loss) of the financial year	-	-	42	(1,110)	(1,068)
Balance as at 30.06.2018	7,714	2,200	115	(2,614)	7,415

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

(Company No : 1234231-M)

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**RED IDEAS**  
HOLDINGS BERHAD

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 1ST HALF YEARLY ENDED 30 JUNE 2018

	(Unaudited)	(Audited)
	CURRENT YEAR-TO- DATE 30/6/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before income tax	(1,110)	N/A
Adjustments for		
Depreciation of Plant and Equipment	79	N/A
Amortisation of Intangible Assets	52	N/A
Unrealized nett loss on foreign exchange	45	N/A
Operating profit / (loss) before working capital changes	(934)	N/A
Change in working capital		
Inventories	(28)	N/A
Trade and other receivables	(394)	N/A
Trade and other payables	(30)	N/A
Cash generated from / (used in) operations	(452)	N/A
<b>Net cash generated from / (used in) operating activities</b>	<b>(1,386)</b>	<b>N/A</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(263)	N/A
Software development expenditure	(259)	N/A
Revenue contract cost	(3)	
Acquisition of subsidiaries, net of cash acquired	-	N/A
Net cash used in investing activities	(525)	N/A
<b>Cash flows from financing activities</b>		
Proceeds from issue of new shares:		
- Redeemable preference shares	-	N/A
- Ordinary shares	-	N/A
Net cash generated from / (used in) financing activities	-	N/A
Net increase / (decrease) in cash and cash equivalents	(1,911)	N/A
Effect of exchange translation differences on cash and cash equivalents	(3)	N/A
Cash and cash equivalent at the beginning of the financial period	5,809	N/A
Cash and cash equivalents at the end of the financial period	3,895	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 1<sup>ST</sup> HALF YEARLY FINANCIAL REPORTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**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 interim 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 the first half yearly interim report six (6) months period ended 30 June 2018 under review for the Group’s financial year ending of 31 December 2018. There is no comparative figure for the preceding half yearly is available since the finalisation of acquisition of Red Ideas Sdn. Bhd. & Intellectual Properties Right Pte. Ltd. (“subsidiaries”) as at 30 August 2017.

The interim financial statements should be read in conjunction with the latest set of audited financial statement as at 31 December 2017 and its accompanying explanatory notes attached to this interim half yearly report.

**A2. CHANGES IN ACCOUNTING POLICIES**

At the date of authorization of the unaudited interim half yearly financial statements, the accounting policies adopted are consistent with those disclosed in the latest set of audited financial statement as at 31 December 2017.

The following standards relevant to the Group that are issued up to the date of the issuance of the half yearly result adopted by the Group are as follow:-

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
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	Effective : 1 January 2018

Amendments MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	Effective : 1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRSs 2014 – 2016 Cycle</i>	Effective : 1 January 2018

The following standards relevant to the Group that are issued up to the date of the issuance of the half yearly result but have not been adopted by the Group are as follow:-

Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	Effective : 1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRSs 2015-2017 Cycle</i>	Effective : 1 January 2019
MFRS 16 <i>Leases</i>	Effective : 1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	Effective : 1 January 2019
Amendments to MFRS 101 <i>Presentation of Financial Statements</i>	Effective : 1 January 2020
Amendments to MFRS 134 <i>Interim Financial Reporting</i>	Effective : 1 January 2020
Amendments to MFRS 138 <i>Intangible Assets</i>	Effective : 1 January 2020
Amendments to MFRS 108 Accounting Policies <i>Changes in Accounting Estimates and Errors</i>	Effective : 1 January 2020
Amendments to IC Interpretation 132 <i>Intangible Assets - Web Site Costs</i>	Effective : 1 January 2020

**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 :-

<b>Services</b>	<b>4 months ended 31.12.2017 (RM'000)</b>	<b>6 months ended 30.06.2018 (RM'000)</b>
Graaab App (JaGaApp & GuardApp)	322	730
My Services	16	72
<b>Total</b>	<b>338</b>	<b>802</b>

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

There were no material events subsequent to the end of the current financial period.

**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 interim 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.

**B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS**

**B1. REVIEW OF PERFORMANCE**

During the six (6) months period ended 30 June 2018 under review, the Group has recorded the revenue of RM 802,000 with the loss before tax of RM 1,110,000 as compared reported revenue of RM 338,000 with the loss before tax of RM 1,504,000 in previous audited financial statement ended 31 December 2017.



The revenue remains derived mostly from deployment of the Graaab JaGaApp to the Group’s residential/commercial communities. The Group recorded loss before tax of RM 1,110,000 mainly due to higher administrative costs such as system maintenance, talent hiring and salaries as communities grew.

During the period under review, the Group retains its existing sales force. Aside, newly launched business segment – “MyServices”, which allows third party service providers to list on its Graaab JaGaApp mobile application platform has started contributing to the Group’s revenue. The following is the analysis of the sale force and the communities and service provider contracted.

	As at 31.12.2017	As at 30.06.2018
Sales forces	8	8
Relationship / product roll-out personnel	4	7
Communities/Neighbourhood	128	195
Service providers	6	13

**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 utilization 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 utilization upon listing
Research & Development	1,000	659	341	Within 15 months
General working capital	4,150	1,443	2,707	Within 24 months
Office expenses / renovation and new branch offices	1,000	307	693	Within 12 months
Estimated listing expenses	850	850	-	Within 1 month
	<b>7,000</b>	<b>3,259</b>	<b>3,741</b>	

\*Utilization 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**

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

(RM 1,110,000)/ 100,003,340 ordinary shares = (RM 1.11)/Ordinary Share

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