

# RED IDEAS

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## HOLDINGS BERHAD

### **RED IDEAS HOLDINGS BERHAD**

[Registration No.: 201701020066 (1234231-M)]

(Incorporated in Malaysia)

## **SECOND HALF YEARLY RESULTS FOR THE PERIOD ENDED 31 DECEMBER 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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SECOND HALF-YEAR PERIOD ENDED 31 DECEMBER 2019**

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited	Restated*	Unaudited	Restated*
	Current year	Preceding year corresponding period	Current year	Preceding year corresponding period
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>	1,719	1,139	3,135	1,941
Cost of Sales	(828)	(671)	(1,526)	(1,223)
<b>GROSS PROFIT</b>	891	468	1,609	718
Other Operating Income	81	104	167	134
Administrative expenses	(2,358)	(1,916)	(3,966)	(3,312)
Listing expenses	-	-	-	-
<b>PROFIT (LOSS) BEFORE TAX</b>	(1,386)	(1,344)	(2,190)	(2,460)
Income Tax Expenses	-	-	-	-
<b>PROFIT (LOSS) FOR THE FINANCIAL PERIOD</b>	(1,386)	(1,344)	(2,190)	(2,460)
Other Comprehensive Income	14	(45)	(4)	(3)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	(1,372)	(1,389)	(2,194)	(2,463)
<b>PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO</b>				
Owners of the Company	(1,386)	(1,344)	(2,190)	(2,460)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO</b>				
Owners of the Company	(1,372)	(1,389)	(2,194)	(2,463)
<b>EARNING / (LOSS) PER ORDINARY SHARE (Sen)</b>				
Basic	(1.32) @	(1.34) #	(2.09) @	(2.46) #
Diluted	(1.32)	(1.34)	(2.09)	(2.46)

\* Restated as a result of prior year adjustments made in respect of errors in accounting treatment for business combination in the previous accounting periods.

@ Total number of ordinary shares of 105,003,340 as at 31 December 2019.

# Total number of ordinary shares of 100,003,340 as at 31 December 2018.

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

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	UNAUDITED AS AT 31/12/2019 RM'000	RESTATED* AS AT 31/12/2018 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	323	323
Intangible Assets	2,366	2,428
Right of use**	255	-
	<u>2,944</u>	<u>2,751</u>
<b>Current Assets</b>		
Inventories	164	283
Trade receivables	499	547
Other receivables, deposit and prepayments	328	395
Other investments***	4,630	2,510
Cash and Bank Balances	504	234
	<u>6,125</u>	<u>3,969</u>
<b>TOTAL ASSETS</b>	<u><u>9,069</u></u>	<u><u>6,720</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share Capital		
Ordinary Shares****	11,653	7,714
Redeemable Preference Shares	2,200	2,200
Translation reserve	66	70
Merger reserve	200	200
Retained Earnings	(6,589)	(4,402)
	<u>7,530</u>	<u>5,782</u>
<b>SHAREHOLDERS' EQUITY</b>		
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<u>7,530</u>	<u>5,782</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Lease Payable	146	-
	<u>146</u>	<u>-</u>
<b>Current Liabilities</b>		
Trade, other payables and accruals	477	507
Lease payable	109	-
Deferred income	807	431
	<u>1,393</u>	<u>938</u>
<b>TOTAL LIABILITIES</b>	<u>1,539</u>	<u>938</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>9,069</u></u>	<u><u>6,720</u></u>
<b>NET ASSETS PER ORDINARY SHARE (RM)</b>	@ <u>0.05</u>	# <u>0.04</u>

\* Restated as a result of prior year adjustments made in respect of errors in accounting treatment for business combination in the previous accounting periods

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

\*\*\* Money market fund investment.

\*\*\*\* Position as at 31 December 2019 takes into account net investment proceeds from investor amounting to approximately RM 3.94 millions

@ Total number of ordinary shares of 105,003,340 as at 31 December 2019

# Total number of ordinary shares of 100,003,340 as at 31 December 2018

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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## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND HALF YEARLY ENDED 31 DECEMBER 2019

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY					TOTAL EQUITY
	Non-distributable			Distributable		
	SHARE CAPITAL	REDEEMABLE PREFERENCE SHARES	TRANSLATION RESERVE	MERGER RESERVE	RETAINED EARNINGS	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>AUDITED</b>						
Balance as at 31 December 2018 / 1 January 2019*	7,714	2,200	70	-	(3,606)	6,378
Prior years adjustment**	-	-		200	(796)	(596)
<b>Restated balance as at 31 December 2018 / 1 January 2019</b>	<b>7,714</b>	<b>2,200</b>	<b>70</b>	<b>200</b>	<b>(4,402)</b>	<b>5,782</b>
Prior year other comprehensive income					3	3
New ordinary shares subscription	3,939	-	-	-	-	3,939
Profit/(Loss) of the financial year	-	-	(4)	-	(2,190)	(2,194)
<b>Balance as at 31 December 2019</b>	<b>11,653</b>	<b>2,200</b>	<b>66</b>	<b>200</b>	<b>(6,589)</b>	<b>7,530</b>

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

\*\* Restated as a result of prior year adjustments made in respect of errors in accounting treatment for business combination in the previous accounting periods.

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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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	(Unaudited)	(Restated)*
	Current year	Preceding year corresponding period
	31/12/2019 RM'000	31/12/2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before income tax	(2,190)	(2,460)
Adjustments for		
Amortisation of Intangible Assets	635	539
Allowance for expected credit losses	92	64
Depreciation of Plant and Equipment	242	180
Inventories written off	-	18
Plant and equipment written off	-	25
Intangible assets written off	87	-
Provision for warranty cost	(1)	43
Changes in fair value of other investment	(5)	(23)
Gain on investment	(54)	(3)
Unrealized nett loss on foreign exchange	1	-
Income distributed from financial assets at fair value through profit or loss	(62)	(59)
Interest income	-	(1)
Operating profit / (loss) before working capital changes	<u>(1,255)</u>	<u>(1,677)</u>
Change in working capital		
Inventories	118	(148)
Trade and other receivables	(9)	(706)
Trade and other payables	349	331
Cash generated from / (used in) operations	<u>458</u>	<u>(523)</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>(797)</u>	<u>(2,200)</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(627)	(577)
Purchase of plant and equipment	(242)	(374)
Held for trading investment	(3,500)	(6,500)
Disposal of investment	1,500	4,075
Net cash used in investing activities	<u>(2,869)</u>	<u>(3,376)</u>
<b>Cash flows from financing activities</b>		
Advances from/(to) directors	-	3
Interest received	-	1
Net proceed from new ordinary shares subscription	3,938	-
Net cash generated from / (used in) financing activities	<u>3,938</u>	<u>4</u>
Net increase / (decrease) in cash and cash equivalents	272	(5,572)
Effect of exchange translation differences on cash and cash equivalents	(2)	(3)
Cash and cash equivalent at the beginning of the financial period	<u>234</u>	<u>5,809</u>
Cash and cash equivalents at the end of the financial period	<u>504</u>	<u>234</u>

\*Restated as a result of prior year adjustments made in respect of errors in accounting treatment for business combination in the previous accounting periods

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<sup>nd</sup> HALF YEARLY FINANCIAL REPORTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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”).

This is the second half yearly interim report six (6) months period ended 31 December 2019 under review for the Group’s financial year ended 31 December 2019.

The interim financial statements should be read in conjunction with the latest set of audited financial statement as at 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 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
MFRS 16 <i>Leases</i>	Effective : 1 January 2019

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 3 <i>Definition of a Business</i>	Effective : 1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	Effective : 1 January 2020
Amendments to MFRS 101 <i>Definition of Material</i>	Effective : 1 January 2020
Amendments to MFRS 108 Accounting Policies <i>Definition of Material</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 was an issuance equity securities under a private placement of 5,000,000 new ordinary shares of RM 0.80 each on 22 November 2019 and was subsequently listing in Bursa Malaysia Securities Berhad 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 does not contribute more than 10% of the consolidated assets and liabilities. The Group does not 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 2019 under review, the Group recorded revenue of approximately RM 1.72 million with the loss before tax (“LBT”) of approximately RM 1.39 million as compared to reported revenue of RM 1.14 million with the LBT of RM 1.34 million in corresponding half yearly results ended 31 December 2018. The increase of approximately RM 0.58 million in revenue and marginal increase of RM 0.05 million 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 JaGaCard; and
- III. introduction of new business segment – JaGaRonda which primarily provide service on security guard tracking commenced on last second half yearly of 2019.

However, increase in the following costs resulted in the increase in the LBT during the period under review.

- I. higher system maintenance costs to support the growth of businesses; and
- II. arising of professional fees and software & hardware development’s research costs expense-off;

For the year to date period ended 31 December 2019 (“12M FY2019”), the Group posted revenue of RM 3.14 million with the loss before tax (“LBT”) of RM 2.19 million as compared to reported revenue of RM 1.94 million with the LBT of RM 2.5 million in corresponding period (“12M FY2018”). The increase of approximately RM 1.2 million in revenue and decrease of RM 0.31 million in LBT respectively is primarily attributable to the same reasons above.

**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 with the funding raised from the LEAP Market of Bursa Malaysia Securities Berhad.

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 7,000,245.00 are as follows:-

Purposes	Proposed Utilisation RM'000	Actual* Utilization RM'000	Balance of Proceeds RM'000	Estimated Timeframe for utilization upon listing
Research & Development	1,000	1,000	-	Within 15 months
General working capital	4,150	4,150	-	Within 24 months
Office expenses / renovation and new branch offices	1,000	739	261	Within 12 months
Estimated listing expenses	850	850	-	Within 1 month
<b>Total</b>	<b>7,000</b>	<b>6,739</b>	<b>261</b>	

\*Utilisation as at 31.12.2019

**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 follows :-  
(RM 1,386,000)/ 105,003,340 ordinary shares = (RM 0.0132)/Ordinary Share
- (ii) The basic earnings / (loss) per share for the preceding year corresponding period as follows :-  
(RM 1,344,000)/ 100,003,340 ordinary shares = (RM 0.0134)/Ordinary Share

By the order of the Board  
Red Ideas Holdings Berhad

Dato' Wee Hoe Soon @ Gooi Hoe Soon  
Chairman