

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 31 DECEMBER 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 FINANCIAL YEAR ENDED 31 DECEMBER 2023

	UNAUDITED INDIVIDUAL		UNAUDITED CUMULATIVE	
	6 months ended		Financial year ended	
	31 December		31 December	
	<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	4,994	3,574	10,379	7,245
Cost of sales	(1,962)	(1,808)	(3,907)	(3,224)
Gross profit	3,032	1,766	6,472	4,021
Other operating income	(202)	67	49	116
Operating expenses	(535)	(1,510)	(1,517)	(2,694)
Profit / (Loss) from operating activities	2,295	323	5,004	1,443
Finance costs	-	-	-	-
Profit / (Loss) before tax	2,295	323	5,004	1,443
Tax expenses	(461)	(66)	(1,063)	(276)
Profit / (Loss) for the financial year	1,834	257	3,941	1,167
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income / (loss) for the financial year	1,834	257	3,941	1,167
Profit / (Loss) for the financial year attributable to:				
Owners of the Company	1,834	257	3,941	1,167
Non-controlling interest	-	-	-	-
	1,834	257	3,941	1,167
Total comprehensive income / (loss) for the financial year attributable to:				
Owners of the Company	1,834	257	3,941	1,167
Non-controlling interest	-	-	-	-
	1,834	257	3,941	1,167
EARNINGS / (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Basic (Sen)	1.23	0.17	2.64	0.78
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.

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Registration No. 197701003731 (34608-K)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Unaudited as at 31.12.2023 RM'000	Audited as at 31.12.2022 RM'000
NON-CURRENT ASSETS		
Right-of-use Asset	95	153
Property, plant, and equipment	177	170
	<u>272</u>	<u>-</u>
		<u>323</u>
CURRENT ASSETS		
Trade receivables	1,022	2,835
Other receivables, deposits, and prepayments	179	171
Contract assets	1,407	1,504
Current tax assets	1,481	1,129
Short-term funds	9,782	5,613
Fixed deposit with licensed bank	573	560
Cash and bank balances	3,739	1,747
	<u>18,183</u>	<u>13,559</u>
TOTAL ASSETS	18,455	13,882
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	7,985	7,985
Retained earnings	6,369	3,174
Non-controlling interest	-	-
	<u>14,354</u>	<u>11,159</u>
CURRENT LIABILITIES		
Trade payables	226	385
Other payables and accruals	2,899	2,119
Lease liabilities	-	55
Contract liabilities	867	55
	<u>3,992</u>	<u>2,614</u>
NON-CURRENT LIABILITIES		
Lease liabilities	99	99
Deferred Tax liabilities	10	10
	<u>109</u>	<u>109</u>
TOTAL LIABILITIES	4,101	2,723
TOTAL EQUITY AND LIABILITIES	18,455	13,882
NET ASSETS PER SHARE (RM)⁽¹⁾	0.096	0.075

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.

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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Share Capital RM'000	Retained Earnings RM'000	Non- controlling Interest RM'000	Total Equity RM'000
Opening balance at 1 January 2023	7,985	3,174	-	11,159
Total comprehensive profit for the period	-	3,941	-	3,941
Dividend paid		(746)	-	(746)
Closing balance at 31 December 2023	<u>7,985</u>	<u>6,369</u>	-	<u>14,354</u>
Opening balance at 1 January 2022	7,985	2,361	-	10,346
Total comprehensive profit for the period	-	1,186	-	1,186
Dividend paid	-	(373)	-	(373)
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 FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Unaudited	
	<u>Financial year ended 31 December</u>	
	2023	2022
	RM'000	RM'000
Operating activities		
Profit / (Loss) before tax	5,004	1,443
Adjustments for:		
Depreciation	75	105
Amortisation	57	96
Fair Value Adjustment	(244)	(102)
Unit Trust Dividend	(44)	(8)
Unrealized gain on foreign exchange	(106)	(85)
Interest expenses	14	2
Impairment Loss on receivables	-	519
Reversal of Impairment losses on receivables	(728)	(170)
	<hr/>	<hr/>
Operating profit / (loss) before working capital changes	4,028	1,800
Change in trade and other receivables	1,816	(787)
Change in contract assets/liabilities	909	(791)
Change in trade and other payables	(362)	1,220
	<hr/>	<hr/>
Cash generated from operations	6,391	1,442
Tax paid	(1,063)	(702)
Tax refund	187	-
Interest expenses	(14)	(2)
	<hr/>	<hr/>
Net Cash flows generated from operating activities	5,501	738
	<hr/>	<hr/>
Investing activities		
Investment measured at fair value through profit or loss:		
Unit Trust Dividend	44	8
Fair Value Adjustment	244	102
Purchase of property, plant, and equipment	(82)	(181)
Net cash used in investing activities	<hr/>	<hr/>
	206	(71)
	<hr/>	<hr/>
Financing activities		
Dividend paid	(373)	(372)
Repayment of lease liabilities	(71)	(98)
Net cash from financing activities	<hr/>	<hr/>
	(444)	(470)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	5,263	197
Effect of foreign exchange rate changes	338	-
Cash and cash equivalents at beginning of financial year	7,920	7,163
Cash and cash equivalents at the end of financial year	<hr/>	<hr/>
	13,521	7,360

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Analysis of cash and cash equivalents:

Deposit with licensed banks	9,782	5,613
Cash and bank balances	3,739	1,747
Cash and cash equivalents at the end of financial year	13,521	7,360

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 FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 2016 in Malaysia.

The Group and the Company have applied the following accounting standards and amendments of the MFRSs for the financial year beginning on 1 January 2023: -

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

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts – 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 Errors - Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112, Income Taxes – International Tax Reform – Pillar Two Model Rules

The initial application of the amendments does not have any material financial impacts to the current period and prior period financial statements of the Group and of the Company upon their first adoption.

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 amendments 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 amendments 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 amendments effective for annual periods beginning on or after a date yet to be confirmed.

- Amendments to MFRS 10, Consolidated Financial Statements and Amendments to MFRS 128, Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned amendments in the respective financial year when the above 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.

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 year ended 31 December 2023.

A4 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates for the financial year ended 31 December 2023.

A5 DEBTS AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the financial year ended 31 December 2023.

A6 SEGMENTAL INFORMATION

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

	INDIVIDUAL		CUMULATIVE	
	6 months ended 31 December		financial year ended 31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Design	3,114	2,810	7,113	5,250
Post Design	18	174	79	431
Other Support ⁽¹⁾	1,862	590	3,187	1,564
Total	4,994	3,574	10,379	7,245

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 31 December		financial year ended 31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Pharmaceutical	1,874	1,906	3,770	2,204
Biotechnology	2,791	1,603	5,953	4,937
Others ⁽¹⁾	329	65	656	104
Total	4,994	3,574	10,379	7,245

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 31 December		financial year ended 31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,204	1,990	4,432	2,356
Taiwan	2,790	717	4,940	1,936
Thailand	-	778	1,007	2,530
Indonesia	-	89	-	423
Total	4,994	3,574	10,379	7,245

The Group's revenue was generated from design, post design and 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 31 December 2023 ("**2H23**") and financial year ended 31 December 2023 ("**FY23**"), the Group recorded a revenue of RM4.99 million and 10.38 million respectively, an increase of 39.73% and 43.26% compared to the previous half year ended 31 December 2022 ("**2H22**") and financial year ended 31 December 2022 ("**FY22**"). The higher revenue recorded in 2H23 and FY23 mainly contributed by Malaysia and Taiwan markets.

The higher revenue contributed by local market during 2H23 and FY23 mainly due to a newly secured pharmaceutical project that involving in design and setting up the new pharma excipients manufacturing facility in Malaysia.

The Group recorded higher revenue from Taiwan market for 2H23 and FY23 mainly due to high contribution from overseas biotechnology projects and higher work completion rate.

Thailand market recorded a lower revenue for 2H23 and FY23 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 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

2H23 compared with 2H22

The Group's revenue in 2H23 was RM4.99 million, an increase of RM1.42 million or 39.73% as compared to 2H22, which was mainly due to higher contribution from overseas biotechnology projects and local pharmaceutical projects.

The higher Group's gross profit for the 2H23 of RM3.03 million as compared to 2H22 of RM1.77 million was mainly due to higher revenue and gross profit margin contribution from overseas' biotechnology projects.

The Group's profit before tax for 2H23 was RM2.30 million as compared to the profit before tax 2H22 of RM0.32 million was mainly due to higher project activities in Taiwan and higher gross profit margin contribution from a newly secured biotechnology project.

FY23 compared with FY22

The Group's revenue in FY23 was RM10.38 million, an increase of approximately RM3.13 million or 43.26% as compared to FY22, which was mainly due to the higher contribution from a newly secured biotechnology project from Taiwan.

The Group's profit before tax for FY23 was RM5.00 million as compared to the profit before tax for FY22 of RM1.44 million was mainly due to higher revenue recognised during FY23 and higher projects works completion rate in Malaysia and Taiwan.

B2 PROSPECTS

The Outlook for 2023 will cautiously be 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 31 December 2023, our order book stood at approximately RM10.05 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 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 year ended 31 December 2023.

C5 TAXATION

	INDIVIDUAL		CUMULATIVE	
	6 months ended 31 December		Financial year ended 31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Current income tax charge	461	83	1,063	293
Under / (over) prior years	-	(27)	-	(27)
Deferred taxation	-	10	-	10
	461	66	1,063	276

The effective tax rate of the Group for the half yearly ended 31 December 2023 is lower than the statutory income tax rate mainly due to sufficient capital allowances and other deductible expenses to offset.

C6 EARNINGS/(LOSS) PER SHARE

	INDIVIDUAL		CUMULATIVE	
	6 months ended 31 December		financial year ended 31 December	
	2023	2022	2023	2022
Profit / (Loss) attributable to owners of the Company (RM'000)	1,834	257	3,941	1,167
Weighted average number of shares at end of period ('000)	149,010	149,010	149,010	149,010
Earnings / (Loss) per ordinary share (Sen)	1.23	0.17	2.64	0.78

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.