



GO INNOVATE ASIA BERHAD
(Formerly known as Ace Innovate Asia Berhad)
(Registration No. 201901007350 (1316677-U))
(Incorporated in Malaysia under the Companies Act 2016)

FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 30 JUNE 2023

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET AND MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY GO INNOVATE ASIA BERHAD (FORMERLY KNOWN AS ACE INNOVATE ASIA BERHAD) (“GIAB” OR THE “COMPANY”). INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISK OF INVESTING IN GIAB AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2023

	(Unaudited)		(Unaudited)	
	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	410,944	624,939	410,944	624,939
Cost of sales	(405,757)	(618,668)	(405,757)	(618,668)
Gross profit	5,187	6,271	5,187	6,271
Other income	1,941	319	1,941	319
Administrative expenses	(5,303)	(4,504)	(5,303)	(4,504)
Operating profit	1,825	2,086	1,825	2,086
Finance costs	(149)	(290)	(149)	(290)
Share of results of an associated company	Neg	Neg	Neg	Neg
Profit before tax	1,676	1,796	1,676	1,796
Income tax expense	(516)	(431)	(516)	(431)
Profit for the period, representing total comprehensive income for the period	1,160	1,365	1,160	1,365
Profit attributable to:				
Owners of the Company	1,166	1,367	1,166	1,367
Non-controlling interests	(6)	(2)	(6)	(2)
	<u>1,160</u>	<u>1,365</u>	<u>1,160</u>	<u>1,365</u>
Basic earnings per ordinary share (sen)	<u>0.39</u>	<u>0.46</u>	<u>0.39</u>	<u>0.46</u>

Note:

The unaudited condensed consolidated statements of comprehensive income should be read in conjunction with the Audited Financial Statements of Go Innovate Asia Berhad (formerly known as Ace Innovate Asia Berhad) and its subsidiaries (“Group”) for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

Neg: Negligible amount



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UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

	(Unaudited)	(Audited)
	As at	As at
	30.06.2023	31.12.2022
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	4,834	4,720
Investment in associate company	Neg	Neg
Total non-current assets	<u>4,834</u>	<u>4,720</u>
Current Assets		
Inventories	27,032	18,532
Current tax assets	1,344	1,547
Trade and other receivables	10,979	21,647
Cash and short-term deposits	18,914	10,140
Total current assets	<u>58,269</u>	<u>51,866</u>
TOTAL ASSETS	<u><u>63,103</u></u>	<u><u>56,586</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	23,192	23,192
Reorganisation reserve	(12,052)	(12,052)
Retained earnings	14,589	13,423
	<u>25,729</u>	<u>24,563</u>
Non-controlling interests	(23)	(17)
TOTAL EQUITY	<u>25,706</u>	<u>24,546</u>



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UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023
(continued)

	(Unaudited)	(Audited)
	As at	As at
	30.06.2023	31.12.2022
	RM'000	RM'000
Non-current Liabilities		
Loans and borrowings	2,686	2,786
Deferred tax liabilities	284	284
Total non-current liabilities	2,970	3,070
Current Liabilities		
Loan and borrowings	267	242
Contract liabilities	66	45
Trade and other payables	34,094	28,683
Total current liabilities	34,427	28,970
TOTAL LIABILITIES	37,397	32,040
TOTAL EQUITY AND LIABILITIES	63,103	56,586
Net assets per ordinary share (RM)	0.09	0.08
Number of ordinary shares ('000)	300,033	300,033

Note:

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

Neg: Negligible amount



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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2023

	Attributable to the owners of the Company			Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000		
At 1 January 2022 (Audited)	23,192	(12,052)	13,287	(1)	24,426
Profit for the financial year, representing total comprehensive income for the financial year	-	-	136	(16)	120
At 31 December 2022 (Audited)	23,192	(12,052)	13,423	(17)	24,546
Profit for the financial period, representing total comprehensive income for the financial period	-	-	1,166	(6)	1,160
At 30 June 2023 (Unaudited)	23,192	(12,052)	14,589	(23)	25,706

Note:

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



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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2023

	(Unaudited)	(Unaudited)
	30.06.2023	30.06.2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,676	1,796
Adjustments for:		
Depreciation of property, plant and equipment	220	229
Depreciation of right-of-use assets	24	24
Net unrealised (gain)/loss on foreign exchange	(857)	173
Finance costs	149	290
Interest income	(44)	(125)
Operating profit before working capital changes	1,168	2,387
<u>Changes in working capital</u>		
Contract liabilities	247	20
Inventories	(8,499)	(2,660)
Trade and other receivables	10,621	1,594
Trade and other payables	13,251	3,251
Cash from operations	16,788	4,592
Income tax paid	(45)	(72)
Interests paid	(1)	(2)
Interests received	44	125
Net cash from operating activities	16,786	4,643
Cash flows from investing activities		
Purchase of property, plant and equipment	(360)	(215)
Net change in pledged deposits	(5)	(6)
Net cash used in investing activities	(365)	(221)



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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2023 (continued)

	(Unaudited)	(Unaudited)
	30.06.2023	30.06.2022
	RM'000	RM'000
Cash flows from financing activities		
Net change in amount due to related parties	(8,146)	32
Repayment of lease liabilities	25	(94)
Repayment of term loans	(99)	(140)
Interests paid	(148)	(288)
Net cash used in financing activities	(8,368)	(490)
Net increase in cash and cash equivalents	8,053	3,932
Cash and cash equivalents at the beginning of the financial period	9,898	17,909
Effects of exchange rate changes on cash and cash equivalents	716	55
Cash and cash equivalents at the end of the financial period	18,667	21,896

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	(Unaudited)	(Unaudited)
	30.06.2023	30.06.2022
	RM'000	RM'000
Short-term deposits placed with licensed banks	247	242
Less: Pledged deposits	(247)	(242)
	-	-
Cash and bank balances	18,667	21,896
	18,667	21,896

Note:

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



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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

A1 Compliance with Financial Reporting Standard and Listing Requirements of Bursa Securities

Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting. This is the interim financial report on the consolidated results for the half-year ended 30 June 2023 announced by the Company in compliance with the LEAP Market Listing Requirements of Bursa Securities.

This report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2022. The explanatory notes attached to this report provide an explanation of events and transactions that are significant to the understanding of changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

Changes in accounting policies

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2022, except for the adoption of the following new and revised MFRSs, Amendments to MFRS and IC interpretations:

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

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A1 Compliance with Financial Reporting Standard and Listing Requirements of Bursa Securities (continued)

Changes in accounting policies (continued)

The Group has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

<u>Amendments/Improvements to MFRSs</u>		Effective for financial periods beginning on or after
MFRS 7	Financial Instruments: Disclosures	1 January 2024 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024 [#]
MFRS 107	Statements of Cash Flows	1 January 2024 [#]
MFRS 128	Investment in Associates and Joint Ventures	Deferred

[#] Amendments as to the consequence of MFRS 17 Insurance Contracts

The adoption of the above applicable new MFRSs and amendments/improvements to MFRSs did not expect to have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

A2 Seasonal/Cyclical Factors

The Group does not experience any seasonality in its business as the demand for physical gold products is not subject to major seasonal fluctuations. However, its business is subject to economic conditions and fluctuations in global gold prices, which are affected by factors including, but not limited to, market speculation of future inflation and interest rates, global and regional economic, global gold supply and consumption levels, as well as investment and trading activities in the market.

A3 Unusual Items

There were no material unusual items affecting assets, liabilities, equity, net income and cash flows for the six months ended 30 June 2023.

A4 Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year that have a material effect during the six months ended 30 June 2023.

A5 Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the six months ended 30 June 2023.

A6 Segmental Information

Analysis of revenue

(i) By products and services

	(Unaudited)		(Unaudited)	
	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Scrap gold bar	26,762	100,108	26,762	100,108
Cast gold bar	381,909	523,518	381,909	523,518
Minted gold bar	1,803	1,028	1,803	1,028
Assay services	203	167	203	167
Others	267	118	267	118
	410,944	624,939	410,944	624,939

(ii) By geographical location

	(Unaudited)		(Unaudited)	
	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	410,944	598,779	410,944	598,779
Singapore	-	26,160	-	26,160
	410,944	624,939	410,944	624,939

(iii) By sales channels

	(Unaudited)		(Unaudited)	
	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Gold Trading Platform ("GTP") Easy platform	298,339	507,004	298,339	507,004
E-commerce	383	422	383	422
Banking	112,019	117,265	112,019	117,265
Assay services	203	167	203	167
Others	-	81	-	81
	410,944	624,939	410,944	624,939

A7 Material Events Subsequent to the End of the Financial Period

There were no material events subsequent to the six months ended 30 June 2023 up to the date of this interim financial report.

A8 Contingent Assets and Contingent Liabilities

There were no material changes in contingent assets and contingent liabilities during the six months ended 30 June 2023.

A9 Changes in the Composition of the Group

There were no material changes in the composition of the Group during the six months ended 30 June 2023.

A10 Capital Commitments

There were no material capital commitments during the six months ended 30 June 2023.

A11 Recurrent Related Party Transactions

The Group has no other recurrent related party transaction which would have a significant impact on the financial position and business of the Group save as disclosed below:

	(Unaudited)	(Audited)
	As at	As at
	30.06.2023	31.12.2022
	RM'000	RM'000
Interest arising due to short term loan from Gosford Leather Industries Sdn. Bhd.	<u>82</u>	<u>378</u>

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B ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of Performance

For the current financial period under review, the Group recorded a total revenue of approximately RM410.94 million as compared to the total revenue of RM624.94 million reported in the preceding year corresponding period, representing a decrease of 34.24% or RM214 million. The decline in revenue is mainly due to lower sales to customers via GTP Easy platform as a result of the decrease in total volume of gold traded in the current financial period under review by 928,703 grams or 38.66% as compared to the preceding year corresponding period of 2,402,178 grams. This was mainly due to fluctuations in gold price and higher selling prices of the Group's products as the Group shifted its focus to profitability growth with wider spreads instead of revenue growth from trading volume.

Despite lower revenue, the gross profit margin improved from 1.00% to 1.26% due to the rise in the average gold selling price from RM260 per gram in the preceding year corresponding period to RM279 per gram in current financial period under review.

In tandem with lower revenue, the profit after tax of the Group for the current period under review decreased by 15.02% to RM1.16 million as compared to the corresponding period of the preceding year of RM1.37 million.

B2 Prospect of the Group

As technology and digitalisation are recurring themes for the Group's business strategy, the management has progressively made improvements to the Group's information technology facilities and infrastructure over the last 3 years. This has allowed the Group to engage a much broader and deeper client base. For the six months period ended 30 June 2023, the Company's wholly owned subsidiary, Go Capital Growth Sdn. Bhd. (formerly known as Ace Capital Growth Sdn. Bhd.) had entered into agreements with amongst others, Noor Luminous Sdn. Bhd., MBSB Bank Berhad, and Wavpay Systems Sdn. Bhd., respectively for supplying, selling and providing digital gold trading platform (i.e., via the Company's GTP Easy platform) for digital gold trading.

B3 Profit Forecast/Profit Guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

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C OTHER INFORMATION

C1 Loans and Borrowings

The Group's total borrowings as at 30 June 2023 (all denominated in RM) are as follows:

	(Unaudited)	(Audited)
	As at 30.06.2023	As at 31.12.2022
	RM'000	RM'000
Non-current		
Term loans	2,665	2,768
Lease liabilities	21	18
	<u>2,686</u>	<u>2,786</u>
Current		
Term loans	197	193
Lease liabilities	70	49
	<u>267</u>	<u>242</u>
Total loans and borrowings		
Term loans	2,862	2,961
Lease liabilities	91	67
	<u><u>2,953</u></u>	<u><u>3,028</u></u>

C2 Material Litigation

As at the date of this report, the Group is not engaged in any material litigation.

C3 Dividend

There was no dividend declared or proposed as at the date of this report.

C4 Earnings Per Ordinary Share

(a) Basic earnings per ordinary share

Basic earnings per ordinary share is based on the profit for the financial period attributable to owners of the Company and the weighted average number of ordinary shares in issue at the financial period, calculated as follows:

	(Unaudited)		(Unaudited)	
	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Profit attributable to owners of the Company (RM'000)	1,166	1,367	1,166	1,367
Weighted average number of ordinary shares in issue at end of period (RM'000)	300,033	300,033	300,033	300,033
Basic earnings per ordinary share (sen)	0.39	0.46	0.39	0.46

C4 Earnings Per Ordinary Share (continued)

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share is equivalent to the basic earnings per ordinary share as the Group and the Company do not have any potential ordinary shares outstanding at the end of the reporting period.

This report is dated 23.08.2023.