



NOVELPLUS TECHNOLOGY BERHAD

(Registration No. 202001024527 (1380847-U))

(Incorporated in Malaysia under the Companies Act 2016)

HALF-YEAR REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD 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 AND 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 NOVELPLUS TECHNOLOGY BERHAD ("NTB" OR THE "COMPANY"). INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISK OF INVESTING IN NTB AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2022⁽¹⁾**

	Individual 6 months ended		Cumulative 6 months ended	
	Unaudited 30.06.2022 RM	Unaudited 30.06.2021 RM	Unaudited 30.06.2022 RM	Unaudited 30.06.2021 RM
Revenue	2,643,324	2,368,268	2,643,324	2,368,268
Cost of sales	(1,677,142)	(1,670,774)	(1,677,142)	(1,670,774)
Gross profit	966,182	697,494	966,182	697,494
Other income	67,285	12,884	67,285	12,884
Selling and marketing expenses	(601,602)	(347,394)	(601,602)	(347,394)
Administrative and other operating expenses	(574,605)	(732,461)	(574,605)	(732,461)
Finance costs	(1,468)	(2,862)	(1,468)	(2,862)
Loss before taxation	(144,208)	(372,339)	(144,208)	(372,339)
Income tax expenses	(82,750)	-	(82,750)	-
Loss after taxation/ Total comprehensive expenses for the financial period	(226,958)	(372,339)	(226,958)	(372,339)
Loss after taxation/ Total comprehensive expenses for the financial period attributable to:				
Owners of the Company	(226,958)	(372,339)	(226,958)	(372,339)
Basic loss per share (sen)	(0.06)	(0.10)	(0.06)	(0.10)

Note:

- (1) The unaudited condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the Audited Financial Statements of Novelplus Technology Berhad and its subsidiaries (“**Group**”) for the financial year ended (“**FYE**”) 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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NOVELPLUS TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022⁽¹⁾

	(Unaudited) As at 30.06.2022	(Audited) As at 31.12.2021
	RM	RM
<u>ASSETS</u>		
<u>Non-current assets</u>		
Equipment	103,948	117,277
Intangible assets	1,317,287	1,248,221
Right-of-use asset	48,484	70,862
	1,469,719	1,436,360
<u>Current assets</u>		
Trade receivable	2,022	13,390
Other receivables, deposits and prepayments	1,034,651	864,118
Other investments	6,218,382	6,632,087
Current tax assets	261,714	226,384
Cash and cash equivalents	678,557	516,462
	8,195,326	8,252,441
Total assets	9,665,045	9,688,801
<u>EQUITY AND LIABILITIES</u>		
<u>Equity</u>		
Share capital	9,540,313	9,540,313
Accumulated losses	(671,579)	(444,621)
Total equity	8,868,734	9,095,692
<u>Non-current liabilities</u>		
Lease liabilities	3,985	27,576
Deferred tax liabilities	321,750	239,000
	325,735	266,576
<u>Current liabilities</u>		
Trade payables	70,508	60,284
Other payables and accruals	353,422	220,662
Lease liabilities	46,646	45,587
	470,576	326,533
Total liabilities	796,311	593,109
Total equity and liabilities	9,665,045	9,688,801
Net assets per share (RM)	0.02	0.02
Number of ordinary shares	400,000,000	400,000,000



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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022
(continued)**

Note:

- (1) The unaudited condensed consolidated statements of financial position should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022⁽¹⁾

	Share capital	Accumulated losses/Retained earnings	Total equity
	RM	RM	RM
Balance at 1.1.2022	9,540,313	(444,621)	9,095,692
Loss after taxation/Total comprehensive expenses for the financial period	-	(226,958)	(226,958)
Balance at 30.6.2022	9,540,313	(671,579)	8,868,734
Balance at 1.1.2021	3,600,000	94,854	3,694,854
Contribution by owner of the Company: - Issuance of shares	6,000,000	-	6,000,000
Loss after taxation/Total comprehensive expenses for the financial period	-	(372,339)	(372,339)
Balance at 30.6.2021	9,600,000	(277,485)	9,322,515

Note:

- (1) The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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NOVELPLUS TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022⁽¹⁾

	(Unaudited) 6 months ended 30.06.2022	(Unaudited) 6 months ended 30.06.2021
	RM	RM
<u>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</u>		
Loss before taxation	(144,208)	(372,339)
Adjustments for:		
Amortisation of intangible assets	165,215	77,257
Depreciation of equipment	15,867	16,433
Depreciation of right-of-use assets	22,378	36,290
Interest expense on lease liabilities	1,468	2,862
Listing expense	-	198,822
Fair value gain on short term investment	(56,922)	-
Gain on derecognised of right-of use and lease liability	-	(785)
Interest income	(49)	(12,099)
Operating profit/ (loss) before working capital changes	3,749	(53,559)
Increase in trade and other receivables	(159,165)	(5,696,281)
Increase in trade and other payables	142,984	30,596
CASH FOR OPERATIONS	(12,432)	(5,719,244)
Interest paid	(1,468)	(2,862)
Listing expense paid	-	(198,822)
Tax paid	(35,330)	(25,500)
NET CASH FOR OPERATING ACTIVITIES	(49,230)	(5,946,428)
<u>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</u>		
Additions of intangible assets	(234,281)	(289,540)
Interest received	49	12,099
Purchase of equipment	(2,538)	(3,899)
Redemption of short term investment	470,627	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES	233,857	(281,340)



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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022⁽¹⁾ (continued)

	(Unaudited) 6 months ended 30.06.2022	(Audited) 6 months ended 30.06.2021
	RM	RM
<u>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</u>		
Proceeds from issuance of ordinary shares	-	6,000,000
Repayment of lease liabilities	(22,532)	(36,738)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(22,532)	5,963,262
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	162,095	(264,506)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	516,462	1,776,214
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	678,557	1,511,708
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISE OF:		
Highly liquid investments	-	1,195,033
Cash and bank balances	678,557	316,675
	678,557	1,511,708

Note:

- (1) The unaudited condensed consolidated statements of cash flows should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

A1 Compliance with financial reporting standard and Listing Requirements

Basis of preparation

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

This report should be read in conjunction with the Audited Financial Statements of the Group for the FYE 31 December 2021. The explanatory notes attached to this report provide an explanation of events and transactions that are significant to the understanding of changes in the financial position and performance of the Group since the FYE 31 December 2021.

Changes in accounting policies

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the FYE 31 December 2021, except for the adoption of the following Amendments to MFRS during the current financial period:

Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)

Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework

Amendments to MFRS 9: Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)

Amendments to Illustrative Examples accompanying MFRS 16: Leases (Annual Improvements to MFRS Standards 2018-2020)

Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract

Amendments to MFRS 141: Agriculture (Annual Improvements to MFRS Standards 2018-2020)

The Group has not applied in advance the following new and revised MFRSs, Amendments to MFRS and IC interpretations that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial period:

New MFRS, Amendments to MFRSs and IC Interpretation effective for financial periods beginning on or after 1 January 2023:

	Effective for financial periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023

A1 Compliance with financial reporting standard and Listing Requirements (Continued)

Changes in accounting policies (continued)

	Effective for financial periods beginning on or after
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above new standard and amendments is not expected to have significant impact on the financial position and financial performance of the Group.

A2 Seasonal/Cyclical factors

The Group does not experience any seasonality in its business as the demand for online reading is not subject to major seasonal fluctuations.

A3 Unusual items

There were no material unusual items affecting assets, liabilities, equity, net income and cash flows of the Group during the current period.

A4 Material changes in estimates

There were no material changes in estimates of amounts reported in prior financial year that have a material effect in the current period.

A5 Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period.

A6 Segmental information

Analysis of revenue

	Individual 6 months ended		Cumulative 6 months ended	
	Unaudited 30.06.2022 RM	Unaudited 30.06.2021 RM	Unaudited 30.06.2022 RM	Unaudited 30.06.2021 RM
Rendering of online reading services	2,535,273	2,194,989	2,535,273	2,194,989
Advertising and others	108,051	173,279	108,051	173,279
Total	2,643,324	2,368,268	2,643,324	2,368,268

A7 Material events subsequent to the end of the financial period

There were no other material events subsequent to the end of the current period.

A8 Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at the date of this report.

A9 Changes in the composition of the Group

There were no changes in the composition of the Group during the current period.

A10 Capital commitments

The Group has no capital commitments as at the date of this report.

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

B1 Review of performance

The Group's financial performance is dependent on the number of subscribers of its subscription plans through the use of the Group's online social reading and writing platform (i.e., NovelPlus). As such, any factors which adversely affect the disposable income of the subscribers may affect the ability of the Group's existing subscribers to pay for the subscription fees and/or to attract new subscribers.

The Group recorded a revenue of RM2.64 million for the current period, of which RM2.54 million or approximately 96.2% was generated from the rendering of online reading services while advertising and others contributed approximately RM0.11 million or approximately 3.8%.

The Group recorded loss after taxation of RM0.23 million for the current period mainly due to additional marketing costs to promote NovelPlus via social media platform and the recognition of deferred tax liability attributable to intangible assets.

B2 Prospects of the Group

The Board of Directors of the Company ("**Board**") is of the view that the Group will continue to enjoy favourable prospects in line with the growing demand for e-books in Southeast Asia. NovelPlus has a vast content library of e-books comprising over 37,000 published novels in 2 languages, namely Bahasa Melayu (which is commonly used in Malaysia) and Bahasa Indonesia (which is commonly used in Indonesia). As such, the Group targets a user base which are primarily located in Southeast Asia that are literate in either one or both of these languages.

By leveraging on NTB's strengths as highlighted in Section 4.7 of the Information Memorandum, the Board believes that the Group will be able to capture future growth opportunities presented by the growing e-book market in Southeast Asia and well-positioned to undertake its future plans identified in Section 4.18 of the Information Memorandum. The Board believes that this will place the Group in a position to be able to ensure its long-term growth and sustainability in the industry.

The Board is of the view that the e-book market is driven by the proliferation of mobile devices and growth in internet penetration, environmental initiatives to reduce usage of paper as well as various government initiatives to promote reading habits in Southeast Asia. In addition, the Board believes reading is a habit and expenditure on e-books and subscriptions to online social reading and writing platforms in Southeast Asia are expected to continue in 2022 and the following years as the economies in the region improve.

B3 Profit forecast/Profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

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C OTHER INFORMATION

C1 Status of corporate proposal

There were no corporate proposals announced but pending completion as at the date of this report.

C2 Status of utilisation of proceeds

The utilisation of proceeds of RM6.0 million from the placement of shares as at 15 August 2022 is as follows:

Utilisation purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Unutilised proceeds RM'000	Expected time frame for the utilisation of proceeds (from the date of listing of the Shares)
Acquisition of e-books	1,000	128	872	Within 36 months
Future business expansion	1,200	77	1,123	Within 36 months
Enhancement of technological capabilities	1,500	25	1,475	Within 36 months
Working capital	1,600	1,600	-	Within 36 months
Listing expenses	700	700	-	Immediately
Total proceeds	6,000	2,530	3,470	

C3 Loans and borrowings

There were no loans and borrowings as at the date of this report.

C4 Material litigation

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

C5 Dividend

There was no dividend declared or proposed as at the date of this report.

C6 Loss per Share (“LPS”)/Earnings per Share (“EPS”)

(a) Basic LPS

	Individual 6 months ended		Cumulative 6 months ended	
	Unaudited 30.06.2022 RM	Unaudited 30.06.2021 RM	Unaudited 30.06.2022 RM	Unaudited 30.06.2021 RM
Loss after taxation attributable to the owners of the Company (RM)	(226,958)	(372,339)	(226,958)	(372,339)
Weighted average number of Shares issued	400,000,000	366,629,834	400,000,000	366,629,834
Basic LPS (sen)	(0.06)	(0.10)	(0.06)	(0.10)

(b) Diluted LPS

The diluted LPS is equivalent to the basic LPS as the Company does not have any potential ordinary shares outstanding at the end of the reporting period.

This report is dated 22 August 2022.