

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 2023
("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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(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	UNAUDITED	AUDITED
	AS AT	AS AT
	31/12/2023	31/12/2022
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	91	131
Intangible assets	422	2,214
Right of use**	55	165
	<u>567</u>	<u>2,510</u>
Current Assets		
Inventories	147	126
Trade receivables	455	468
Other receivables, deposit and prepayments	133	145
Other investments***	1,089	1,327
Cash and bank balances	276	582
	<u>2,099</u>	<u>2,648</u>
TOTAL ASSETS	<u>2,666</u>	<u>5,158</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	72	55
Merger reserve	266	266
Retained earnings	(13,850)	(11,312)
	<u>341</u>	<u>2,862</u>
SHAREHOLDERS' EQUITY		
Non-controlling interest	-	-
TOTAL EQUITY	<u>341</u>	<u>2,862</u>
LIABILITIES		
Non-Current Liabilities		
Lease payables	19	58
	<u>19</u>	<u>58</u>
Current Liabilities		
Trade payables	86	35
Other payables and accruals	491	447
Lease payables	37	114
Provisions	61	127
Deferred income	1,631	1,516
	<u>2,307</u>	<u>2,239</u>
TOTAL LIABILITIES	<u>2,325</u>	<u>2,296</u>
TOTAL EQUITY AND LIABILITIES	<u>2,666</u>	<u>5,158</u>
NET ASSETS PER ORDINARY SHARE (RM)	@ <u>(0.02)</u>	# <u>0.01</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 2023

Total number of ordinary shares of 105,003,340 as at 31 December 2022

Notes:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 of the Group and the accompanying explanatory notes attached to this interim financial report.

(2) RM 1,522,450 of Intangible Assets has been impaired, and an additional RM 437,265 of Intangible Assets incurred in the year 2023 has been recognized as expenses.

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(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited	Audited	Unaudited	Audited
	Current year	Preceding year corresponding period	Current year	Preceding year corresponding period
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
REVENUE	2,702	2,423	5,268	4,714
Cost of Sales	(1,098)	(842)	(2,067)	(1,635)
GROSS PROFIT	1,603	1,581	3,201	3,079
Other Operating Income	45	32	118	33
Administrative expenses	(3,735)	(1,920)	(5,871)	(3,858)
Finance expenses	(3)	(9)	(8)	(12)
PROFIT / (LOSS) BEFORE TAX	(2,089)	(316)	(2,560)	(759)
Income Tax Expenses	22	(108)	22	(108)
PROFIT / (LOSS) FOR THE FINANCIAL PERIOD	(2,067)	(425)	(2,538)	(867)
Other Comprehensive Income	4	10	17	19
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(2,064)	(415)	(2,521)	(848)
PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO				
Owners of the Company	(2,067)	(425)	(2,538)	(867)
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO				
Owners of the Company	(2,064)	(415)	(2,521)	(848)
EARNINGS / (LOSS) PER ORDINARY SHARE (CENTS)				
Basic	(1.97) @	(0.40) #	(2.42) @	(0.83) #
Diluted	(1.97)	(0.40)	(2.42)	(0.83)

@Total number of ordinary shares of 105,003,340 as at 31 December 2023

Total number of ordinary shares of 105,003,340 as at 31 December 2022

Notes:

(1) The Company had on 22 February 2024 announced the change of its financial year end from 31 December to 30 June.

(2) The basis of preparation of the Unaudited Condensed Consolidated Statements of Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 of the Group and the accompanying explanatory notes attached to this interim financial report.

(3) RM 1,522,450 of Intangible Assets has been impaired, and an additional RM 437,265 of Intangible Assets incurred in the year 2023 has been recognized as expenses.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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 31.12.2021/01.01.2022*	11,653	2,200	36	266	(10,445)	3,710
New ordinary shares subscription	-	-	-	-	-	-
Profit / (Loss) of the financial year	-	-	19	-	(867)	(848)
Balance as at 31.12.2022/01.01.2023**	11,653	2,200	55	266	(11,312)	2,862
Profit / (Loss) of the financial year	-	-	17	-	(2,538)	(2,521)
Balance as at 31.12.2023	11,653	2,200	72	266	(13,850)	341

*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 2022

The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 of the Group and the accompanying explanatory notes attached to this interim financial report.

RED IDEAS HOLDINGS BERHAD

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(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	(Unaudited)	(Audited)
	Current year	Preceding year corresponding period
	31/12/2023	31/12/2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(2,560)	(759)
Adjustments for:		
Amortisation of intangible assets	570	894
Allowance for expected credit losses	(41)	(74)
Depreciation of plant and equipment & right of use assets	167	215
Bad debts written off	47	68
Intangible assets written off	1,522	2
Plant and equipment written off	1	-
Provision for warranty cost	11	21
Changes in fair value of other investment	(27)	(26)
Gain on disposal of plant & equipment	-	(1)
Gain on investment	(35)	(2)
Unrealized net loss on foreign exchange	(18)	20
Income tax paid	(70)	(13)
Interest expense on lease liabilities paid	8	12
Operating (loss) / profit before working capital changes	(423)	357
Change in working capital		
Inventories	(21)	22
Trade and other receivables	19	4
Trade and other payables	118	105
Contract liability	116	414
Provision	(8)	(11)
Cash generated from operations	224	534
Net cash (used in) / generated from operating activities	(199)	891
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(301)	(818)
Purchase of plant and equipment & right of use assets	(18)	(40)
Disposal of fixed asset	-	1
Disposal of investment	300	350
Net cash used in investing activities	(19)	(507)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1)	(12)
Repayment of lease liabilities	(122)	(112)
Net cash used in financing activities	(123)	(124)
Net (decrease) / increase in cash and cash equivalents	(342)	260
Effects of exchange translation differences on cash and cash equivalents	35	(1)
Cash and cash equivalents at the beginning of the financial period	582	323
Cash and cash equivalents at the end of the financial period	276	582

*Audited financial statements of financial position as at 31 December 2022

The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Report and Financial Statements for the financial year ended 31 December 2022 of the Group and the accompanying explanatory notes attached to this interim financial report.

A. EXPLANATORY NOTES TO THE UNAUDITED HALF YEARLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

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 interim financial report on the consolidated results for the half-year ended 31 December 2023 announced by the Company in compliance with Rule 6.12 of the LEAP Market Listing Requirements of Bursa Securities (“**Listing Requirements**”).

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited consolidated financial statements for the financial year ended 31 December 2022:

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:-

MFRSs	Effective Date
Amendments to MFRS 101 Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Definition of Accounting Estimates	1 January 2023

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

The Group has not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by Malaysian Accounting Standard Board but are not yet effective for the Group:

MFRSs	Effective Date
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2024

A3. SEASONAL OR CYCLICAL FACTORS

The Group's operations were not affected by seasonal or cyclical factors for the current financial 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

The Company's wholly owned dormant subsidiary, namely Red Ideas Indonesia Sdn Bhd has submitted the documents on application for strike off dated 10 July 2023 to the Registrar of Companies on 11 July 2023 and the striking off was successfully dissolved as of 13th December 2023.

The financial result of the abovementioned subsidiary is insignificant and will not have any material impact on the earnings and net assets of the Group for the financial period ending 31 December 2023.

Save for the above, there were no other changes in the composition of the Group that have not been reflected in this interim financial report.

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 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 2023 under review, the Group has recorded the revenue of approximately RM 2.702 million with the loss before tax ("LBT") of approximately RM 2.089 million as compared to the reported revenue of RM 2.423 million with the LBT of RM 0.316 million in the corresponding Half Yearly Report on Consolidated Results for the financial period ended 31 December 2022.

The increase of approximately RM 0.279 million in revenue was primarily attributable to:

- I. Increase number of total communities/neighbourhoods and service providers;
- II. Increase in the revenue contribution from the up-selling of products to existing sites; and
- III. Increase in Partnership performance for the period.

B2. PROSPECTS OF THE GROUP

The management remains focused on the core business of the group, continuing to enhance both its products features and functions and increasing its offerings to both its existing customers and potential customers alike.

The group is committed to continue executing the plans planned for the year and which has already proven to show positive financial impact to the group in the 2023.

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 as at the date of this financial report.

B5. UTILISATION OF PROCEEDS

There was no any utilisation of proceeds as there were no additional funds raised during the financial period under review.

B6. MATERIAL LITIGATION

The Company was not engaged in any material litigation as at the date of this financial report.

B7. DIVIDEND PROPOSED

There were no dividend 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 :-
 $(RM\ 2,538,000) / 105,003,340\ \text{ordinary shares} = (RM\ 2.42) / \text{Ordinary Share}$
- (ii) The basic earnings / (loss) per share for the preceding year corresponding period as follows :-
 $(RM\ 2,067,000) / 105,003,340\ \text{ordinary shares} = (RM\ 1.97) / \text{Ordinary Share}$

By the order of the Board
Red Ideas Holdings Berhad

Dato' Yong Lei Choo
Chairperson
Date : 29 February 2024