

RED IDEAS

HOLDINGS BERHAD

Red Ideas Holdings Berhad (1234231-M)
(Incorporated in Malaysia)

Audited Financial
Statements
2018

RED IDEAS HOLDINGS BERHAD (1234231-M)
(Incorporated in Malaysia)

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Company No: 1234231-M

RED IDEAS HOLDINGS BERHAD (1234231-M)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors of **RED IDEAS HOLDINGS BERHAD**, have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period from 7 June 2017 (date of incorporation) to 31 December 2017.

INCORPORATION AND COMMENCEMENT OF OPERATIONS

The Company was incorporated on 7 June 2017 under the Companies Act 2016 and commenced operations on 25 July 2017.

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

CONVERSION OF COMPANY STATUS

The Company was converted from a private company to a public company on 21 September 2017 by a special resolution dated 18 September 2017 and the name of the Company be altered from Red Ideas Holdings Sdn. Bhd. to Red Ideas Holdings Berhad.

RESULTS

	Group RM	Company RM
Loss for the financial period	<u>1,504,137</u>	<u>653,975</u>
Attributable to: Owners of the Company	<u>1,504,137</u>	<u>653,975</u>

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the date of incorporation. The Directors also do not recommend any dividend payment in respect of the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period under review.

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company issued the following new shares:

Class	No. of shares	Term of issue	Purposes
Ordinary shares	3	Cash at RM1.00 each	Subscribers' shares
Ordinary shares	240	1 existing share for 80 new shares at RM0.0125 each	Subdivision of subscribers' shares
Ordinary shares	80,002,400	Cash at RM0.0125 each	Acquisition of subsidiaries
Redeemable preference shares	2,200,000	Cash at RM1.00 each	Settlement of director's advances
Ordinary shares	20,000,700	Cash at RM0.35 each	Working capital

These new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

SHARE OPTIONS

No options have been granted by the Company to any person during the financial period to take up unissued shares of the Company.

No shares have been issued during the financial period by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial period, there were no unissued shares of the Company under option.

DIRECTORS

The directors in office during the financial period and during the period from the end of the financial period to date of the report are:

Ignatius Ho Tzin Sung	First director
Foo Kah Seong	First director
Loke Tan Chung	First director
Dato' Wee Hoe Soon @ Gooi Hoe Soon	Appointed on 24.7.2017
Lim Kee Choon	Appointed on 24.7.2017

The person who is a director of the subsidiaries of the Company during the financial period (not including those directors listed above) is Chan Jen Sze.

DIRECTORS' BENEFITS

Since the date of incorporation, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefits shown under directors' remunerations) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of financial year, no arrangement subsisted to which the Company was a party with the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the register of directors' shareholding under section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial period in the ordinary shares of the Company during the financial period are as follows:

	Number of Shares			As at 31.12.2017
	As at 7.6.2017	Subdivided /Allotted	Sold	
Direct interest – ordinary shares:				
Ignatius Ho Tzin Sung	1	21,600,674	-	21,600,675
Foo Kah Seong	1	21,600,674	-	21,600,675
Loke Tan Chung	1	25,200,694	-	25,200,695
Dato' Wee Hoe Soon @ Gooi Hoe Soon	-	8,000,595	-	8,000,595
Direct interest – redeemable preferences shares:				
Loke Tan Chung	-	2,200,000	-	2,200,000

By virtue of the abovementioned directors' interest in the Company, these directors are also deemed to have interests in the subsidiaries of the Company to the extent of the Company's interest in the subsidiaries.

None of the other director in office at the end of the financial period has interest in shares of the Company and related corporations, during the financial period ended 31 December 2017.

DIRECTORS' REMUNERATIONS

The details of the remunerations of the Directors of the Company comprising remunerations received / receivable from the Group and the Company during the financial period are as follows:

	Group RM	Company RM
Fees	54,561	39,000
Emoluments	200,000	-
EPF contributions	24,000	-
Other benefits	552	-
	<u>279,113</u>	<u>39,000</u>

None of the directors of the Company have received any other benefits other than in cash from the Company during the financial period.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors during the financial period.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been the director, officer or auditor of the Group and the Company.

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 7 to the financial statements.

AUDITORS' REMUNERATIONS

The details of the auditors' remuneration are disclosed in Note 17 to the financial statements.

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and are satisfied themselves that all known bad debts have been written off and adequate allowance for doubtful debts has been made; and
- (b) to ensure that any current assets, which were unlikely to realise in the ordinary course of business including the values of current assets as shown in the accounting records of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amounts stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

In the opinion of the Directors:

- (a) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
- (b) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial period in which this report is made.

Company No: 1234231-M

AUDITORS

The auditors, Messrs. McMillan Woods Mea, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 April 2018.

IGNATIUS HO TZIN SUNG

FOO KAH SEONG

Company No: 1234231-M

RED IDEAS HOLDINGS BERHAD (1234231-M)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, **IGNATIUS HO TZIN SUNG** and **FOO KAH SEONG**, being two of the Directors of **RED IDEAS HOLDINGS BERHAD**, state that in the opinion of the Directors, the financial statements set out on pages 12 to 46 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial period from 7 June 2017 (date of incorporation) to 31 December 2017.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 April 2018.

IGNATIUS HO TZIN SUNG

FOO KAH SEONG

STATUTORY DECLARATION
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **IGNATIUS HO TZIN SUNG**, the Director primarily responsible for the financial management of **RED IDEAS HOLDINGS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 12 to 46 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed}
IGNATIUS HO TZIN SUNG at Petaling Jaya in}
Selangor on 27 April 2018 }

IGNATIUS HO TZIN SUNG

Before me,

Commissioner for Oaths

McMillan Woods Mea (AF 1995)

CHARTERED ACCOUNTANTS

208 Block C, Phileo Damansara I, 9 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor. Tel: 03-76884579 / 4580 Fax: 03-76884579

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RED IDEAS HOLDINGS BERHAD (1234231-M) (Incorporated in Malaysia)

Report on the Financial Statements

Opinion

We have audited the financial statements of Red Ideas Holdings Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 7 June 2017 (date of incorporation) to 31 December 2017 and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 46.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and cash flows for the financial period from 7 June 2017 (date of incorporation) to 31 December 2017 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements Section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT (Contd.)
TO THE MEMBERS OF RED IDEAS HOLDINGS BERHAD (1234231-M)
(Incorporated in Malaysia)**

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Intangible Assets Impairment and Review

Under MFRS 136, the carrying amount of the intangible assets amounting to RM2,628,070 as at 31 December 2017 is required to be tested for impairment at least annually.

The Group's accounting policies for intangible assets are disclosed in Note 3.2 to the financial statements.

This assessment requires the exercise of significant judgement about future market conditions including growths rates and discount rates. The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 5 to the financial statements.

Our audit procedure and response

Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment review. These procedures included challenging cash flow forecasts used, checking the computations thereof and comparison to recent performance.

We have also assessed and validated the adequacy and appropriateness of the disclosure in the financial statements.

**INDEPENDENT AUDITORS' REPORT (Contd.)
TO THE MEMBERS OF RED IDEAS HOLDINGS BERHAD (1234231-M)**
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon. Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT (Contd.)
TO THE MEMBERS OF RED IDEAS HOLDINGS BERHAD (1234231-M)
(Incorporated in Malaysia)**

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITORS' REPORT (Contd.)
TO THE MEMBERS OF RED IDEAS HOLDINGS BERHAD (1234231-M)**
(Incorporated in Malaysia)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

McMillan Woods Mea
AF 1995
Chartered Accountants

Mea Fatt Leong
1346/8/19 (J)
Chartered Accountant

Petaling Jaya
27 April 2018

RED IDEAS HOLDINGS BERHAD (1234231-M)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Group 2017 RM	Company 2017 RM
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	5	2,628,070	-
Plant and equipment	6	154,275	-
Investment in subsidiaries	7	-	1,000,030
Amounts due from subsidiaries	8	-	3,417,230
		<u>2,782,345</u>	<u>4,417,260</u>
CURRENT ASSETS			
Inventories	9	152,615	-
Trade receivables	10	264,356	-
Other receivables, deposits and prepayments	11	35,591	1,625
Cash and bank balances		<u>5,809,364</u>	<u>4,926,603</u>
		<u>6,261,926</u>	<u>4,928,228</u>
TOTAL ASSETS		<u><u>9,044,271</u></u>	<u><u>9,345,488</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	12	9,914,453	9,914,453
Translation reserve	13	72,714	-
Accumulated loss		<u>(1,504,137)</u>	<u>(653,975)</u>
Net Equity		<u>8,483,030</u>	<u>9,260,478</u>
CURRENT LIABILITIES			
Sundry payables and accruals	14	<u>561,241</u>	<u>85,010</u>
TOTAL LIABILITIES		<u>561,241</u>	<u>85,010</u>
TOTAL EQUITY AND LIABILITIES		<u><u>9,044,271</u></u>	<u><u>9,345,488</u></u>

See accompanying Notes to the financial statements

RED IDEAS HOLDINGS BERHAD (1234231-M)
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 7 JUNE 2017 (DATE OF INCORPORATION)
TO 31 DECEMBER 2017**

	Note	Group 2017 RM	Company 2017 RM
Revenue	16	338,259	-
Cost of sales		<u>(287,230)</u>	<u>-</u>
Gross profit		51,029	-
Other income		6,224	-
Administrative expenses		<u>(1,561,390)</u>	<u>(653,975)</u>
Loss from operations		(1,504,137)	(653,975)
Finance cost		-	-
Loss before tax	17	<u>(1,504,137)</u>	<u>(653,975)</u>
Income tax	18	-	-
Loss for the financial period		(1,504,137)	(653,975)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Currency translation difference for a foreign subsidiary		72,714	-
Total comprehensive loss for the financial period		<u>(1,431,423)</u>	<u>(653,975)</u>
Loss for the financial period attributable to:			
Owners of the Company		<u>(1,504,137)</u>	<u>(653,975)</u>
Total comprehensive loss for the financial period attributable to:			
Owners of the Company		<u>(1,431,423)</u>	<u>(653,975)</u>
Loss per ordinary share			
Basic loss per ordinary share (sen)	19(a)	<u>(2.83)</u>	
Diluted loss per ordinary share (sen)	19(b)	<u>(2.83)</u>	

See accompanying Notes to the financial statements

Company No: 1234231-M

RED IDEAS HOLDINGS BERHAD (1234231-M)
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 7 JUNE 2017 (DATE OF INCORPORATION) TO 31 DECEMBER 2017**

Group	Note	Attributable to Owners of the Company			
		Non-distributable Share Capital RM	Translation Reserve RM	Distributable Accumulated Loss RM	Net Equity RM
As at 7.6.2017 (Date of incorporation)		3	-	-	3
Loss for the financial period		-	-	(1,504,137)	(1,504,137)
Other comprehensive income					
Currency translation difference for a foreign subsidiary		-	72,714	-	72,714
Total comprehensive loss for the financial period		-	72,714	(1,504,137)	(1,431,423)
Issue of shares	12	10,200,275	-	-	10,200,275
Transaction costs of shares issue	12	(285,825)	-	-	(285,825)
Total transactions with owners		9,914,450	-	-	9,914,450
As at 31.12.2017		<u>9,914,453</u>	<u>72,714</u>	<u>(1,504,137)</u>	<u>8,483,030</u>

See accompanying Notes to the financial statements

RED IDEAS HOLDINGS BERHAD (1234231-M)
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 7 JUNE 2017 (DATE OF INCORPORATION)
TO 31 DECEMBER 2017**

Company	Note	Attributable to Owners of the Company		
		Non-distributable Share Capital RM	Distributable Accumulated Loss RM	Net Equity RM
As at 7.6.2017 (Date of incorporation)		3	-	3
Loss / Total comprehensive loss for the financial period		-	(653,975)	(653,975)
Issue of shares	12	10,200,275	-	10,200,275
Transaction costs of shares issue	12	(285,825)	-	(285,825)
Total transactions with owners		9,914,450	-	9,914,450
As at 31 December 2017		<u>9,914,453</u>	<u>(653,975)</u>	<u>9,260,478</u>

See accompanying Notes to the financial statements

RED IDEAS HOLDINGS BERHAD (1234231-M)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 7 JUNE 2017 (DATE OF INCORPORATION)
TO 31 DECEMBER 2017

	Note	Group 2017 RM	Company 2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,504,137)	(653,975)
Adjustments for:			
Amortization of intangible assets	5	143,204	-
Depreciation	6	54,335	-
Waiver of debt by a director		(6,224)	-
Operating loss before changes in working capital		<u>(1,312,822)</u>	<u>(653,975)</u>
Increase in inventories		(78,578)	-
Decrease / (increase) in receivables		11,634	(1,625)
(Decrease) / increase in payables		<u>(1,932,265)</u>	<u>85,010</u>
Net cash used in operating activities		<u>(3,312,031)</u>	<u>(570,590)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to intangible assets	5	(368,648)	-
Additions to plant and equipment	6	(52,352)	-
Acquisition of subsidiaries, net of cash acquired	7(b)	625,110	-
Increase in amount due from subsidiaries		-	<u>(3,417,230)</u>
Net cash from / (used in) investing activities		<u>204,110</u>	<u>(3,417,230)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Net proceeds from issuance of shares		<u>8,914,420</u>	<u>8,914,420</u>
Net cash generated from financing activity		<u>8,914,420</u>	<u>8,914,420</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Effects of exchange rate changes		2,862	-
Balance at date of incorporation		3	3
Balance at end of the financial period		<u>5,809,364</u>	<u>4,926,603</u>
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash and bank balances		<u>5,809,364</u>	<u>4,926,603</u>
		<u>5,809,364</u>	<u>4,926,603</u>

See accompanying Notes to the financial statements

RED IDEAS HOLDINGS BERHAD (1234231-M)

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 7 JUNE 2017 (DATE OF INCORPORATION)
TO 31 DECEMBER 2017**

1. GENERAL INFORMATION

The Company was incorporated on 7 June 2017 under the Companies Act 2016 as a private limited company and domiciled in Malaysia. The Company was converted from a private company to a public company on 21 September 2017 by a special resolution dated 18 September 2017 and the name of the Company be altered from Red Ideas Holdings Sdn. Bhd. to Red Ideas Holdings Berhad.

The Company is listed on the LEAP Market of Bursa Malaysia Securities Berhad.

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The registered office of the Company is located at 54B, Damai Complex, Jalan Lumut, 50400 Kuala Lumpur.

The principal place of business of the Company is located at Unit 606, Block G, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Seksyen 16, 46350 Petaling Jaya, Selangor.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated in Note 3 to the financial statements. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(c) Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Group’s and the Company’s functional currency.

(d) Use of Estimate and Judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires the Directors’ best knowledge of current events and actions, and therefore actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

2. BASIS OF PREPARATION (Contd.)

(e) Adoption of New and Amendments to MFRS

The Group and the Company had adopted the following new MFRS and amendments to MFRS for the current financial period:

MFRSs and Amendments to MFRSs		Effective for Financial Periods Beginning On or After
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 12	Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)	1 January 2017

The adoption of the above accounting standards and amendments do not have any material impact on the financial statements of the Group and of the Company.

(f) New and Amendments to MFRS / IC Interpretations Issued But Not Yet Effective

The new MFRSs, amendments to MFRSs and IC interpretations relevant to the Group and the Company that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below:

MFRSs, Amendments to MFRSs and IC Interpretations		Effective for Financial Periods Beginning On or After
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
Amendments to MFRS 128	Measuring an Associate or Joint Venture at Fair Value (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 9	Financial Instruments	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019

The adoption of above standards and interpretations when become effective will have no material impact on the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. Control exists when the Group is exposed or entitled to variable return from involvement with the entities and has the ability to affect those returns through its power over the entities. The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of controls as mentioned above. In assessing control, potential voting rights that are presently exercisable are taken into account. Furthermore, with potential voting rights in place, the Group is able to govern the financial and operating activities of the entities with the influence obtained from the potential voting rights inherently. Hence, this allows the Group to maintain its control and ability to govern the entities in place.

Investments in subsidiaries are measured in the Company's financial statement of position at cost less impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group measure goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.1 Basis of Consolidation (Contd.)

(iii) Accounting for changes in proportion held by non-controlling interest

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognised the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the equity accounted associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.1 Basis of Consolidation (Contd.)

(vi) Non-controlling interests

Non-controlling interests at the end of the financial year, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

The losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Intangible Assets

(i) Goodwill

Goodwill arises on business combination is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Goodwill acquired in a business combination is from the acquisition date, allocated to each of the cash-generating units ("CGU") or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.2 Intangible Assets (Contd.)

(ii) Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in profit or loss as incurred.

Expenditure incurred on development projects (relating to the design and testing of new and improved know-how on mobile applications) are recognised as intangible asset when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use it or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset is available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

The expenditure capitalised includes the cost of materials, direct labour and overheads cost that are directly attributable to preparing the asset for its intended use. Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Capitalised development costs recognised as intangible asset are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding 5 years.

(iii) Trademark

Trademark consists of the Company's brand name and the directors are of the opinion that there is a definite useful life based on the Company's current product market feasibility. The trademark is stated at costs less any accumulated amortisation and accumulated impairment losses. The trade mark is amortised using straight line basis at 20% per annum.

(iv) Computer Software

Costs that are directly associated with identifiable and unique software products which do not form an integral part of the related hardware, controlled by the Company and that the expected future economic benefits attributable to the asset would flow to the Company are recognised as intangible assets.

Computer software acquired separately is measured initially at cost. Following initial acquisition, computer software is measured at cost less any accumulated amortisation and accumulated impairment losses. The computer software is amortised using straight-line basis at 40% per annum.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.3 Plant and Equipment

All items of plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. After initial recognition, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the combining entities and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the combining entities are obligated to incur when the asset is acquired, if applicable.

Depreciation is calculated under the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Depreciation of an asset begins when it is ready for its intended use.

The principal annual depreciation periods are as follows:

Office equipment	40%
Renovation	20%
Furniture and fittings	10%
Guard device	20%

At the end of each reporting period, the carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that carrying value may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.4 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

3.5 Inventories

Inventories are measured at the lower of cost and net realisable value after adequate allowances has been made for damaged, obsolete and slow moving items. Cost is principally determined on the weighted average basis.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

3.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and at bank, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.7 Financial Assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to cash flow from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.8 Impairment of Financial Assets

The Group and the Company assess at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Trade and other receivables carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3.9 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow economic resource will be required to settle the obligation, the provision is reversed. If the effect if the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.10 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables, and amount due to directors.

Trade and other payables and amount due to directors are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.11 Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

- (i) Issue expenses
Costs directly attributable to the issue of instruments classified at equity are recognised as a deduction from equity.
- (ii) Ordinary shares
Ordinary shares are classified as equity.
- (iii) Preference share capital
Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

- (iv) Distributions of assets to owners of the Company
The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount to the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the carrying amount of the assets distributed and the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.12 Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares (“EPS”).

(i) Basic

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period, adjusted for own shares held.

(ii) Diluted

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for owned shares held, for the effects of all dilutive potential ordinary shares.

3.13 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group’s activities. Revenue is shown net of tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the Company and the amount of the revenue can be measured reliably.

(i) Sales of goods

Revenue relating to sale of goods is recognised upon the transfer of significant risks and reward of ownership of the goods to the customers.

(ii) Services

Revenue from services rendered is recognised as and when the services are performed over the contractual period.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

3.14 Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are initially translated at the exchange rate at the dates of the transactions.

At the reporting date, foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at the exchange rate ruling at that date. Exchange differences arising on the settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates at the date of the transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.14 Foreign Currencies (Contd.)

(ii) Net investment in a foreign operation

Exchange differences arising on the monetary items that, in substance, form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. In the consolidated financial statements, such exchange differences are reclassified to equity only if the monetary items are denominated in either the functional currency of the Company or the foreign operation. Deferred exchange differences are recognised in profit or loss on disposal of the investment.

(iii) Foreign Operations

Assets and liabilities of a foreign operation, including goodwill arising on the acquisition and any fair value adjustments, are translated into Ringgit Malaysia using the exchange rate ruling at the reporting date. Income and expenses are translated using exchange rate approximates to those ruling at the date of the transactions. All resulting exchange differences are recognised in equity.

On the disposal of a foreign operation, cumulative deferred exchange differences are recognised in the consolidated profit or loss as part of the gain or loss on sale.

3.15 Employee Benefits

(i) Short term employee benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the financial period in which the associated services are rendered by employees of the Group and of the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences.

Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

Profit-sharing and bonus plans are recognised when the Group and the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group and the Company has no realistic alternative but to make the payments.

(ii) Defined contribution plans

Contributions to the statutory pension scheme are recognised as an expense in profit or loss in the financial period to which they relate.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.16 Income Tax

A current tax for current and prior periods, to the extent unpaid, is recognized as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as a current tax asset. A current tax liability (asset) is measured at the amount the Group and the Company expects to pay (recover) using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences included items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

A deferred tax asset is recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilized. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognized as income or expense in profit or loss for the period. For items recognized directly in equity, the related tax effect is also recognized directly in equity.

3.17 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.18 Related parties

A party is related to an entity (referred to as the “reporting entity”) if:

- (a) A person or a close member person’s family is related to a reporting entity if that person:
 - (i) Has control or joint control over the reporting entity;
 - (ii) Has significant influence over the reporting entity; or
 - (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market’s participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, fair value measurements are analysed into level 1 to level 3 as follows:

- Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2 : Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgement are continually evaluated and based on past experience, reasonable expectations of future events and other factors. These estimates and judgements include:

(i) Useful lives of plant and equipment

The Group estimates the useful lives of plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of plant and equipment are reviewed periodically and are updated if expectation differs from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

In addition, the estimation of useful lives of plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in estimated useful lives of the plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Impairment of investment in subsidiaries

Investment in subsidiaries is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Significant judgement is required in the estimation of the fair value less costs to sell and the present value of future cash flows generated by the assets, which involves uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions can significantly affect the results of the Company's test for impairment of investments in subsidiaries.

(iii) Impairment of intangible assets

The Group determines whether intangible asset is impaired on an annual basis. This requires an estimation of the value-in-use of the cash generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 5(a).

(iv) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unused tax losses and unabsorbed capital allowances can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies of the carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 15.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Contd.)

(i) Allowance for loan and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The carrying amounts of the Group's and the Company's loans and receivables at the reporting date are disclosed in Note 10 and 11.

(ii) Income taxes

The Group is subject to income taxes whereby significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. INTANGIBLE ASSETS

	As at date of incorporation RM	Acquisition of subsidiaries RM	Group 2017 Effect of Exchange rate RM	Additions RM	Disposals RM	As at 31.12.2017 RM
Cost						
Goodwill (Note 7a)	-	1,910,403	-	-	-	1,910,403
Mobile applications development	-	411,289	(14,501)	263,001	-	659,789
Computer software	-	-	-	10,902	-	10,902
Trademarks	-	99,168	(3,733)	94,745	-	190,180
	-	2,420,860	(18,234)	368,648	-	2,771,274
	As at date of incorporation RM	Acquisition of subsidiaries RM	Group 2017 Effect of Exchange rate RM	Charges for the year RM	Disposals RM	As at 31.12.2017 RM
Accumulated Amortisation						
Goodwill	-	-	-	-	-	-
Mobile applications development	-	-	-	101,645	-	101,645
Computer software	-	-	-	4,361	-	4,361
Trademarks	-	-	-	37,198	-	37,198
	-	-	-	143,204	-	143,204
						Group 2017 RM
Carrying Amount						
Goodwill						1,910,403
Mobile applications development						558,144
Computer software						6,541
Trademarks						152,982
						<u>2,628,070</u>

5. INTANGIBLE ASSETS (Contd.)

(a) Impairment test on goodwill and software development

Goodwill arising from business combinations has been allocated to its business segment as its cash generating units (“CGUs”).

For annual impairment testing purposes, the recoverable amounts of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rates applied to the cash flow projections is 10%. The calculations of value in use for the CGUs are most sensitive to the following assumptions:

- (i) Pre-tax discount rates: Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.
- (ii) Growth rates and gross margins: Growth rates and gross margins are based on individual CGU’s past trends and management’s estimate of projections.

No impairment loss is required for the goodwill as its recoverable amount is in excess of its carrying amount.

The key assumptions on which the management has based on the computation of value-in-use are as follows:

(i) Budgeted gross margin

Monthly gross margin is mainly impacted by the monthly number of neighbourhoods secured. Increase of neighbourhoods is based on the extrapolated growth rate of 20 neighbourhoods per month. The extrapolation of neighbourhood growth rate is based on the projection of 10 sales personnel hitting 4 sales targets with 50% successful rate each month.

(ii) Selling price

The selling price used to calculate the cash inflows from operations is based on the average of last preceding 3 months prices obtained before the forecast year.

(iii) Trading goods price

The cost of sales price used is based on the average of actual last preceding 3 months costs obtained before the forecast year.

(iv) Discount rate

The discount rate applied to the cash flow projection is based on the cost of equity since the Group is wholly financed via equity and there is insufficient data to derive the beta ratio in order to calculate weighted average cost of capital. The cost of equity is benchmarked to the return of equity/investment market which is 10%.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use of all CGUs, management believes that no reasonable change in any of the above key assumptions would cause the carrying value of the units to materially exceed their recoverable amounts.

(b) Mobile Applications Development

The development costs are stated at cost less any impairment losses and amortisation. The useful life is estimated to be 5 years over the commercial lives of the underlying products and amortise using the straight-line basis at 20% per annum.

7. INVESTMENT IN SUBSIDIARIES

	Company 2017 RM
At Cost - unquoted shares	
At date of incorporation	-
Additions	1,000,030
At 31.12.2017	<u>1,000,030</u>
Accumulated Impairment Loss	
At date of incorporation	-
Additions	-
At 31.12.2017	<u>-</u>
Carrying Amount	
At 31.12.2017	<u><u>1,000,030</u></u>

The details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest 2017	Principal Activities
Red Ideas Sdn. Bhd.	Malaysia	100%	Community security services through mobile applications
Intellectual Property Register Pte. Ltd.	Singapore	100%	Development of the Graaab mobile application, registration of trademark to the Graaab name and maintenance of Graaab system

Acquisition of subsidiaries during the financial period ended 31 December 2017

- (i) On 24 August 2017, the Company completed the acquisition of the entire equity interest in Red Ideas Sdn. Bhd. for a purchase consideration of RM1,000,000 satisfied via the issuance of 80,000,000 new ordinary shares in the Company at an issue price of RM0.0125 per share.
- (iii) On 24 August 2017, the Company completed the acquisition of the entire equity interest in Intellectual Property Register Pte. Ltd. for a purchase consideration of RM30 satisfied via the issuance of 2,400 new ordinary shares in the Company at an issue price of RM0.0125 per share.

7. INVESTMENT IN SUBSIDIARIES (Contd.)

Acquisition of subsidiaries during the financial period ended 31 December 2017 (Contd.)

- (a) The fair value of the identifiable assets and liabilities arising from the acquisition of subsidiaries are as follows:

	2017 RM
Intangible assets	510,457
Plant and equipment	156,258
Inventories	74,037
Trade receivables	169,101
Other receivables	146,976
Cash and bank balances	625,110
Amount due to directors	(6,295)
Sundry payables and accruals	<u>(2,586,017)</u>
Fair value of net liabilities	(910,373)
Less: Non-controlling interests	-
Group's share of net liabilities	<u>(910,373)</u>
Goodwill on acquisition	<u>1,910,403</u>
Total cost of acquisition	<u><u>1,000,030</u></u>

- (b) The effects of the acquisition on cash flows are as follows:

	2017 RM
Total consideration for equity interest acquired	(1,000,030)
Less: Consideration in shares	<u>(1,000,030)</u>
Consideration settled in cash	-
Cash and cash equivalents of subsidiaries acquired	<u>(625,110)</u>
Net cash inflow of the Group	<u><u>(625,110)</u></u>

- (c) The acquired subsidiaries have contributed the following results to the Group:

	2017 RM
Revenue	338,259
Cost of sales	<u>(287,230)</u>
Gross profit	51,029
Other income	6,224
Administrative expenses	<u>(907,415)</u>
Loss for the financial period	<u><u>(850,162)</u></u>
Total comprehensive loss for the financial period attributable to owners of the Group	<u><u>(850,162)</u></u>

8. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are interest-free, unsecured and with no fixed terms of repayment.

9. INVENTORIES

	Group 2017 RM	Company 2017 RM
At cost:		
Parts and accessories	152,615	-
Recognised in profit or loss:		
Cost of inventories included in cost of sales	128,128	-

10. TRADE RECEIVABLES

	Group 2017 RM	Company 2017 RM
Trade receivables	264,356	-

The Company's normal trade credit term is 30 days. The ageing analysis of trade receivables of the Company are as follows:

	Group 2017 RM	Company 2017 RM
Neither past due nor impaired	102,368	-
1 to 30 days past due not impaired	76,543	-
31 to 60 days past due not impaired	32,972	-
More than 60 days past due not impaired	52,473	-
	161,988	-
Impaired	-	-
Net total trade receivables	264,356	-

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment records. The Directors are reasonably confident that all debts can be recovered within the next 12 months.

Trade receivables that are past due but not impaired

The total amounts that are past due but not impaired are unsecured in nature. Although these receivables have exceeded the credit terms granted to them, the Directors are reasonably confident that all debts can be recovered within the next 12 months.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2017 RM	Company 2017 RM
Other receivables	6,671	-
Deposits	14,940	1,000
Prepayments	13,980	625
	<u>35,591</u>	<u>1,625</u>

12. SHARE CAPITAL

	Group / Company	
	Number of shares 2017 Units	Amount 2017 RM
Issued and fully paid:		
Ordinary Shares		
At date of incorporation	3	3
Sub-division during the financial period	237	-
	<u>240</u>	<u>3</u>
Increased during the financial period:		
Issued for acquisition of subsidiaries under private placements	80,002,400	1,000,030
Issued for cash pursuant to Initial Public Offering	20,000,700	7,000,245
Transaction costs	-	(285,825)
	<u>100,003,100</u>	<u>7,714,450</u>
At end of financial period	<u>100,003,340</u>	<u>7,714,453</u>
Redeemable Preference Shares		
At date of incorporation	-	-
Increased during the financial period	2,200,000	2,200,000
At end of financial period	<u>2,200,000</u>	<u>2,200,000</u>
TOTAL	<u>102,203,340</u>	<u>9,914,453</u>

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM3.00 to RM9,914,453 by way of issuance of 102,203,100 ordinary and preference shares pursuant to the following:

- (a) sub-division of 3 existing ordinary shares of RM1 each on the basis of every one existing ordinary share for 80 new Ordinary Shares of RM0.0125 per share.
- (b) issuance of 80,000,000 new ordinary shares through a private placement at an issue price of RM0.0125 per ordinary share amounting to RM1,000,000 for the acquisition of a subsidiary, Red Ideas Sdn. Bhd.
- (c) issuance of 2,400 new ordinary shares through a private placement at an issue price of RM0.0125 per ordinary share amounting to RM30 for the of acquisition of a subsidiary, Intellectual Property Register Pte. Ltd.

12. SHARE CAPITAL (Contd.)

- (d) issuance of 20,000,700 new ordinary shares at an issue price of RM0.35 each per ordinary shares amounting to RM7,000,245 pursuant to Initial Public Offering exercise.
- (e) issuance of redeemable preference shares of 2,200,000 at RM1 each as a full settlement of advances from a Director.

These new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The salient features of the redeemable preference shares are as follows:

- (i) not convertible to ordinary shares;
- (ii) redeemable at the option of the Company and the redemption price is RM1 for each share;
- (iii) not carry right to vote except for any proposal for capital reduction, winding up, disposal of the whole Company's business and undertaking;
- (iv) not entitled to receive any dividend;
- (v) entitled to a return of capital in priority to the holders of the ordinary shares when the Company is wound up; and
- (vi) no further right to participate in the profits and assets in case of liquidation with the ordinary shares.

13. TRANSLATION RESERVE

Translation reserve represents foreign currency exchange differences arising from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

14. SUNDRY PAYABLES AND ACCRUALS

	Group 2017 RM	Company 2017 RM
Accruals	385,218	55,000
Deferred revenue (a)	119,281	-
Sundry payables	<u>56,742</u>	<u>30,010</u>
	<u>561,241</u>	<u>85,010</u>

- (a) Deferred revenue represents invoiced value of services yet to be rendered to customers. Deferred revenue is not recognised as revenue in accordance with MFRS 118 "Revenue" as the significant risks and rewards of services have not been transferred to customers as at statement of financial position date.

15. DEFERRED TAX

Deferred tax assets have not been recognised in respect of:

	Group 2017 RM	Company 2017 RM
Unused tax losses	319,613	-
Unabsorbed capital allowance	16,948	-
	<u>336,561</u>	<u>-</u>

Deferred tax assets have not been recognised as it is not probable that sufficient future taxable profits will be available to set off such unused tax losses and unabsorbed capital allowance.

16. REVENUE

	Group 2017 RM	Company 2017 RM
Sale of goods	78,962	-
Rendering of services	259,297	-
	<u>338,259</u>	<u>-</u>

17. LOSS BEFORE TAX

Loss before tax is stated after charging / (crediting):

	Group 2017 RM	Company 2017 RM
Auditors' remunerations		
Statutory	30,271	13,000
Non-statutory	10,600	10,600
Amortisation of intangible assets (Note 5)	143,204	-
Depreciation (Note 6)	54,335	-
Employee benefits expense (a)	607,531	-
Loss on foreign exchange - realised	692	-
Non-executive directors' fees	54,561	39,000
Rental of premises	17,520	-
Waiver of debt by a director	(6,224)	-
	<u>607,531</u>	<u>-</u>
(a) Employee benefits expense		
Salaries and wages	750,755	-
EPF contributions	89,683	-
Other benefits	30,094	-
	<u>870,532</u>	<u>-</u>
Less: Capitalised as intangible assets		
– Mobile applications development (Note 5)	(263,001)	-
	<u>607,531</u>	<u>-</u>

Included in employee benefits expense of the Group are executive directors' remunerations amounting to RM224,552 as further disclosed in Note 20.

18. INCOME TAX

The significant differences between the tax expense and accounting profit multiplied by the statutory tax rate are due to the tax effects arising from the following items:

	Group 2017 RM	Company 2017 RM
Loss before tax	(1,504,137)	(653,975)
Tax at statutory tax rates	(268,774)	(117,716)
Tax effects of:		
Non-deductible expenses	131,680	117,716
Deferred tax assets not recognised during the financial period	137,094	-
	<u>-</u>	<u>-</u>

19. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

	Group 2017 RM
Loss attributable to owners of the Company	(1,504,137)
Weighted average number of ordinary shares	53,078,732
Basic loss per ordinary share (sen)	<u>(2.83)</u>

(b) Diluted loss per ordinary share

The Company has no dilutive potential ordinary share as at reporting date and therefore, diluted loss per ordinary share is equal to basis loss per ordinary share.

20. RELATED PARTY DISCLOSURESCompensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. Key management personnel include all the Directors and certain members of senior management of the Group and of the Company. The remuneration of Directors and other members of key management during the financial period were as follows:

	Group 2017 RM	Company 2017 RM
Executive Directors' Remunerations		
Emoluments	200,000	-
EPF contributions	24,000	-
Other benefits	552	-
	<u>224,552</u>	<u>-</u>

21. FINANCIAL INSTRUMENTS

(a) Financial instrument by category

	Group 2017 RM	Company 2017 RM
Financial Assets		
Financial assets that are debt instruments measured at amortised cost:		
Amounts due from subsidiaries	-	3,417,230
Trade receivables	264,356	-
Other receivables and deposits	21,611	1,000
Cash and bank balances	5,808,904	4,926,603
	<u>6,094,871</u>	<u>8,344,833</u>
Financial Liabilities		
Financial liabilities measured at amortised cost:		
Sundry payables and accruals	441,960	85,010
	<u>441,960</u>	<u>85,010</u>

(b) Fair value of financial instruments

- (i) The carrying amounts of short term receivables, cash and cash equivalents, short term payables of the Group and of the Company at the end of the reporting date approximated their fair values due to the relatively short term nature of these financial instruments.
- (ii) The amounts due from subsidiaries is interest-free, unsecured and with no fixed terms of repayment. It is not practical to estimate the fair value of the amount due from subsidiaries principally due to a lack of fixed repayment terms and without incurring excessive costs. However, the Group and the Company do not anticipate the carrying amounts to be significantly different from the value that would eventually be collected.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk and interest rate risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposit with banks. The Company's exposure to credit risk arises principally from advances to subsidiary companies and deposit with banks.

The Group has adopted a policy of only dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts. The Company provides unsecured advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due. The Group and the Company actively manages their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintains sufficient levels of cash and cash equivalents to meet their working capital requirements.

The following table summarises the maturity profile of the Company's liabilities as at the end of the reporting period based on undiscounted contractual payments:

		Group 2017					
		Carrying amount RM	Contractual cash flows RM	Within one year RM	One to two years RM	Two to five years RM	Over five years RM
Financial liabilities:							
Sundry payables and accruals		441,960	441,960	441,960	-	-	-
		441,960	441,960	441,960	-	-	-

		Company 2017					
		Carrying amount RM	Contractual cash flows RM	Within one year RM	One to two years RM	Two to five years RM	Over five years RM
Financial liabilities:							
Sundry payables and accruals		85,010	85,010	85,010	-	-	-
		85,010	85,010	85,010	-	-	-

23. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is the maintenance of a strong credit rating and healthy capital ratio, in order to support the Group's business and maximise shareholders' value.

The Group manages its capital structure by ensuring that financial commitments are met as and when they fall due.

There were no bank borrowing for the current financial period and the Group is not subjected to any external imposed capital requirements.

24. OPERATING SEGMENTS

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. Management monitors the operating results of its business segment separately for the purposes of making decision about resource allocation and performance assessment.

(i) Reporting Segment

No reporting segment is presented as the Group is predominantly in the business of community security services through mobile applications.

(ii) Geographical Information

The Group's activities are predominantly in Malaysia and the overseas segment does not contribute more than 10% of the consolidated assets and liabilities.

(iii) Major Customers

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.

25. PRESENTATION OF FIRST SET FINANCIAL STATEMENTS

As the Group was formed during the financial period, comparative figures are not presented for the Group's financial statements.

As the Company was incorporated during the financial period, comparative figures are not presented for the Company's financial statements.

26. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on 27 April 2018.