

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 2021 ("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**SUMMARY OF KEY FINANCIAL INFORMATION**
30 JUNE 2021

	Individual 6 months ended		Cummulative 6 months ended	
	Current year	Preceding year corresponding period	Current year	Preceding year corresponding period
	30-06-21 RM'000	30-06-20 RM'000	30-06-21 RM'000	30-06-20 RM'000
1 Revenue	2,055	1,798	2,055	1,798
2 Profit/(loss) before tax	(678)	(1,290)	(678)	(1,290)
3 Profit/(loss) for the period	(678)	(1,290)	(678)	(1,290)
4 Basic earnings/(loss) per share (subunit) (Sen)	(0.65)	(1.23)	(0.65)	(1.23)
5 Proposed/declared dividend per share (subunit)	N/A	N/A	N/A	N/A

	As at End of Current Half Yearly Report	As at preceding financial year end
6 Net assets per share attributable to ordinary equity holders of the parent	0.02	0.02

	Individual 6 months ended		Cummulative 6 months ended	
	Current year	Preceding year corresponding period	Current year	Preceding year corresponding period
	30-06-21 RM'000	30-06-20 RM'000	30-06-21 RM'000	30-06-20 RM'000
1 Gross Interest Income	-	-	-	-
2 Gross Interest Expenses	7	9	7	9

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RED IDEAS
HOLDINGS BERHAD**UNAUDITED FINANCIAL STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2021**

	Individual 6 months ended		Cumulative 6 months ended	
	Unaudited	Audited	Unaudited	Audited
	Current year	Preceding year corresponding period	Current year	Preceding year corresponding period
	30-06-21	30-06-20	30-06-21	30-06-20
	RM'000	RM'000	RM'000	RM'000
REVENUE	2,055	1,798	2,055	1,798
Cost of Sales	(741)	(846)	(741)	(846)
GROSS PROFIT	1,314	952	1,314	952
Other Operating Income	53	188	53	188
Administrative expenses	(2,039)	(2,421)	(2,039)	(2,421)
Finance expenses	(7)	(9)	(7)	(9)
PROFIT (LOSS) BEFORE TAX	(678)	(1,290)	(678)	(1,290)
Income Tax Expenses	-	-	-	-
PROFIT (LOSS) FOR THE FINANCIAL PERIOD	(678)	(1,290)	(678)	(1,290)
Other Comprehensive Income	(35)	(23)	(35)	(23)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>(714)</u>	<u>(1,313)</u>	<u>(714)</u>	<u>(1,313)</u>
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO				
Owners of the Company	<u>(678)</u>	<u>(1,290)</u>	<u>(678)</u>	<u>(1,290)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
Owners of the Company	<u>(714)</u>	<u>(1,313)</u>	<u>(714)</u>	<u>(1,313)</u>
EARNING / (LOSS) PER ORDINARY SHARE (Sen)				
Basic	<u>(0.65) @</u>	<u>(1.23) #</u>	<u>(0.65) @</u>	<u>(1.29) #</u>
Diluted	<u>(0.65)</u>	<u>(1.23)</u>	<u>(0.65)</u>	<u>(1.29)</u>

@Total number of ordinary shares of 105,003,340 as at 30 June 2021

Total number of ordinary shares of 100,003,340 as at 30 June 2020

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 30 JUNE 2021

	UNAUDITED	AUDITED
	AS AT	AS AT
	30-06-21	31-12-20
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	211	260
Intangible Assets	2,380	2,418
Right of use**	136	193
	<u>2,728</u>	<u>2,871</u>
Current Assets		
Inventories	246	119
Trade receivables	519	618
Other receivables, deposit and prepayments	104	127
Other investments***	1,834	2,420
Cash and Bank Balances	254	459
	<u>2,957</u>	<u>3,743</u>
TOTAL ASSETS	<u><u>5,685</u></u>	<u><u>6,614</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	33	68
Merger reserve	266	266
Retained Earnings	(10,059)	(9,380)
	<u>4,093</u>	<u>4,807</u>
SHAREHOLDERS' EQUITY		
Non-controlling interest	-	-
TOTAL EQUITY	<u>4,093</u>	<u>4,807</u>
LIABILITIES		
Non-Current Liabilities		
Lease Payable	83	83
	<u>83</u>	<u>83</u>
Current Liabilities		
Trade payables	71	126
Other payables and accruals	313	469
Lease payable	59	115
Provisions	9	20
Deferred income	1,058	994
	<u>1,509</u>	<u>1,725</u>
TOTAL LIABILITIES	<u>1,592</u>	<u>1,807</u>
TOTAL EQUITY AND LIABILITIES	<u><u>5,685</u></u>	<u><u>6,614</u></u>
NET ASSETS PER ORDINARY SHARE (RM)	@ <u>0.02</u>	# <u>0.02</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 2021

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

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 FIRST HALF YEARLY ENDED 30 JUNE 2021

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 31.12.2019/01.01.2020*	11,653	2,200	66	266	(6,664)	7,521
New ordinary shares subscription	-	-	-	-	-	-
Profit/(Loss) of the financial year	-	-	2	-	(2,716)	(2,714)
Balance as at 31.12.2020/01.01.2021**	11,653	2,200	68	266	(9,380)	4,807
Profit/(Loss) of the financial year	-	-	(35)	-	(678)	(714)
Balance as at 30.06.2021	11,653	2,200	33	266	(10,058)	4,093

*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 2020

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
HOLDINGS BERHAD**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST HALF YEARLY ENDED 30 JUNE 2021**

	(Unaudited)	(Audited)
	Current year	Preceding year corresponding period
	30-06-21 RM'000	30-06-20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before income tax	(678)	(1,290)
Adjustments for		
Amortisation of Intangible Assets	442	352
Allowance for expected credit losses	8	51
Depreciation of Plant and Equipment & Right of Use Assets	108	148
Inventories written off		-
Plant and equipment written off		-
Intangible assets written off		35
Provision for warranty cost	(9)	(7)
Changes in fair value of other investment	26	(56)
Gain on investment	(39)	(66)
Unrealized nett loss on foreign exchange	(42)	(22)
Income distributed from financial assets at fair value through profit or loss	-	-
Interest expense on lease liabilities paid	7	9
Interest income	-	-
Operating profit / (loss) before working capital changes	<u>(179)</u>	<u>(846)</u>
Change in working capital		
Inventories	(127)	39
Trade and other receivables	113	44
Trade and other payables	(217)	77
Contract liability	64	6
Provision	(2)	(4)
Cash generated from / (used in) operations	<u>(168)</u>	<u>162</u>
Net cash generated from / (used in) operating activities	<u>(347)</u>	<u>(684)</u>
Cash flows from investing activities		
Purchase of intangible assets	(403)	(504)
Purchase of plant and equipment	(4)	(129)
Held for trading investment		(500)
Disposal of investment	600	2,000
Net cash used in investing activities	<u>193</u>	<u>867</u>
Cash flows from financing activities		
Advances from/(to) directors	5	1
Interest received	-	-
Net proceed from new ordinary shares subscription	-	-
Repayments of lease liabilities	(63)	(56)
Net cash generated from / (used in) financing activities	<u>(58)</u>	<u>(55)</u>
Net increase / (decrease) in cash and cash equivalents	(212)	128
Effect of exchange translation differences on cash and cash equivalents	7	-
Cash and cash equivalent at the beginning of the financial period	<u>459</u>	<u>504</u>
Cash and cash equivalents at the end of the financial period	<u>254</u>	<u>632</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 1st HALF YEARLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021
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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 first half yearly interim report six (6) months period ended 30 June 2021 under review for the Group’s financial year ended 31 December 2021.

The interim financial statements should be read in conjunction with the latest set of audited financial statement as at 31 December 2020 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 statement, the accounting policies adopted are consistent with those disclosed in the latest set of audited financial statement as at 31 December 2020.

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:-

Amendment to MFRS 16 Leases <i>Covid-19-Related Rent Concessions</i>	Effective : 1 June 2020
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

The adoption of the above did not have any material effect on the financial performance or position of the Group.

The Group has not applied in advance the new Standards, amendments to published standards and IC interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective.

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 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 under review.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

During the six (6) months period ended 30 June 2021 under review, the Group has recorded the revenue of approximately RM 2.055 million with the loss before tax (“LBT”) of approximately RM 0.678 million as compared to the reported revenue of RM 1.798 million with the LBT of RM 1.29 million in the corresponding Half Yearly Report on Consolidated Results for the financial period ended 30 June 2020.

The increase of approximately RM 0.257 million in revenue was primarily attributable to:

- I. Increase number of total communities/neighbourhood and service providers; and
- II. increase in the revenue contribution from the up-selling of products to existing sites.

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.

Despite being in lockdown for the majority of the first half year 2021, the group managed to post a 14% increase in revenue for the period. Going forwards, the group continues to remain focused on looking for opportunities to expanding its products and services and improve its financial performance.

The group remains committed to its core business strategy and prioritizes product development and continuous enhancement as the market for digitized solutions to property management remains in demand especially highlighted by the COVID-19 pandemic and the continuous lockdowns.

The group has taken action and will continue to 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 Utilisation upon placement
Research & Development	2,000	1,292	708	Within 24 months
General working capital	1,940	1,669	271	Within 24 months
Estimated listing expenses	60	60	-	Within 1 month
Total	4,000	2,961	979	

Note:

*Utilisation as at 30.06.2021

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 678,000)/ 105,003,340 ordinary shares = (RM 0.0065)/Ordinary Share
- (ii) The basic earnings / (loss) per share for the preceding year corresponding period as follows :-
 (RM 1,290,000)/ 105,003,340 ordinary shares = (RM 0.0123)/Ordinary Share

By the order of the Board
Red Ideas Holdings Berhad

Dato' Wee Hoe Soon @ Gooi Hoe Soon
 Chairman
 Date : 15 September 2021