

# **nova pharma solutions**

Designing for Healthier Future

## **NOVA PHARMA SOLUTIONS BERHAD**

*(Formerly known as Nova Pharma Solutions Sdn Bhd)*

(Company No. 34608-K)

(Incorporated in Malaysia)

### **ADDITIONAL INFORMATION ACCOMPANYING THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED (“FYE”) 31 DECEMBER 2017**

**(APPENDIX 6A, PART B OF THE LEAP MARKET LISTING REQUIREMENTS)**

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

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

# NOVA PHARMA SOLUTIONS BERHAD

(Company No. 34608 K)

## 1. ANALYSIS OF FINANCIAL PERFORMANCE

The Company's revenue by its business activities is presented as follows:

	AUDITED FOR THE FYE ENDED	
	31.12.2017	31.12.2016
	RM'000	RM'000
Design fee	5,451	6,246
Post design fee	1,387	1,104
Other support fee	295	22
	<u>7,133</u>	<u>7,372</u>

The Company's revenue by its industry is presented as follows:

	AUDITED FOR THE FYE ENDED	
	31.12.2017	31.12.2016
	RM'000	RM'000
Pharmaceutical	2,582	4,612
Biotechnology	4,551	2,760
Total	<u>7,133</u>	<u>7,372</u>

The Company's revenue by geographical location is presented as follows:

	AUDITED FOR THE FYE ENDED	
	31.12.2017	31.12.2016
	RM'000	RM'000
Malaysia	2,932	4,473
Taiwan	3,837	2,754
Thailand	364	-
Indonesia	-	145
Total	<u>7,133</u>	<u>7,372</u>

The Company's revenue was mainly generated from 3 business activities, namely design fee, post design fee and other support fee from pharmaceutical and biotechnology projects.

The Company recorded a revenue of RM7.13 million for the FYE 31 December 2017 which were mainly contributed by Malaysia and Taiwan market with revenue contribution of 41.11% and 53.79% respectively.

In addition, the Company managed to make inroad to Thailand market for one biotechnology project with revenue contribution of 5.10% out of total revenue of the Company in the FYE 31 December 2017.

Revenue decreased marginally by 3.24% or RM0.24 million for the current FYE 31 December 2017 as compared to FYE 31 December 2016 mainly due to:

- (a) delay in post design works for a few local pharmaceutical projects of an existing customer as a result of delay in obtaining local council's building plans' approval; and
- (b) absent of design works for one local pharmaceutical project worth about half a million ringgit which was expected to secure in the final quarter of FYE 31 December 2017 but was only secured in January 2018.

Revenue contribution from Taiwan has increased from RM2.75 million for the FYE 31 December 2016 to RM3.84 million for the FYE 31 December 2017 mainly due to higher contribution from an existing biotechnology project in Taiwan.

The higher gross profit for the FYE 31 December 2017 of RM4.46 million as compared to FYE 31 December 2016 of RM3.91 million was mainly due to higher gross profit margin from a sizeable biotechnology project secured in Taiwan.

Profit after tax decreased by 6.03% or RM0.17 million for the FYE 31 December 2017 as compared to the FYE 31 December 2016 mainly due to unrealised foreign exchange gain of RM0.18 million recorded in the FYE 31 December 2016 as Ringgit Malaysia was weaker against the United States Dollar ("USD") during the FYE 31 December 2016 as compared to the FYE 31 December 2017. The Company's revenue from overseas' projects are invoiced in USD.

## **2. PROSPECTS**

As disclosed in the Company's Information Memorandum dated 2 February 2018, the Company's future plans will focus on new office establishment in overseas to increase awareness of its range of services. The engineering solutions market that targets the pharmaceutical and biotechnology industries in Malaysia and Taiwan are expected to reap benefits from the continuing investments made for setting up and upgrading of pharmaceutical and biotechnology plants. The pharmaceutical and biotechnology industries in Malaysia are projected to expand from RM10.18 billion in 2016 to RM16.62 billion in 2021, representing a Compounded Annual Growth Rate ("CAGR") of 10.3% during the period. On the other hand, the biotechnology industry in Taiwan (including the pharmaceutical, applied biotechnology and medical device sectors) is projected to expand from NTD315.00 billion in 2016 to NTD424.5 billion in 2021, representing a CAGR of 6.1% during the period.

The Company believe that the projected growth in the aforementioned countries bodes well for its future plans of expanding in the segments and markets and barring unforeseen circumstances, the Company is expecting both Malaysia and Taiwan market will continue to contribute significantly to the Company's revenue and its results positively. Meantime, the Company is also actively sourcing for new projects in other overseas market. As at 15 April 2018, the Company's order book stood at approximately RM12.62 million.

### 3. STATUS OF CORPORATE PROPOSALS

- (i) On 2 February 2018, the Company issued an Information Memorandum for an excluded issue of 12,300,000 new ordinary shares at an issue price of RM0.20 to selected sophisticated investors within the meaning of sections 229 and 230 of the Capital Markets and Services Act 2007 (“Excluded Issue”) and submitted an application for its proposed listing on the LEAP Market of Bursa Securities.
- (ii) On 9 March 2018, the Company was admitted to the Official List of Bursa Securities with the listing of and quotation for its entire enlarged issued share capital of RM7,985,000 comprising of 149,009,507 ordinary shares on the LEAP Market of Bursa Securities.

### 4. UTILISATION OF PROCEEDS

The status of utilisation of proceeds raised from the Excluded Issue of RM2.46 million as at 15 April 2018 is as follows:

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Unutilised Proceeds RM'000</b>	<b>Estimated timeframe for utilisation upon listing</b>
Future business expansion	500	-	500	Within 24 months
Working Capital	960	(132)	828	Within 12 months
Estimated listing expenses	1,000	(854)	146 <sup>(1)</sup>	Within 2 weeks
<b>Total</b>	<b>2,460</b>	<b>(986)</b>	<b>1,474</b>	

Note:

- (1) The surplus of estimated listing expenses will be adjusted to the amount allocated for working capital.