

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 2022**

**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 2022

	UNAUDITED INDIVIDUAL		UNAUDITED CUMULATIVE	
	6 months ended		6 months ended	
	30 June		30 June	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	3,671	2,827	3,671	2,827
Cost of sales	(1,416)	(1,728)	(1,416)	(1,728)
Gross profit	2,255	1,099	2,255	1,099
Other operating income	49	58	49	58
Operating expenses	(1,184)	(1,063)	(1,184)	(1,063)
Profit from operating activities	1,120	94	1,120	94
Finance costs	-	-	-	-
Profit before tax	1,120	94	1,120	94
Tax expenses	(210)	-	(210)	-
Profit for the financial year	910	94	910	94
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial year	910	94	910	94
Profit for the financial year attributable to:				
Owners of the Company	910	94	910	94
Non-controlling interest	-	-	-	-
	910	94	910	94
Total comprehensive income for the financial year attributable to:				
Owners of the Company	910	94	910	94
Non-controlling interest	-	-	-	-
	910	94	910	94
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Basic (Sen)	0.61	0.06	0.61	0.06
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 2022**

	Unaudited as at 30.06.22 RM'000	Audited as at 31.12.2021 RM'000
NON-CURRENT ASSETS		
Right-of-use Asset	39	42
Property, plant and equipment	203	94
	<u>242</u>	<u>136</u>
CURRENT ASSETS		
Trade receivables	1,093	2,310
Other receivables, deposits and prepayments	74	168
Contract assets	2,369	1,832
Current tax assets	1,106	1,049
Short-term funds	6,538	5,696
Cash and bank balances	1,809	2,017
	<u>12,989</u>	<u>13,072</u>
TOTAL ASSETS	13,231	13,208
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	7,985	7,985
Retained earnings	3,270	2,360
	<u>11,255</u>	<u>10,345</u>
CURRENT LIABILITIES		
Trade payables	13	164
Other payables and accruals	1,789	1,480
Lease liabilities	-	45
Contract liabilities	134	1,174
	<u>1,936</u>	<u>2,863</u>
NON-CURRENT LIABILITIES		
Lease liabilities	40	-
TOTAL LIABILITIES	<u>1,976</u>	<u>2,863</u>
TOTAL EQUITY AND LIABILITIES	<u>13,231</u>	<u>13,208</u>
NET ASSETS PER SHARE (RM)⁽¹⁾	<u>0.076</u>	<u>0.069</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 2022**

	Share Capital RM'000	Retained Earnings RM'000	Total Equity RM'000
Opening balance at 1 January 2022	7,985	2,360	10,345
Total comprehensive profit for the period	-	910	910
Closing balance at 30 June 2022	<u>7,985</u>	<u>3,270</u>	<u>11,255</u>
Opening balance at 1 January 2021	7,985	1,878	9,863
Total comprehensive profit for the period	-	482	482
Closing balance at 31 December 2021	<u>7,985</u>	<u>2,360</u>	<u>10,345</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 2022**

	Unaudited 6 months ended 30 June	
	2022 RM'000	2021 RM'000
Operating activities		
Profit before tax	1,120	94
Adjustments for:		
Depreciation	55	53
Amortisation	38	31
Gain on financial assets classified as fair value through profit or loss	(38)	-
Dividend income	(5)	(52)
Unrealized gain on foreign exchange	(43)	(45)
Interest expenses	7	5
Reversal of Impairment losses on receivables	-	(40)
Operating profit before working capital changes	1,134	46
Change in trade and other receivables	1,324	315
Change in contract assets/liabilities	(1,576)	15
Change in trade and other payables	(52)	530
Cash generated from operations	830	906
Tax paid	(58)	(175)
Interest expenses	(7)	(5)
Net Cash flows generated from operating activities	765	726
Investing activities		
Dividends received from investments	5	52
Purchase of property, plant and equipment	(164)	(8)
Net cash used in investing activities	(159)	44
Financing activities		
Repayment of lease liabilities	(41)	(31)
Net cash from financing activities	(41)	(31)
Net increase in cash and cash equivalents	565	739
Effect of foreign exchange rate changes	69	72
Cash and cash equivalents at beginning of financial year	7,713	6,050
Cash and cash equivalents at the end of financial year	8,347	6,861
Analysis of cash and cash equivalents:		
Deposit with licensed banks	6,538	5,351
Cash and bank balances	1,809	1,510
Cash and cash equivalents at the end of financial year	8,347	6,861

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 2022

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 2021 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 Solution 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 2021 except the adoption of standards and amendments to standards and interpretations that are mandatory for the Group for the financial year beginning 1 January 2022:

Amendments to MFRS 1	First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020 Cycle)
Amendments to MFRS 3	Business Combination – Reference to the Conceptual Framework
Amendments to MFRS 9	Financial Instruments (Annual Improvements to MFRS Standards 2018-2020 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment – Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture (Annual Improvements to MFRS Standards 2018-2020 Cycle)

The adoption of these new MFRS, amendments and IC interpretations did not have any material impact on the 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

On 8 March 2022, Malaysia's Prime Minister announced that Malaysia will begin the transition to the endemic phase starting on 1 April 2022 while waiting for the official endemic declaration by the World Health Organisation. During this phase, all activities have been permitted with no restriction on the usage of space capacity and operating hours. Subsequently, the government also announced the re-opening of international borders for all countries as well.

Other than the above, 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 2022.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (CONT'D)

A4 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates for the financial period ended 30 June 2022.

A5 DEBTS AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the financial period ended 30 June 2022.

A6 SEGMENTAL INFORMATION

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

	INDIVIDUAL		CUMULATIVE	
	6 months ended 30 June		6 months ended 30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Design	2,440	1,367	2,440	1,367
Post Design	257	247	257	247
EPCC ⁽¹⁾	-	297	-	297
Other Support ⁽²⁾	974	917	974	917
Total	3,671	2,827	3,671	2,827

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Pharmaceutical	298	779	298	779
Biotechnology	3,334	1,577	3,334	1,577
Others ⁽¹⁾	39	471	39	471
Total	3,671	2,827	3,671	2,827

Note:

- 1- Mainly comprised 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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	366	1,737	366	1,737
Taiwan	1,219	292	1,219	292
Thailand	1,752	798	1,752	798
Indonesia	334	-	334	-
Total	3,671	2,827	3,671	2,827

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022 (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 2022 ("1H22"), the Group recorded a revenue of RM3.67 million, an increase of 29.85% compared to the previous half year ended 30 June 2021 ("1H21"). The higher revenue recorded in 1H22 is mainly contributed by oversea markets.

The higher revenue contributed by Thailand market during 1H22 is mainly due to the higher work completion rate for one of the biotechnology project in Thailand

In the Taiwan market, higher revenue was recorded during 1H22 mainly due to the relaxation of COVID-19 prevention measurements as compared to 1H21, which directly contributed to higher project activities in 1H22 for most of the biotechnology projects.

The Group also secured a new biotechnology project in Indonesia for a GMP Biopharmaceutical facility, which directly attributed to the higher revenue contribution from the Indonesia market and biotechnology industry in 1H22.

Malaysia market recorded a lower revenue for 1H22 as certain projects have reached the tail end stages of their contractual works.

A7 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to 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

1H22 compared with 1H21

The Group's revenue in 1H22 was RM3.67 million, an increase of RM0.84 million or 29.85% as compared to 1H21, which was mainly due to higher contribution from overseas' biotechnology projects offset by lower contribution from local pharmaceutical projects.

The higher Group's gross profit for 1H22 of RM2.26 million as compared to 1H21 of RM1.10 million was mainly due to higher revenue and higher gross profit margin contribution from overseas' biotechnology projects.

The Group's profit before tax for 1H22 was RM1.12 million as compared to the profit before tax 1H21 of RM0.09 million was mainly due to:

- (1) higher project activities in the Taiwan market due to relaxation of COVID-19 prevention measurements;
- (2) higher project works completion rate in Thailand; and
- (3) higher contribution from a newly secured biotechnology project in Indonesia.

The Group's profit after tax for 1H22 was RM0.91 million as compared to the profit after tax 1H21 of RM0.09 million was mainly due to:

- (1) higher PBT as mentioned above; offset by
- (2) the recognition of tax expense following the expiry of the tax pioneer (tax exemption) status for the Company.

B2 PROSPECTS

Malaysian have responded with fortitude and flexibility as the COVID-19 crisis enters its third year. The outlook for 2022 will lean towards optimism as Malaysia enters into the transition to endemic phase with positive economic signals including the 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 albeit challenges remain in view of inflation pressure and Russia-Ukraine war's global supply chain impact. The Group will continue to focus on delivering and completing all unfulfilled orders in hand within the agreed timeline with its customers.

As of 23 August 2022, our order book stood at approximately RM6.40 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 were 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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Current income tax charge	210	-	210	-
Under / (over) prior years	-	-	-	-
Deferred taxation	-	-	-	-
	210	-	210	-

Reference is made to the announcement dated 26 November 2019 in relation to the Company's Pioneer (Tax Incentive) status. During the financial period under review, Company received notification from Malaysia Digital Economy Corporation Sdn Bhd ("MDEC") that the renewal application for the extension of Tax Incentives was approved up to 30 June 2021, and Malaysian Investment Development Authority ("MIDA") has issued the Pioneer Status Approval Letter ("Approval Letter") to the Company.

The Company responded to MDEC and accepted the Approval Letter from MIDA on 19 July 2022.

This event is not expected to have any material effect on the earnings and net assets of the Group as at the date of this interim financial report and past financial year reports that are subject to the extended Pioneer Status period.

C OTHER INFORMATION (CONT'D)

C5 DIVIDENDS

The directors do not recommend any final dividend for the financial year ended 31 December 2021.

No dividend has been proposed or declared during the financial period ended 30 June 2022.

C6 EARNINGS PER SHARE

	INDIVIDUAL 6 months ended 30 June		CUMULATIVE 6 months ended 30 June	
	2022	2021	2022	2021
Profit attributable to owners of the Company (RM'000)	910	94	910	94
Weighted average number of shares at end of period (‘000)	149,010	149,010	149,010	149,010
Earnings per ordinary share (Sen)	0.61	0.06	0.61	0.06

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.