

nova pharma solutions

Designing for Healthier Future

NOVA PHARMA SOLUTIONS BERHAD

Registration No. 197701003731 (34608-K)

(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2024

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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2024

	UNAUDITED INDIVIDUAL 6 months ended 30 June		UNAUDITED CUMULATIVE 6 months ended 30 June	
	<u>2024</u> <u>RM'000</u>	<u>2023</u> <u>RM'000</u>	<u>2024</u> <u>RM'000</u>	<u>2023</u> <u>RM'000</u>
Revenue	5,119	5,385	5,119	5,385
Cost of sales	(1,683)	(1,945)	(1,683)	(1,945)
Gross profit	3,436	3,440	3,436	3,440
Other operating income	57	251	57	251
Operating expenses	(1,100)	(982)	(1,100)	(982)
Profit from operating activities	2,393	2,709	2,393	2,709
Finance costs	-	-	-	-
Profit before tax	2,393	2,709	2,393	2,709
Tax expenses	(469)	(602)	(469)	(602)
Profit for the financial year	1,924	2,107	1,924	2,107
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial year	1,924	2,107	1,924	2,107
Profit for the financial year attributable to:				
Owners of the Company	1,924	2,107	1,924	2,107
Non-controlling interest	-	-	-	-
	1,924	2,107	1,924	2,107
Total comprehensive income for the financial year attributable to:				
Owners of the Company	1,924	2,107	1,924	2,107
Non-controlling interest	-	-	-	-
	1,924	2,107	1,924	2,107
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Basic (Sen)	1.29	1.41	1.29	1.41
Diluted (Sen)	N/A	N/A	N/A	N/A

Note:

The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Unaudited as at 30.06.24 RM'000	Audited as at 31.12.2023 RM'000
NON-CURRENT ASSETS		
Right-of-use Asset	67	95
Property, plant and equipment	143	177
	<u>210</u>	<u>272</u>
CURRENT ASSETS		
Trade receivables	117	1,022
Other receivables, deposits and prepayments	88	179
Contract assets	921	1,263
Current tax assets	1,837	498
Short-term funds	8,977	9,782
Fixed Deposit with licensed bank	7,880	582
Cash and bank balances	193	3,739
	<u>20,013</u>	<u>17,065</u>
TOTAL ASSETS	20,223	17,337
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	7,985	7,985
Retained earnings	8,191	6,267
	<u>16,176</u>	<u>14,252</u>
CURRENT LIABILITIES		
Trade payables	194	226
Other payables and accruals	3,087	1,908
Lease liabilities	-	58
Contract liabilities	685	842
	<u>3,966</u>	<u>3,034</u>
NON-CURRENT LIABILITIES		
Lease liabilities	71	41
Deferred Tax liabilities	10	10
TOTAL LIABILITIES	<u>4,047</u>	<u>3,085</u>
TOTAL EQUITY AND LIABILITIES	<u>20,223</u>	<u>17,337</u>
NET ASSETS PER SHARE (RM)⁽¹⁾	<u>0.109</u>	<u>0.096</u>

Notes:

The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are detailed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

(1) Net assets per share is calculated based on the Company's number of ordinary shares at the end of the reporting period.

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2024**

	Share Capital RM'000	Retained Earnings RM'000	Total Equity RM'000
Opening balance on 1 January 2024	7,985	6,267	14,252
Total comprehensive profit for the period	-	1,924	1,924
Closing balance on 30 June 2024	<u>7,985</u>	<u>8,191</u>	<u>16,176</u>
Opening balance on 1 January 2023	7,985	3,174	11,159
Total comprehensive profit for the period	-	3,093	3,093
Closing balance on 31 December 2023	<u>7,985</u>	<u>6,267</u>	<u>14,252</u>

Note:

The basis of preparation of the Unaudited Condensed Statement of Changes in Equity are detailed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2024**

	Unaudited 6 months ended 30 June	
	2024	2023
	RM'000	RM'000
Operating activities		
Profit before tax	2,394	2,709
Adjustments for:		
Depreciation of plant and equipment	34	(29)
Depreciation of right-of use assets	29	29
Fair value gain on short term funds	(115)	(113)
Dividend Income	(40)	(10)
Unrealized gain on foreign exchange	(90)	(141)
Unrealized loss on foreign exchange	103	103
Interest Income	(8)	-
Interest expenses	3	10
Operating profit before working capital changes	2,310	2,558
Change in trade and other receivables	905	111
Change in other deposit and prepayment	91	(71)
Change in contract assets	343	356
Change in contract liabilities	(157)	401
Change in other payables and accruals	(274)	595
Change in trade payables	(32)	(90)
Cash generated from operations	3,186	3,860
Tax paid	(356)	(314)
Interest expenses	(3)	(10)
Net cash generated from operating activities	2,827	3,536
Investing activities		
Dividends Income	40	10
Interest Income	8	-
Fair value gain on short term funds	115	113
Cash generated in investing activities	163	123
Financing activities		
Repayment of lease liabilities	(29)	(27)
Pledged of fixed deposit / Interest Income	(7,299)	-
Net cash generated from investing activities	(7,328)	(27)
Net increase in cash and cash equivalents	(4,338)	3,632
Effect of foreign exchange rate changes	(13)	39
Cash and cash equivalents at beginning of financial year	13,521	7,359
Cash and cash equivalents at the end of financial year	9,170	11,030

Unaudited	
6 months ended 30 June	
2024	2023
RM'000	RM'000

Analysis of cash and cash equivalent: -

Short Term Fund	8,977	8,436
Cash and bank balances	193	2,594
Cash and cash equivalents at the end of financial year	9,170	11,030

Note:

The basis of preparation of the Unaudited Condensed Statement of Cash Flows are detailed in Note A1 and the accompanying explanatory notes to this interim financial report.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2024

A1 COMPLIANCE WITH FINANCIAL REPORTING STANDARD AND LEAP MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting.

The interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

Changes in Accounting Policies

The significant accounting policies and methods of computation adopted by Nova Pharma Solutions Berhad ("NPS") and its subsidiary ("Group") in this interim financial report are consistent with those adopted in the Audited Financial Statements for the financial year ended 31 December 2023.

The following are accounting standards and amendments of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company: -

MFRSs and amendment effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements
- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants
- Amendments to MFRS 107, Statement of Cash Flows – Supplier Finance Arrangements

MFRSs and amendment effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, The Effect of Changes in Foreign Exchange Rates – Lack of Exchangeability

MFRSs and amendment effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and Company plans to apply the abovementioned accounting standards and amendments in respective financial periods when the above accounting standards and amendments become effective, if applicable.

A2 SEASONAL OR CYCLICAL FACTORS

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2024 (CONT'D)

A3 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flow of the Group for the financial period ended 30 June 2024.

A4 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates for the financial period ended 30 June 2024.

A5 DEBTS AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the financial period ended 30 June 2024.

A6 SEGMENTAL INFORMATION

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

	INDIVIDUAL		CUMULATIVE	
	6 months ended 30 June		6 months ended 30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Design	1,818	3,999	1,818	3,999
Post Design	1,802	61	1,802	61
EPCC⁽¹⁾	-	-	-	-
Other Support⁽²⁾	1,499	1,325	1,499	1,325
Total	5,119	5,385	5,119	5,385

Notes:

- 1- EPCC comprises works and services pertaining to engineering and/or procurement and/or construction and/or commissioning.
- 2- Other support mainly comprises Good Manufacturing Practice documents review, maintenance and other related engineering services.

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

	INDIVIDUAL		CUMULATIVE	
	6 months ended 30 June		6 months ended 30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Pharmaceutical	2,956	1,896	2,956	1,896
Biotechnology	1,826	3,162	1,826	3,162
Others⁽¹⁾	337	327	337	327
Total	5,119	5,385	5,119	5,385

Note:

- 1- Mainly comprised of advanced technology facilities in various industries other than pharmaceutical and biotechnology.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2024 (CONT'D)

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

	INDIVIDUAL		CUMULATIVE	
	6 months ended 30 June		6 months ended 30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Malaysia	3,300	2,228	3,300	2,228
Taiwan	1,819	2,150	1,819	2,150
Thailand	-	1,007	-	1,007
Total	5,119	5,385	5,119	5,385

The Group's revenue was generated from design, post design, other support services from pharmaceutical and biotechnology project as well as projects for the advanced technology facilities in various industries.

During the half year ended 30 June 2024 ("1H24"), the Group recorded a revenue of RM5.12 million, a decrease of 4.94% compared to the previous half year ended 30 June 2023 ("1H23"). The higher revenue recorded in 1H23 is mainly contributed by overseas markets.

The higher revenue contributed by Thailand market during 1H23 is mainly due to the higher work completion rate for one of the biotechnology projects in Thailand.

In the local market, higher revenue was recorded during 1H24 mainly due to a newly secured projects were obtained, which directly contributed to higher project activities in 1H24 for most of the pharmaceutical projects.

A7 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events after the date of this interim financial report.

A8 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets and contingent liabilities as at the date of this interim financial report.

A9 CAPITAL COMMITMENTS

There were no material capital commitments in respect of property, plant and equipment as at the date of this interim financial report.

A10 CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group as at the end of this interim financial report.

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

B1 REVIEW OF PERFORMANCE

1H24 compared with 1H23

The Group's revenue in 1H24 was RM5.12 million, a decrease of RM0.27 million or 4.94% as compared to 1H23, which was mainly due to lower contribution from overseas' biotechnology projects.

The lower Group's profit before tax for 1H24 was RM2.39 million as compared to the profit before tax 1H23 of RM2.71 million was mainly due to lower project activities in overseas and lower gross profit margin contribution from a newly secured pharmaceutical project.

The Group's profit after tax for 1H24 was RM1.92 million as compared to the profit after tax 1H23 of RM2.11 million was mainly due to higher revenue recognised during 1H23 and higher projects works completion rate in oversea markets.

B2 PROSPECTS

The Group is cautiously optimistic to achieve a more sustainable performance as the market demand for the Group's services is gradually improving albeit challenges remain in view of inflation pressure. The Group will continue to focus on delivering and completing all unfulfilled orders in hand within the agreed timeline with its customers.

As of 30 June 2024, our order book stood at approximately RM76.64 million.

B3 PROFIT FORECAST, PROFIT GUARANTEE AND INTERNAL TARGETS

The Group did not provide any profit forecast, profit guarantee or made any internal targets as at the date of this interim financial report.

C OTHER INFORMATION

C1 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the date of this interim financial report.

C2 BORROWINGS AND DEBT SECURITIES

As at the date of this interim financial report, there were no borrowings, and the Group has not issued any debt securities.

C3 MATERIAL LITIGATION

There was no pending material litigation as at the date of this interim financial report.

C4 TAXATION

	UNAUDITED INDIVIDUAL		UNAUDITED CUMULATIVE	
	6 months ended		6 months ended	
	30 June		30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Current income tax charge	469	602	469	602
Under / (over) prior years	-	-	-	-
Deferred taxation	-	-	-	-
	469	602	469	602

The Group may have experienced lower profits or income in 1H24 compared to 1H23 resulting in lower taxable income and thus lower taxes.

C5 DIVIDENDS

On 28 August 2023, the Company declared an interim single tier dividend of 0.5 sen per ordinary share in respect of FY23 which was paid on 15 September 2023

The directors do not recommend any final dividend for the financial period ended 30 June 2024.

C OTHER INFORMATION (CONT'D)

C6 EARNINGS PER SHARE

	INDIVIDUAL 6 months ended 30 June		CUMULATIVE 6 months ended 30 June	
	2024	2023	2024	2023
Profit attributable to owners of the Company (RM'000)	1,924	2,107	1,924	2,107
Weighted average number of shares at end of period (‘000)	149,010	149,010	149,010	149,010
Earnings per ordinary share (Sen)	1.29	1.41	1.29	1.41

Diluted earnings per share is not computed as the Company did not have any convertible financial instruments as at the date of this interim financial report.