

RED IDEAS

HOLDINGS BERHAD

RED IDEAS HOLDINGS BERHAD

(Company No : 1234231-M)

(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 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)***UNAUDITED FINANCIAL STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2018**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR HALF YEAR 12/31/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD HALF YEAR 12/31/2017 RM'000	CURRENT YEAR 12/31/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD* 12/31/2017 RM'000
REVENUE	1,139	338	1,941	338
Cost of Sales	(651)	(287)	(1,204)	(287)
GROSS PROFIT	488	51	737	51
Other Operating Income	107	6	138	6
Administrative expenses	(1,480)	(1,076)	(2,830)	(1,076)
Listing expenses	-	(485)	-	(485)
PROFIT (LOSS) BEFORE TAX	(885)	(1,504)	(1,955)	(1,504)
Income Tax Expenses	-	-	-	-
PROFIT (LOSS) FOR THE FINANCIAL PERIOD	(885)	(1,504)	(1,955)	(1,504)
Other Comprehensive Income	(45)	73	(3)	73
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>(930)</u>	<u>(1,431)</u>	<u>(1,958)</u>	<u>(1,431)</u>
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO				
Owners of the Company	<u>(885)</u>	<u>(1,431)</u>	<u>(1,955)</u>	<u>(1,431)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
Owners of the Company	<u>(930)</u>	<u>(1,431)</u>	<u>(1,958)</u>	<u>(1,431)</u>
EARNING / (LOSS) PER ORDINARY SHARE (Sen)				
Basic**	<u>(0.88)</u>	<u>(1.50)</u>	<u>(1.95)</u>	<u>(1.50)</u>
Diluted**	<u>(0.88)</u>	<u>(1.50)</u>	<u>(1.95)</u>	<u>(1.50)</u>

* It only comprises of 6 months period under review from 7 June 2017 (date of incorporation) to 31 December 2017

**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 31 DECEMBER 2018**

	UNAUDITED	AUDITED*
	AS AT	AS AT
	12/31/2018	12/31/2017
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	344	154
Intangible Assets	1,114	718
Goodwill	1,910	1,910
Revenue contract Cost	2	-
	3,370	2,782
Current Assets		
Inventories	383	153
Trade receivables	610	264
Other receivables, deposit and prepayments	416	36
Cash and Bank Balances	2,744	5,809
	4,153	6,262
	7,523	9,044
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital		
Ordinary Shares**	7,714	7,714
Redeemable Preference Shares	2,200	2,200
Translation reserve	70	73
Retained Earnings	(3,459)	(1,504)
	6,525	8,483
SHAREHOLDERS' EQUITY		
Non-controlling interest	-	-
	6,525	8,483
TOTAL EQUITY		
LIABILITIES		
Non-Current Liabilities		
Amount due to directors	-	-
	-	-
Current Liabilities		
Amount due to directors	84	-
Trade, other payables and accruals	483	442
Deferred income	431	119
	998	561
TOTAL LIABILITIES		
	998	561
TOTAL EQUITY AND LIABILITIES		
	7,523	9,044
NET ASSETS PER ORDINARY SHARE (RM)***		
	0.04	0.06

*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 31 DECEMBER 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
AUDITED					
Balance as at 31.12.2017 /01.01.2018	7,714	2,200	73	(1,504)	8,483
Profit/(Loss) of the financial year	-	-	(3)	(1,955)	(1,958)
Balance as at 31.12.2018	7,714	2,200	70	(3,459)	6,525

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 CASH FLOWS FOR THE 2ND HALF YEARLY ENDED 31 DECEMBER 2018

	(Unaudited)	(Audited)
	CURRENT YEAR-TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD*
	12/31/2018	12/31/2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before income tax	(1,955)	(1,504)
Adjustments for		
Amortisation of Intangible Assets	181	143
Amortisation of revenue contract cost	1	-
Depreciation of Plant and Equipment	185	54
Expense off intangible assets	1	-
Gain on fair value valuation of short term fund	(14)	-
Interest income	(59)	-
Sundry income	(52)	-
Unrealized nett loss on foreign exchange	-	-
Waiver debt by a director	-	(6)
Operating profit / (loss) before working capital changes	(1,712)	(1,313)
Change in working capital		
Inventories	(230)	(79)
Trade and other receivables	(726)	12
Trade and other payables	436	(1,932)
Cash generated from / (used in) operations	(520)	(1,999)
Net cash generated from / (used in) operating activities	(2,232)	(3,312)
Cash flows from investing activities		
Interest received	59	
Purchase of plant and equipment	(322)	(52)
Realized gain on fair value valuation of short term fund	14	
Revenue contract cost paid	(3)	
Software development paid	(578)	(369)
Acquisition of subsidiaries, net of cash acquired	-	625
Net cash used in investing activities	(830)	204
Cash flows from financing activities		
Nett proceeds from issuance of new shares:	-	8,914
Net cash generated from / (used in) financing activities	-	8,914
Net increase / (decrease) in cash and cash equivalents	(3,062)	5,806
Effect of exchange translation differences on cash and cash equivalents	(3)	3
Cash and cash equivalent at the beginning of the financial period	5,809	-
Cash and cash equivalents at the end of the financial period	2,744	5,809

* It only comprises of 6 months period under review from 7 June 2017 (date of incorporation) to 31 December 2017

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 nd HALF YEARLY FINANCIAL REPORTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018
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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 second half yearly interim report of six (6) months period ended 31 December 2018 under review for the Group’s financial year end 31 December 2018.

The interim financial statements should be read in conjunction with the latest set of audited financial statement as at 31.12.2017 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 31.12.2017.

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

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:-

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 3 <i>Business Combinations</i>	Effective : 1 January 2020
Amendments to MFRS 101 <i>Presentation of Financial Statements</i>	Effective : 1 January 2020
Amendments to MFRS 108 Accounting Policies <i>Changes in Accounting Estimates and Errors</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

No reporting segment is presented as Group is predominantly in the business of community security services through mobile applications. The Group activities are predominantly in Malaysia and the oversea segment doesn't contribute more than 10% of the consolidated assets and liabilities. The Group doesn't have significant reliance on a single major customer, with whom the Group transacted 10% or more of its revenue during the financial period.

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 31 December 2018 under review, the Group recorded revenue of RM 1,139,000 with the loss before tax ("LBT") of RM 885,000 as compared to the reported revenue of RM 338,000 with the LBT of RM 1,504,000 in corresponding half yearly result ended 31 December 2017. The increase of approximately RM 801,000 in revenue and decrease of RM 619,000 in LBT respectively is primarily attributable to:

- I. higher number of total communities/neighbourhood and service providers;
- II. increase in revenue contribution from My Services; and
- III. introduction of new business segment – JaGaCard which primarily provide service on access card integration commenced on this under review period.

For the year to date period ended 31 December 2018 ("12M FY2018"), the revenue of the Group was RM 1,941,000 with the loss before tax ("LBT") of RM 1,955,000 as compared to reported revenue of RM 338,000 with the LBT of RM 1,504,000 in corresponding period ("6M FY2017"). The increase of approximately RM 1,603,000 in revenue and increase of RM 451,000 in LBT respectively is primarily attributable to:

- I. higher number of total communities/neighbourhood and service providers
- II. increase in revenue contribution from My Services
- III. introduction of new business segment – JaGaCard which primarily provide service on access card integration commenced on this under review period.

However, increase in the following costs offset some of the decrease in the LBT achieved during the year to date period.

- I. higher personnel related costs, system maintenance costs and operating costs to support the growth of businesses;
- II. arising of one-off costs such as legal fee on trademark related cost and talent hiring cost to protect Group's intellectual property and support the software development;
- III. higher depreciation on equipment as Group have relocated its headquarter to new office during middle of year and higher amortisation of intangible assets as more developed softwares/features are ready to be in use/commercialized.

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* Utilization RM'000	Proceed Balance RM'000	Estimated Timeframe for utilization upon listing
Research & Development	1,000	780	220	Within 15 months
General working capital	4,150	2,341	1,809	Within 24 months
Office expenses / renovation and new branch offices	1,000	398	602	Within 12 months
Estimated listing expenses	850	850	-	Within 1 month
Total	7,000	4,369	2,631	

*Utilization as at 31.12.2018

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 as follows :-
 (RM 885,000)/ 100,003,340 ordinary shares = (RM 0.88)/Ordinary Share
- (ii) The basic earnings / (loss) per share for the financial year-to-date are computed as follows :-
 (RM 1,955,000)/ 100,003,340 ordinary shares = (RM 1.95)/Ordinary Share