

RED IDEAS

HOLDINGS BERHAD

RED IDEAS HOLDINGS BERHAD

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

(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2020 ("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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RED IDEAS
HOLDINGS BERHAD**UNAUDITED FINANCIAL STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020**

	Individual 6 months ended		Cummulative 6 months ended	
	Unaudited	Audited	Unaudited	Audited
	Current year	Preceding year	Current year	Preceding year
	30/6/2020	corresponding	30/6/2020	corresponding
	RM'000	period	RM'000	period
		30/6/2019		30/6/2019
		RM'000		RM'000
REVENUE	1,798	1,416	1,798	1,416
Cost of Sales	(846)	(698)	(846)	(698)
GROSS PROFIT	952	718	952	718
Other Operating Income	188	86	188	86
Administrative expenses	(2,421)	(1,788)	(2,421)	(1,788)
Finance expenses	(9)	-	(9)	-
PROFIT (LOSS) BEFORE TAX	(1,290)	(984)	(1,290)	(984)
Income Tax Expenses	-	-	-	-
PROFIT (LOSS) FOR THE FINANCIAL PERIOD	(1,290)	(984)	(1,290)	(984)
Other Comprehensive Income	(23)	(18)	(23)	(18)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(1,313)	(1,002)	(1,313)	(1,002)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO				
Owners of the Company	(1,290)	(984)	(1,290)	(984)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
Owners of the Company	(1,313)	(1,002)	(1,313)	(1,002)
EARNING / (LOSS) PER ORDINARY SHARE (Sen)				
Basic	(1.23) @	(0.98) #	(1.23) @	(0.98) #
Diluted	(1.23)	(0.98)	(1.23)	(0.98)

@Total number of ordinary shares of 105,003,340 as at 30 June 2020

Total number of ordinary shares of 100,003,340 as at 30 June 2019

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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HOLDINGS BERHAD

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	UNAUDITED	AUDITED
	AS AT 30/6/2020 RM'000	AS AT 31/12/2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	411	323
Intangible Assets	2,482	2,366
Right of use**	181	221
	<u>3,074</u>	<u>2,910</u>
Current Assets		
Inventories	126	164
Trade receivables	443	499
Other receivables, deposit and prepayments	324	364
Other investments***	3,251	4,630
Cash and Bank Balances	632	504
	<u>4,776</u>	<u>6,161</u>
TOTAL ASSETS	<u><u>7,850</u></u>	<u><u>9,071</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital		
Ordinary Shares****	11,653	11,653
Redeemable Preference Shares	2,200	2,200
Translation reserve	43	66
Merger reserve	266	266
Retained Earnings	(7,955)	(6,665)
	<u>6,207</u>	<u>7,520</u>
SHAREHOLDERS' EQUITY		
Non-controlling interest	-	-
TOTAL EQUITY	<u>6,207</u>	<u>7,520</u>
LIABILITIES		
Non-Current Liabilities		
Lease Payable	198	137
	<u>198</u>	<u>137</u>
Current Liabilities		
Trade payables	148	86
Other payables and accruals	419	404
Lease payable	52	93
Provisions	12	24
Deferred income	814	807
	<u>1,445</u>	<u>1,414</u>
TOTAL LIABILITIES	<u>1,643</u>	<u>1,551</u>
TOTAL EQUITY AND LIABILITIES	<u><u>7,850</u></u>	<u><u>9,071</u></u>
NET ASSETS PER ORDINARY SHARE (RM)	@ <u>0.04</u>	# <u>0.05</u>

**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 30 June 2020

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

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 FIRST HALF YEARLY ENDED 30 JUNE 2020

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY

← Non-distributable → Distributable

	SHARE CAPITAL	REDEEMABLE PREFERENCE SHARES	TRANSLATION RESERVE	MERGER RESERVE	RETAINED EARNINGS	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Restated balance as at 31.12.2018/01.01.2019*	7,714	2,200	70	266	(4,468)	5,782
New ordinary shares subscription	3,939	-	-	-	-	3,939
Profit/(Loss) of the financial year	-	-	(4)	-	(2,197)	(2,201)
Balance as at 31.12.2019/01.01.2020**	11,653	2,200	66	266	(6,665)	7,520
Profit/(Loss) of the financial year	-	-	(23)	-	(1,290)	(1,313)
Balance as at 30.06.2020	11,653	2,200	43	266	(7,955)	6,207

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

**Audited financial statements of financial position as at 31 December 2019

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 1st HALF YEARLY FINANCIAL REPORTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

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 first half yearly interim report six (6) months period ended 30 June 2020 under review for the Group’s financial year ending 31 December 2020.

The interim financial statements should be read in conjunction with the latest set of audited financial statement as at 31 December 2019 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 2019.

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
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

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:-

Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	Effective : 1 June 2020
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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 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 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
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B1. REVIEW OF PERFORMANCE

During the six (6) months period ended 30 June 2020 under review, the Group recorded revenue of approximately RM 1.80 million with the loss before tax (“LBT”) of approximately RM 1.29 million as compared to reported revenue of RM 1.42 million with the LBT of RM 0.98 million in corresponding half yearly results ended 30 June 2019.

The marginal increase of approximately RM 0.38 million in revenue is primarily attributable to lower acquisition number of communities/neighbourhood and service providers due to movement restriction amidst the lockdowns in Malaysia since 18 March 2020.

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 private placement proceeds, RM 4 million 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	2,000	504	1,496	Within 24 months
General working capital	1,940	684	1,256	Within 24 months
Estimated placement expenses	60	60	-	Within 1 month
Total	4,000	1,248	2,752	

*Utilisation as at 30.06.2020

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 1,290,000)/ 105,003,340 ordinary shares = (RM 0.0123)/Ordinary Share
- (ii) The basic earnings / (loss) per share for the preceding year corresponding period as follow :-
 (RM 984,000)/ 100,003,340 ordinary shares = (RM 0.0098)/Ordinary Share.

By the order of the Board
 Red Ideas Holdings Berhad

Dato' Wee Hoe Soon @ Gooi Hoe Soon
 Chairman
 25 August 2020