

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 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 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 2023

	UNAUDITED INDIVIDUAL		UNAUDITED CUMULATIVE	
	6 months ended		6 months ended	
	30 June		30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	5,385	3,671	5,385	3,671
Cost of sales	(1,945)	(1,416)	(1,945)	(1,416)
Gross profit	3,440	2,255	3,440	2,255
Other operating income	251	49	251	49
Operating expenses	(982)	(1,184)	(982)	(1,184)
Profit from operating activities	2,709	1,120	2,709	1,120
Profit before tax	2,709	1,120	2,709	1,120
Tax expenses	(602)	(210)	(602)	(210)
Profit for the financial year	2,107	910	2,107	910
Other comprehensive income net of tax	-	-	-	-
Total comprehensive income for the financial year	2,107	910	2,107	910
Profit for the financial year attributable to:				
Owners of the Company	2,107	910	2,107	910
Non-controlling interest	-	-	-	-
	2,107	910	2,107	910
Total comprehensive income for the financial year attributable to:				
Owners of the Company	2,107	910	2,107	910
Non-controlling interest	-	-	-	-
	2,107	910	2,107	910
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Basic (Sen)	1.41	0.61	1.41	0.61
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 2023**

	Unaudited as at 30.06.23 RM'000	Audited as at 31.12.2022 RM'000
NON-CURRENT ASSETS		
Right-of-use Asset	124	152
Property, plant, and equipment	199	171
	<u>323</u>	<u>323</u>
CURRENT ASSETS		
Trade receivables	2,724	2,835
Contract assets	1,148	1,504
Deposits and Prepayments	243	171
Current tax assets	841	1,129
Short-term funds	8,436	5,613
Cash and bank balances	3,154	2,306
	<u>16,546</u>	<u>13,558</u>
TOTAL ASSETS	16,869	13,881
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	7,985	7,985
Retained earnings	5,281	3,174
	<u>13,266</u>	<u>11,159</u>
CURRENT LIABILITIES		
Trade payables	295	384
Other payables and accruals	2,714	2,119
Lease liabilities	-	-
Contract liabilities	456	55
	<u>3,465</u>	<u>2,558</u>
NON-CURRENT LIABILITIES		
Lease liabilities	127	154
Deferred tax liabilities	11	10
	<u>138</u>	<u>164</u>
TOTAL LIABILITIES	3,603	2,722
TOTAL EQUITY AND LIABILITIES	16,869	13,881
NET ASSETS PER SHARE (RM)⁽¹⁾	0.09	0.07

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 2023**

	Share Capital RM'000	Retained Earnings RM'000	Total Equity RM'000
Opening balance at 1 January 2023	7,985	3,174	11,159
Total comprehensive profit for the year	-	2,107	2,107
Closing balance at 30 June 2023	<u>7,985</u>	<u>5,281</u>	<u>13,266</u>
Opening balance at 1 January 2022	7,985	2,361	10,346
Dividend paid	-	(372)	(372)
Total comprehensive income for the year	-	1,185	1,185
Closing balance at 31 December 2022	<u>7,985</u>	<u>3,174</u>	<u>11,159</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 2023**

	Unaudited 6 months ended 30 June	
	2023 RM'000	2022 RM'000
Operating activities		
Profit before tax	2,709	1,120
Adjustments for:		
Depreciation	38	55
Amortisation	29	38
Fair Value Adjustment	(113)	(38)
Dividends from Investments	(10)	(5)
Unrealized gain on foreign exchange	(141)	(43)
Provision of Doubtful Debts	330	-
Interest expenses	10	7
Reversal of Impairment losses on receivables	(635)	-
Operating profit before working capital changes	<u>2,217</u>	<u>1,134</u>
Change in trade and other receivables	(53)	1,324
Change in contract assets/liabilities	1,309	(1,576)
Change in trade and other payables	492	(52)
Cash generated from operations	<u>3,965</u>	<u>830</u>
Tax paid	(314)	(58)
Interest expenses	(10)	(7)
Net Cash flows generated from operating activities	<u>3,641</u>	<u>765</u>
Investing activities		
Investment measured at fair value through profit or loss:		
Dividends from Investments	10	5
Fair Value Adjustment	113	-
Purchase of property, plant, and equipment	(67)	(164)
Net cash used in investing activities	<u>56</u>	<u>(159)</u>
Financing activities		
Repayment of lease liabilities	(27)	(41)
Net cash from financing activities	<u>(27)</u>	<u>(41)</u>
Net increase in cash and cash equivalents	3,670	565
Effect of foreign exchange rate changes	-	69
Cash and cash equivalents at beginning of financial year	<u>7,920</u>	<u>7,713</u>
Cash and cash equivalents at the end of financial year	<u>11,590</u>	<u>8,347</u>
<u>Analysis of cash and cash equivalents:</u>		
Deposit with licensed banks	8,436	6,538
Cash and bank balances	3,154	1,809
Cash and cash equivalents at the end of financial year	<u>11,590</u>	<u>8,347</u>

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 2023

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 2022 and the accompanying explanatory notes attached to this interim financial report.

The following are accounting standards, amendments, and interpretations of the MFRS framework that have been issue by the Malaysian Accounting Standards Board("MASB") but have not been adopted by the Group.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendment to MFRS 17, Insurance Contracts and Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Error - Definition of Accounting Estimates
- Amendment to MFRS 112, Income Tax - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of these new MFRS, amendments and IC interpretations did not have any material impact on interim financial report of the Group.

A2 SEASONAL OR CYCLICAL FACTORS

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

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

There were no material unusual items affecting assets, liabilities, equity, net income, and cash flow of the Group for the financial period ended 30 June 2023.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023 (CONT'D)

A4 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates for the financial period ended 30 June 2023.

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 2023.

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Design	3,999	2,440	3,999	2,440
Post Design	61	257	61	257
Other Support ⁽¹⁾	1,325	974	1,325	974
Total	5,385	3,671	5,385	3,671

Notes:

1- Other support mainly comprises of 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Pharmaceutical	1,896	298	1,896	298
Biotechnology	3,162	3,334	3,162	3,334
Others ⁽¹⁾	327	39	327	39
Total	5,385	3,671	5,385	3,671

Note:

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

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

	INDIVIDUAL		CUMULATIVE	
	6 months ended 30 June		6 months ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,228	366	2,228	366
Taiwan	2,150	1,219	2,150	1,219
Thailand	1,007	1,752	1,007	1,752
Indonesia	-	334	-	334
Total	5,385	3,671	5,385	3,671

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023 (CONT'D)

A6 SEGMENTAL INFORMATION (CONT'D)

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 2023 ("1H23"), the Group recorded a revenue of RM5.385 million, an increase of 46.70 % compared to the previous half year ended 30 June 2022 ("1H22"). The higher revenue recorded in 1H23 is mainly contributed by local and Taiwan markets.

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

Malaysia market recorded a higher revenue for 1H23 as new projects were obtained.

The revenue contributed by others segment was maintenance works and other related engineering services carried out by the Company's subsidiary, Nova Hitech Solutions Sdn Bhd ("NHS") for advanced technology facilities in Malaysia market.

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 REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 REVIEW OF PERFORMANCE

1H23 compared with 1H22

The Group's revenue in 1H23 was RM5.385 million, an increase of RM1.715 million or 46.70% as compared to 1H22, which was mainly due to high contribution from overseas biotechnology projects and by contribution from local pharmaceutical projects.

The higher Group's gross profit for 1H23 of RM3.44 million as compared to 1H22 of RM2.26 million was mainly due to higher revenue and higher gross profit margin contribution from overseas' biotechnology projects.

The Group's profit before tax for 1H23 was RM2.71 million as compared to the profit before tax 1H22 of RM1.12 million was mainly due to:

- (1) higher project works completion rate in Malaysia and Thailand.
- (2) higher dividend/interest income from the Cash Management Fund investments.
- (3) higher reversal of Impairment losses on receivables amounting to RM634,896.

B2 PROSPECTS

Malaysian have responded with fortitude and flexibility as the COVID-19 crisis enters its fourth year. The outlook for 2023 will leans towards optimism as Malaysia entering to endemic phase with positive economic signals including reopening of all business activities, high vaccination rates, implementation of recovery policies by the government and the re-opening of international borders.

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

As of 30th June 2023, our order book stood at approximately RM9.34 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 30 June		6 months ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Current income tax charge	602	210	602	210
Deferred taxation	-	-	-	-
	602	210	602	210

The effective tax rate of the Group for the half yearly ended 30 June 2023 is lower than the statutory income tax rate mainly due to sufficient capital allowances and other deductible expenses to offset.

C OTHER INFORMATION (CONT'D)

C5 DIVIDENDS

The directors do not recommend any final dividend for the financial year ended 31 December 2023.

No dividend has been proposed or declared during the financial period ended 30 June 2023.

C6 EARNINGS/(LOSS) PER SHARE

	INDIVIDUAL 6 months ended 30 June		CUMULATIVE 6 months ended 30 June	
	2023	2022	2023	2022
Profit attributable to owners of the Company (RM'000)	2,107	910	2,107	910
Weighted average number of shares at end of period (‘000)	149,010	149,010	149,010	149,010
Earnings per ordinary share (Sen)	1.41	0.61	1.41	0.61

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.