

RED IDEAS

HOLDINGS BERHAD

RED IDEAS HOLDINGS BERHAD

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

(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 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 31 DECEMBER 2020**

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited	Unaudited	Unaudited	Audited
	Current year	Preceding year corresponding period	Current year	Preceding year corresponding period
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
REVENUE	2,105	1,719	3,904	3,135
Cost of Sales	(1,167)	(687)	(2,014)	(1,439)
GROSS PROFIT	938	1,032	1,890	1,696
Other Operating Income	93	84	260	169
Administrative expenses	(2,448)	(2,348)	(4,849)	(4,038)
Finance expenses	(8)	(23)	(17)	(23)
PROFIT (LOSS) BEFORE TAX	(1,425)	(1,255)	(2,716)	(2,196)
Income Tax Expenses	-	-	-	-
PROFIT (LOSS) FOR THE FINANCIAL PERIOD	(1,425)	(1,255)	(2,716)	(2,196)
Other Comprehensive Income	24	(4)	2	(4)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(1,401)	(1,259)	(2,714)	(2,200)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO				
Owners of the Company	(1,425)	(1,255)	(2,716)	(2,196)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
Owners of the Company	(1,401)	(1,259)	(2,714)	(2,200)
EARNING / (LOSS) PER ORDINARY SHARE (Sen)				
Basic	(1.36) @	(1.20) #	(2.59) @	(2.09) #
Diluted	(1.36)	(1.20)	(2.59)	(2.09)

@Total number of ordinary shares of 105,003,340 as at 31 December 2020

Total number of ordinary shares of 105,003,340 as at 31 December 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 31 DECEMBER 2020

	UNAUDITED AS AT 31/12/2020 RM'000	AUDITED AS AT 31/12/2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	322	323
Intangible Assets	2,418	2,366
Right of use**	131	221
	<u>2,871</u>	<u>2,910</u>
Current Assets		
Inventories	119	164
Trade receivables	618	499
Other receivables, deposit and prepayments	127	364
Other investments***	2,420	4,630
Cash and Bank Balances	459	504
	<u>3,743</u>	<u>6,161</u>
TOTAL ASSETS	<u>6,614</u>	<u>9,071</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	68	66
Merger reserve	266	266
Retained Earnings	(9,380)	(6,665)
	<u>4,807</u>	<u>7,520</u>
SHAREHOLDERS' EQUITY		
Non-controlling interest	-	-
TOTAL EQUITY	<u>4,807</u>	<u>7,520</u>
LIABILITIES		
Non-Current Liabilities		
Lease Payable	94	137
	<u>94</u>	<u>137</u>
Current Liabilities		
Trade payables	119	86
Other payables and accruals	476	404
Lease payable	104	93
Provisions	20	24
Deferred income	994	807
	<u>1,713</u>	<u>1,414</u>
TOTAL LIABILITIES	<u>1,807</u>	<u>1,551</u>
TOTAL EQUITY AND LIABILITIES	<u>6,614</u>	<u>9,071</u>
NET ASSETS PER ORDINARY SHARE (RM)	@ <u>0.02</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 31 December 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.

RED IDEAS HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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)	-	(2,196)	(2,200)
Balance as at 31.12.2019/01.01.2020**	11,653	2,200	66	266	(6,664)	7,521
Profit/(Loss) of the financial year	-	-	2	-	(2,716)	(2,714)
Balance as at 31.12.2020	11,653	2,200	68	266	(9,380)	4,807

*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.

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RED IDEAS
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020

	(Unaudited)	(Audited)
	Current year	Preceding year corresponding period
	31/12/2020	31/12/2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before income tax	(2,716)	(2,196)
Adjustments for		
Amortisation of Intangible Assets	762	635
Allowance for expected credit losses	37	92
Depreciation of Plant and Equipment & Right of Use Assets	315	337
Inventories written off	-	-
Plant and equipment written off	-	-
Intangible assets written off	-	55
Provision for warranty cost	9	(1)
Changes in fair value of other investment	(72)	(5)
Gain on investment	(118)	(54)
Unrealized nett loss on foreign exchange	1	(1)
Income distributed from financial assets at fair value through profit or loss	-	(62)
Interest expense on lease liabilities paid	17	23
Interest income	-	-
Operating profit / (loss) before working capital changes	(1,765)	(1,177)
Change in working capital		
Inventories	45	118
Trade and other receivables	42	(13)
Trade and other payables	135	29
Contract liability	186	376
Provision	(4)	(17)
Cash generated from / (used in) operations	404	493
Net cash generated from / (used in) operating activities	(1,361)	(684)
Cash flows from investing activities		
Purchase of intangible assets	(815)	(627)
Purchase of plant and equipment	(223)	(242)
Held for trading investment	(500)	(3,500)
Disposal of investment	2,900	1,500
Net cash used in investing activities	1,362	(2,869)
Cash flows from financing activities		
Advances from/(Repayment to) directors	-	(3)
Interest received	-	-
Net proceed from new ordinary shares subscription	-	3,938
Repayments of lease liabilities	(49)	(109)
Net cash generated from / (used in) financing activities	(49)	3,826
Net increase / (decrease) in cash and cash equivalents	(48)	273
Effect of exchange translation differences on cash and cash equivalents	2	(3)
Cash and cash equivalent at the beginning of the financial period	504	234
Cash and cash equivalents at the end of the financial period	458	504

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 2nd HALF YEARLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020
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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 2020 under review for the Group’s financial year ended 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

The significant accounting policies and presentation adopted for this unaudited interim report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2020, except for the adaption of the following new amendments to MFRSs that are effective for financial year ending 31 December 2021 as disclosed below:

Amendments to MFRS 3 Business Combinations <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 Presentation of Financial Statements <i>Definition of Material</i>	Effective : 1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements <i>Classification of Liabilities as Current or Non-current – Deferral of Effective date</i>	Effective : 17 August 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors <i>Definition of Material</i>	Effective : 1 January 2020
Amendment to MFRS 16 Leases <i>Covid-19-Related Rent Concessions</i>	Effective : 1 June 2020

The following Standards and amendments Standards have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective.

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform – Phase 2</i>	Effective : 1 January 2021
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards <i>Annual Improvements to MFRS Standards 2018-2020</i>	Effective : 1 January 2022
Amendments to MFRS 3 Business Combinations <i>Reference to the Conceptual Framework</i>	Effective : 1 January 2022

Amendments to MFRS 9 Financial Instruments <i>Annual Improvements to MFRS Standards 2018-2020</i>	Effective : 1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment <i>Proceeds before Intended Use</i>	Effective : 1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	Effective : 1 January 2022
Amendments to MFRS 141 Agriculture <i>Annual Improvements to MFRS Standards 2018-2020</i>	Effective : 1 January 2022
MFRS 17 <i>Insurance Contracts</i>	Effective : 1 January 2023

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 financial period under review.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in accounting estimates in the current financial period under review.

A6. DEBT AND EQUITY SECURITIES

There was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period under review.

A7. SEGMENTAL INFORMATION

No reporting segment is presented as the Group is predominantly in the business of community security services through mobile applications. The Group activities are predominantly in Malaysia and the international 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 current financial period under review.

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 under review.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current financial period under review.

A10. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this Unaudited 2nd Half Yearly Report on Consolidated Results for the financial period ended 31 December 2020.

A11. CAPITAL COMMITMENTS

There were no material capital commitments in respect of plant and equipment as at the end of the current financial period under review.

B.	ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS
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B1. REVIEW OF PERFORMANCE

During the six (6) months period ended 31 December 2020 under review, the Group has recorded the revenue of approximately RM 2.105 million with the loss before tax (“LBT”) of approximately RM 1.425 million as compared to the reported revenue of RM 1.719 million with the LBT of RM 1.255 million in the corresponding Half Yearly Report on Consolidated Results for the financial period ended 31 December 2019.

The increase of approximately RM 0.386 million in revenue was primarily attributable to:

- I. higher number of total communities/neighbourhood and service providers; and
- II. increase in the revenue contribution from Partnerships and JaGaCard.

For the year-to-date period ended 31 December 2020, the Group recorded a revenue of RM 3.904 million with the LBT of RM 2.716 million as compared to the reported revenue of RM 3.135 million with the LBT of RM 2.196 million in the corresponding period. The increase of approximately RM 0.769 million in revenue was primarily attributable to the same reasons above.

B2. PROSPECTS OF THE GROUP

As the COVID-19 pandemic continues, the business environment remains to be challenging and uncertain, which has adversely affected the economies for local and global. Despite these uncertainties, the Group has been continuously looking for opportunities to expand the Group’s products and services to enhance the Group’s earnings and improve its financial performance.

The Group remains committed to its core business strategy and to review the sale forces’ commission scheme and marketing strategies to accelerate its customers/ communities acquisition rate and the number of service providers with the funding raised from the LEAP Market of Bursa Securities.

The Group will continuously monitor the impact of COVID-19 pandemic on the operations and financial performance. It will also take appropriate and timely measures to minimise the impact of the outbreak on the Group’s operations.

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 financial period under review.

B5. UTILISATION OF PROCEEDS

The status of the utilisation of the private placement's proceeds, RM 4.00 million are as follows:-

Purposes	Proposed Utilisation RM'000	Actual Utilisation* RM'000	Balance of Proceeds RM'000	Estimated Timeframe for utilization upon listing
Research & Development	2,000	850	1,150	Within 24 months
General working capital	1,940	1,361	579	Within 24 months
Estimated listing expenses	60	60	-	Within 1 month
Total	4,000	2,271	1,729	

Note:

*Utilisation as at 31.12.2020

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 financial period under review.

B8. EARNINGS / (LOSS) PER SHARE

- (i) The basic earnings / (loss) per share for the current financial period under review as follows :-
 (RM 1,425,000)/ 105,003,340 ordinary shares = (RM 0.0136)/Ordinary Share.
- (ii) The basic earnings / (loss) per share for the preceding year corresponding period as follows :-
 (RM 1,255,000)/ 105,003,340 ordinary shares = (RM 0.0120)/Ordinary Share.

By the order of the Board
Red Ideas Holdings Berhad

Dato' Wee Hoe Soon @ Gooi Hoe Soon
Chairman

Date : 26 February 2021