

# RED IDEAS

---

## HOLDINGS BERHAD

### **RED IDEAS HOLDINGS BERHAD**

(Company No : 1234231-M)

(Incorporated in Malaysia)

### **FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019 ("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 2019**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR HALF YEAR 30/6/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD HALF YEAR 30/6/2018 RM'000	CURRENT YEAR 30/6/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2018 RM'000
<b>REVENUE</b>	1,416	802	1,416	802
Cost of Sales	(698)	(552)	(698)	(552)
<b>GROSS PROFIT</b>	718	250	718	250
Other Operating Income	86	30	86	30
Administrative expenses	(1,609)	(1,396)	(1,609)	(1,396)
Listing expenses	-	-	-	-
<b>PROFIT (LOSS) BEFORE TAX</b>	(805)	(1,116)	(805)	(1,116)
Income Tax Expenses	-	-	-	-
<b>PROFIT (LOSS) FOR THE FINANCIAL PERIOD</b>	(805)	(1,116)	(805)	(1,116)
Other Comprehensive Income	(18)	42	(18)	42
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<u>(823)</u>	<u>(1,074)</u>	<u>(823)</u>	<u>(1,074)</u>
<b>PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO</b>				
Owners of the Company	<u>(805)</u>	<u>(1,074)</u>	<u>(805)</u>	<u>(1,074)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO</b>				
Owners of the Company	<u>(823)</u>	<u>(1,074)</u>	<u>(823)</u>	<u>(1,074)</u>
<b>EARNING / (LOSS) PER ORDINARY SHARE (Sen)</b>				
Basic*	<u>(0.80)</u>	<u>(1.12)</u>	<u>(0.80)</u>	<u>(1.12)</u>
Diluted*	<u>(0.80)</u>	<u>(1.12)</u>	<u>(0.80)</u>	<u>(1.12)</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.*

# RED IDEAS HOLDINGS BERHAD

(Company No : 1234231-M)

(Incorporated in Malaysia)

**RED IDEAS**  
HOLDINGS BERHAD

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	UNAUDITED	AUDITED*
	AS AT	AS AT
	30/6/2019	31/12/2018
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	306	323
Intangible Assets	1,282	1,114
Goodwill	1,910	1,910
Right of use**	309	-
	<u>3,807</u>	<u>3,347</u>
<b>Current Assets</b>		
Inventories	280	283
Trade receivables	513	547
Other receivables, deposit and prepayments	309	395
Other investments***	1,689	2,510
Cash and Bank Balances	368	234
	<u>3,159</u>	<u>3,969</u>
<b>TOTAL ASSETS</b>	<u><u>6,966</u></u>	<u><u>7,316</u></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	52	70
Retained Earnings	(4,408)	(3,606)
	<u>5,558</u>	<u>6,378</u>
<b>SHAREHOLDERS' EQUITY</b>		
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<u>5,558</u>	<u>6,378</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Lease Payable	255	-
	<u>255</u>	<u>-</u>
<b>Current Liabilities</b>		
Trade, other payables and accruals	449	507
Lease payable	55	-
Deferred income	649	431
	<u>1,153</u>	<u>938</u>
<b>TOTAL LIABILITIES</b>	<u>1,408</u>	<u>938</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>6,966</u></u>	<u><u>7,316</u></u>
<b>NET ASSETS PER ORDINARY SHARE (RM)*****</b>	<u><u>0.03</u></u>	<u><u>0.04</u></u>

\* Audited financial statements of financial position as at 31 December 2018.

\*\* Lease asset - Rental of office in accordance latest MFRS 16 Leases.

\*\*\* Money market fund investment.

\*\*\*\* Comprise of pre-listing shareholders equity, RM1,000,033.00 and nett public offering equity RM6,714,420.00.  
The nett public offering equity is derived from gross of the proceeds, RM7,000,245.00 after minus the transaction costs, RM285,825.00.

\*\*\*\*\* Based on the total number of ordinary shares of 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 2019

### 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 31.12.2018 /01.01.2019	7,714	2,200	70	(3,606)	6,378
Prior year other Comprehensive Income	-	-	-	3	3
Profit/(Loss) of the financial year	-	-	(18)	(805)	(823)
Balance as at 30.06.2019	<u>7,714</u>	<u>2,200</u>	<u>52</u>	<u>(4,408)</u>	<u>5,558</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

(Company No : 1234231-M)

(Incorporated in Malaysia)

**RED IDEAS**  
HOLDINGS BERHAD

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 1ST HALF YEARLY ENDED 30 JUNE 2019

	(Unaudited)	(Audited)
	CURRENT YEAR-TO- DATE 30/6/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before income tax	(805)	(1,116)
Adjustments for		
Amortisation of Intangible Assets	129	79
Allowance for expected credit losses	22	-
Depreciation of Plant and Equipment	84	52
Intangible assets written off	55	-
Provision for warranty cost	(15)	-
Changes in fair value of other investment	(18)	-
Unrealized nett loss on foreign exchange	(16)	46
Income distributed from financial assets at fair value through profit or loss	(62)	-
Interest income	-	(1)
Operating profit / (loss) before working capital changes	<u>(626)</u>	<u>(940)</u>
Change in working capital		
Inventories	2	(29)
Trade and other receivables	121	(372)
Trade and other payables	154	(28)
Cash generated from / (used in) operations	<u>277</u>	<u>(429)</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>(349)</u>	<u>(1,369)</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(352)	(265)
Purchase of plant and equipment	(66)	(278)
Held for trading investment	-	(4,000)
Disposal of investment	900	769
Net cash used in investing activities	<u>482</u>	<u>(3,774)</u>
<b>Cash flows from financing activities</b>		
Interest received	-	1
Net cash generated from / (used in) financing activities	<u>-</u>	<u>1</u>
Net increase / (decrease) in cash and cash equivalents	133	(5,142)
Effect of exchange translation differences on cash and cash equivalents	-	(3)
Cash and cash equivalent at the beginning of the financial period	<u>235</u>	<u>5,809</u>
Cash and cash equivalents at the end of the financial period	<u>368</u>	<u>664</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.*

A.	EXPLANATORY NOTES TO THE UNAUDITED 1 <sup>ST</sup> HALF YEARLY FINANCIAL REPORTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019
----	--

**A1. BASIS OF PREPARATION**

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”).

The unaudited interim financial statements for the period ended 30 June 2019 should be read in conjunction with the latest audited financial statement for the year ended 31 December 2018 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 2018.

The following standards relevant to the Group up to the date of the issuance of this mandate under half yearly financial statements adopted by the Group are as follows:-

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 16 <i>Leases</i>	Effective : 1 January 2019

The following standards relevant to the Group but have yet to be adopted by the Group are as follows:-

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>B.</b>	<b>ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS</b>
-----------	---

**B1. REVIEW OF PERFORMANCE**

During the six (6) months period ended 30 June 2019 under review, the Group recorded revenue of RM 1,416,000 with the loss before tax (“LBT”) of RM 805,000 as compared to reported revenue of RM 802,000 with the LBT of RM 1,116,000 in corresponding half yearly results ended 30 June 2018. The increase of approximately RM 614,000 in revenue and decrease of RM 311,000 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 last second half yearly of 2018.

However, the group also noted an increase in costs from the following:-

- I. higher system maintenance costs to support the growth of businesses;
- II. arising of lawyer’s retainer fees and software development’s research costs expense-off; and
- III. higher amortisation expenditure of intangible assets as several enhancement features/modules of existing software development are ready/able to commercialize.

**B2. PROSPECTS OF THE GROUP**

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.

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 period under review.

**B5. UTILISATION OF PROCEEDS**

The status of the utilization of the proceeds, RM 7,000,245 are as follows:-

<b>Purposes</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual* Utilisation RM'000</b>	<b>Balance of Proceeds RM'000</b>	<b>Estimated Timeframe for utilization upon listing</b>
Research & Development	1,000	1,000	-	Within 15 months
General working capital	4,150	3,444	706	Within 24 months
Office expenses / renovation and new branch offices	1,000	537	463	Within 12 months
Estimated listing expenses	850	850	-	Within 1 month
<b>Total</b>	<b>7,000</b>	<b>5,831</b>	<b>1,169</b>	

\*Utilization as at 30 June 2019

**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 follow :-  
 $(RM\ 805,000) / 100,003,340\ \text{ordinary shares} = (RM\ 0.80) / \text{Ordinary Share}$
- (ii) The basic earnings / (loss) per share for the preceding year corresponding period as follow:-  
 $(RM\ 1,116,000) / 100,003,340\ \text{ordinary shares} = (RM\ 1.12) / \text{Ordinary Share}$

By order of the Board  
Red Ideas Holdings Berhad

Dato' Wee Hoe Soon @ Gooi Hoe Soon  
Chairman