



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 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 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 2023⁽¹⁾**

	Individual 6 months ended		Cumulative 6 months ended	
	Unaudited 30.06.2023 RM	Unaudited 30.06.2022 RM	Unaudited 30.06.2023 RM	Unaudited 30.06.2022 RM
Revenue	1,951,626	2,643,324	1,951,626	2,643,324
Cost of sales	(1,345,255)	(1,677,142)	(1,345,255)	(1,677,142)
Gross profit	606,371	966,182	606,371	966,182
Other income	132,262	67,285	132,262	67,285
Selling and marketing expenses	(326,124)	(601,602)	(326,124)	(601,602)
Administrative and other operating expenses	(599,049)	(574,605)	(599,049)	(574,605)
Finance costs	(409)	(1,468)	(409)	(1,468)
Loss before taxation	(186,949)	(144,208)	(186,949)	(144,208)
Income tax credit/(expense)	31,811	(82,750)	31,811	(82,750)
Loss after taxation/ Total comprehensive expenses for the financial period	(155,138)	(226,958)	(155,138)	(226,958)
Loss after taxation/ Total comprehensive expenses for the financial period attributable to:				
Owners of the Company	(155,138)	(226,958)	(155,138)	(226,958)
Basic loss per share (sen)	(0.04)	(0.06)	(0.04)	(0.06)

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 2022 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 2023⁽¹⁾

	(Unaudited) As at 30.06.2023	(Audited) As at 31.12.2022
	RM	RM
<u>ASSETS</u>		
<u>Non-current assets</u>		
Equipment	76,827	89,532
Intangible assets	1,268,135	1,306,033
Right-of-use asset	3,729	26,107
	1,348,691	1,421,672
<u>Current assets</u>		
Trade receivable	681	1,473
Other receivables, deposits and prepayments	631,383	739,607
Other investments	6,238,104	6,450,422
Current tax assets	300,482	278,352
Cash and cash equivalents	669,872	510,886
	7,840,522	7,980,740
Total assets	9,189,213	9,402,412
<u>EQUITY AND LIABILITIES</u>		
<u>Equity</u>		
Share capital	9,540,313	9,540,313
Accumulated losses	(898,124)	(742,986)
Total equity	8,642,189	8,797,327
<u>Non-current liabilities</u>		
Deferred tax liabilities	219,224	251,035
	219,224	251,035
<u>Current liabilities</u>		
Trade payables	77,772	66,526
Other payables and accruals	246,043	259,948
Lease liabilities	3,985	27,576
	327,800	354,050
Total liabilities	547,024	605,085
Total equity and liabilities	9,189,213	9,402,412
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 2023
(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 2022 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 2023⁽¹⁾

	Share capital	Accumulated losses	Total equity
	RM	RM	RM
Balance at 1.1.2023	9,540,313	(742,986)	8,797,327
Loss after taxation/Total comprehensive expenses for the financial period	-	(155,138)	(155,138)
Balance at 30.6.2023	9,540,313	(898,124)	8,642,189
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

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 2022 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 2023⁽¹⁾

	(Unaudited) 6 months ended 30.06.2023	(Unaudited) 6 months ended 30.06.2022
	RM	RM
<u>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</u>		
Loss before taxation	(186,949)	(144,208)
Adjustments for:		
Amortisation of intangible assets	201,100	165,215
Depreciation of equipment	15,164	15,867
Depreciation of right-of-use assets	22,378	22,378
Interest expense on lease liabilities	409	1,468
Dividend income	(2,807)	-
Fair value gain on investment	(104,801)	(56,922)
Interest income	(2,501)	(49)
Unrealised gain on foreign exchange	(22,153)	(10,293)
Operating (loss)/profit before working capital changes	(80,160)	(6,544)
Decrease in trade and other receivables	109,016	(159,165)
Decrease in trade and other payables	(2,659)	142,984
CASH GENERATED FROM/(FOR) OPERATIONS	26,197	(22,725)
Interest paid	(409)	(1,468)
Tax paid	(22,130)	(35,330)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	3,658	(59,523)
<u>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</u>		
Dividend received	2,807	-
Interest received	2,501	49
Purchase of equipment	(2,459)	(2,538)
Purchase and origination of intangible assets	(163,202)	(234,281)
Net withdrawal of other investment	317,119	470,627
NET CASH FROM INVESTING ACTIVITIES	156,766	233,857
<u>CASH FLOWS FOR FINANCING ACTIVITIES</u>		
Repayment of lease liabilities	(23,591)	(22,532)
NET CASH FOR FINANCING ACTIVITIES	(23,591)	(22,532)



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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023⁽¹⁾ (continued)

	(Unaudited) 6 months ended 30.06.2023	(Unaudited) 6 months ended 30.06.2022
	RM	RM
NET INCREASE IN CASH AND CASH EQUIVALENTS	136,833	151,802
EFFECT ON EXCHANGE RATE CHANGES	22,153	10,293
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	510,886	516,462
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	669,872	678,557
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISING:		
Cash and bank balances	669,872	678,557
	669,872	678,557

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

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NOVELPLUS TECHNOLOGY BERHAD
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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

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 2022. 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 2022.

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 2022, except for the adoption of the following Amendments to MFRS during the current financial period:

- Amendments to MFRS 17: Insurance Contracts
- Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101: Classification of Liabilities as Current or Non - Current
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

Changes in accounting policies (continued)

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 2024:

	Effective for financial periods beginning on or after
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
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 standards 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.

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A6 Segmental information

Analysis of revenue

	Individual 6 months ended		Cumulative 6 months ended	
	Unaudited 30.06.2023 RM	Unaudited 30.06.2022 RM	Unaudited 30.06.2023 RM	Unaudited 30.06.2022 RM
Rendering of online reading services	1,881,927	2,535,273	1,881,927	2,535,273
Advertising and others	69,699	108,051	69,699	108,051
Total	1,951,626	2,643,324	1,951,626	2,643,324

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 RM1.95 million for the current period, of which RM1.88 million or approximately 96.4% was generated from the rendering of online reading services while advertising and others contributed approximately RM0.07 million or approximately 3.6%.

The Group recorded a lower loss after taxation of RM0.15 million for the current period (6 months ended 30 June 2022: RM0.23 million) primarily due to reduction in marketing expenses to promote NovelPlus through social media platforms, as well as a decrease in the recognition of deferred tax liabilities associated with intangible assets.

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 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 revenue declined for the 6 months ended 30 June 2023 (unaudited) against the 6 months ended 30 June 2022 (unaudited), the Board had subsequently established additional connections with telecommunication service providers to expand market coverage and hopes to leverage on this to improve the Group's 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 7 August 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)	(194)	306	Within 36 months
Future business expansion	1,200	(600)	(117)	483	Within 36 months
Enhancement of technological capabilities	1,500	(1,475)	(25)	-	Within 36 months
Working capital	1,600	2,575	(4,175)	-	Within 36 months
Listing expenses	700	-	(700)	-	Immediately
Total proceeds	6,000	-	(5,211)	789	

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 6 months ended	
	Unaudited 30.06.2023 RM	Unaudited 30.06.2022 RM	Unaudited 30.06.2023 RM	Unaudited 30.06.2022 RM
Loss after taxation attributable to the owners of the Company (RM)	(155,138)	(226,958)	(155,138)	(226,958)
Weighted average number of Shares issued	400,000,000	400,000,000	400,000,000	400,000,000
Basic LPS (sen)	(0.04)	(0.06)	(0.04)	(0.06)

(b) Diluted LPS

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

This report is dated 14 August 2023.