



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 YEAR ENDED 31 DECEMBER 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 31 DECEMBER
 2022⁽¹⁾**

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited 31.12.2022 RM	Unaudited 31.12.2021 RM	Unaudited 31.12.2022 RM	Audited 31.12.2021 RM
Revenue	2,111,346	2,523,771	4,754,670	4,892,039
Cost of sales	(1,395,625)	(1,565,605)	(3,072,767)	(3,236,379)
Gross profit	715,721	958,166	1,681,903	1,655,660
Other income	83,338	88,586	150,623	101,470
Selling and marketing expenses	(437,700)	(358,727)	(1,039,302)	(706,121)
Administrative and other operating expenses	(491,785)	(596,868)	(1,066,390)	(1,329,329)
Finance costs	(944)	(1,979)	(2,412)	(4,841)
Loss before taxation	(131,370)	89,178	(275,578)	(283,161)
Income tax reversal/(expenses)	59,963	(256,314)	(22,787)	(256,314)
Loss after taxation/ Total comprehensive expenses for the financial period/year	(71,407)	(167,136)	(298,365)	(539,475)
Loss after taxation/ Total comprehensive expenses for the financial period/year attributable to:				
Owners of the Company	(71,407)	(167,136)	(298,365)	(539,475)
Basic loss per share (sen)	(0.02)	(0.04)	(0.07)	(0.14)

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 31 DECEMBER 2022⁽¹⁾

	(Unaudited) As at 31.12.2022	(Audited) As at 31.12.2021
	RM	RM
<u>ASSETS</u>		
<u>Non-current assets</u>		
Equipment	89,532	117,277
Intangible assets	1,306,033	1,248,221
Right-of-use asset	26,107	70,862
	1,421,672	1,436,360
<u>Current assets</u>		
Trade receivable	1,473	13,390
Other receivables, deposits and prepayments	739,607	864,118
Other investments	6,450,422	6,632,087
Current tax assets	278,352	226,384
Cash and cash equivalents	510,886	516,462
	7,980,740	8,252,441
Total assets	9,402,412	9,688,801
<u>EQUITY AND LIABILITIES</u>		
<u>Equity</u>		
Share capital	9,540,313	9,540,313
Accumulated losses	(742,986)	(444,621)
Total equity	8,797,327	9,095,692
<u>Non-current liabilities</u>		
Lease liabilities	3,985	27,576
Deferred tax liabilities	251,035	239,000
	255,020	266,576
<u>Current liabilities</u>		
Trade payables	66,526	60,284
Other payables and accruals	259,948	220,662
Lease liabilities	23,591	45,587
	350,065	326,533
Total liabilities	605,085	593,109
Total equity and liabilities	9,402,412	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 31
DECEMBER 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 YEAR ENDED 31 DECEMBER 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 year	-	(298,365)	(298,365)
Balance at 31.12.2022	9,540,313	(742,986)	8,797,327
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
- Shares issuance expenses	(59,687)	-	(59,687)
Loss after taxation/Total comprehensive expenses for the financial year	-	(539,475)	(539,475)
Balance at 31.12.2021	9,540,313	(444,621)	9,095,692

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 YEAR ENDED 31 DECEMBER 2022⁽¹⁾

	(Unaudited) 12 months ended 31.12.2022	(Audited) 12 months ended 31.12.2021
	RM	RM
<u>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</u>		
Loss before taxation	(275,578)	(283,161)
Adjustments for:		
Amortisation of intangible assets	348,297	265,019
Depreciation of equipment	31,786	32,351
Depreciation of right-of-use assets	44,755	58,668
Interest expense on lease liabilities	2,412	4,841
Listing expense	-	231,191
Dividend income	-	(1,184)
Fair value gain on short term investment	(135,130)	-
Gain on lease termination	-	(785)
Interest income	(649)	(62,966)
Covid-19 related rent concession received		(24,000)
Operating profit before working capital changes	15,893	219,974
Decrease in trade and other receivables	136,428	70,972
Increase/(Decrease) in trade and other payables	45,528	(123,216)
CASH FROM OPERATIONS	197,849	167,730
Interest paid	(2,412)	(4,841)
Tax paid	(62,720)	(66,698)
NET CASH FROM OPERATING ACTIVITIES	132,717	96,191
<u>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</u>		
Purchase and origination of intangible assets	(406,109)	(416,918)
Dividend received	-	1,184
Interest received	649	62,966
Purchase of equipment	(4,041)	(17,997)
Placement of other investment	(367,800)	(6,632,087)
Redemption of other investment	684,595	-
NET CASH FOR INVESTING ACTIVITIES	(92,706)	(7,002,852)



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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022⁽¹⁾ (continued)

	(Unaudited) 12 months ended 31.12.2022	(Audited) 12 months ended 31.12.2021
	RM	RM
<u>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</u>		
Proceeds from issuance of ordinary shares	-	5,940,313
Repayment of lease liabilities	(45,587)	(34,759)
Listing expense paid	-	(258,645)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(45,587)	5,646,909
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,576)	(1,259,752)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	516,462	1,776,214
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	510,886	516,462
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR COMPRISE OF:		
Highly liquid investments	-	7,799
Cash and bank balances	510,886	508,663
	510,886	516,462

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 31 DECEMBER 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 3, “Business Combinations” (Reference to the Conceptual Framework)
- Amendments to MFRS 116, “Property, Plant and Equipment” (Proceeds before Intended Use)
- Amendments to MFRS 137, “Provision, Contingent Liabilities and Contingent Assets” (Onerous Contracts – Cost of Fulfilling a Contract)
- Annual Improvement to MFRS Standards 2018 – 2022:
 - Amendment to MFRS 1, “First-time Adoption of Malaysian Financial Reporting Standards”
 - Amendment to MFRS 9, “Financial Instruments”
 - Amendment to Illustrative Examples accompanying MFRS 16, “Leases”
 - Amendment to MFRS 141, “Agriculture”

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

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 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non - Current	1 January 2023
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

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 12 months ended	
	Unaudited 31.12.2022 RM	Unaudited 31.12.2021 RM	Unaudited 31.12.2022 RM	Audited 31.12.2021 RM
Rendering of online reading services	1,996,140	2,365,820	4,531,413	4,560,809
Advertising and others	115,206	157,951	223,257	331,230
Total	2,111,346	2,523,771	4,754,670	4,892,039

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 subscribers may affect their ability to pay for subscription fees and the Group's ability to attract new subscribers.

The Group recorded a revenue of RM2.11 million for the current period, of which RM2.00 million or approximately 94.8% was generated from the rendering of online reading services while advertising and others contributed approximately RM0.11 million or approximately 5.2%.

The Group recorded loss after taxation of RM0.07 million for the current period mainly due to additional marketing costs to promote NovelPlus via social media platform.

B2 Prospects of the Group

NovelPlus' library has a vast content of e-books with over 52,000 published novels mostly in Bahasa Melayu (commonly used in Malaysia) and Bahasa Indonesia (commonly used in Indonesia). As such, the Group targets a user base which is primarily located in Southeast Asia that is literate in either one or all of these languages (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand).

Further, the e-book market is driven by the proliferation of mobile devices and growth in internet penetration, environmental initiatives to reduce paper usage as well as various government initiatives to promote reading habit in Southeast Asia. The Board is of the view that the e-book market will continue to grow in the near term as more people are accustomed to reading materials online. The improvement in economic conditions in Southeast Asia will also augur well for the growth of the e-book market.

While the Group's revenue experienced a slight decline for the FYE 31 December 2022 (unaudited) against FYE 31 December 2021 (audited), the Board is optimistic that it will be able to leverage on the aforementioned factors to grow its revenue in the future. By implementing the future plans of the Group as highlighted in Section 4.18 of the Information Memorandum, the Board believes that it will be able to capture future growth opportunities presented by the growing e-book market in Southeast Asia.

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 20 February 2023 is as follows:

Utilisation purposes	Proposed utilisation RM'000	Variation 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	(500)	(164)	336	Within 36 months
Future business expansion	1,200	(600)	(105)	495	Within 36 months
Enhancement of technological capabilities	1,500	(1,475)	(25)	-	Within 36 months
Working capital	1,600	2,575	(3,499)	676	Within 36 months
Listing expenses	700	-	(700)	-	Immediately
Total proceeds	6,000	-	(4,493)	1,507	

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.

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C6 Loss per Share (“LPS”)

(a) Basic LPS

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited 31.12.2022 RM	Unaudited 31.12.2021 RM	Unaudited 31.12.2022 RM	Audited 31.12.2021 RM
Loss after taxation attributable to the owners of the Company (RM)	(71,407)	(167,136)	(298,365)	(539,475)
Weighted average number of Shares issued	400,000,000	400,000,000	400,000,000	380,931,507
Basic LPS (sen)	(0.02)	(0.04)	(0.07)	(0.14)

(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 27 February 2023.