

# STELLA HOLDINGS BERHAD

(formerly known as Merge Energy Bhd)

Company No. 199701004603 (420099-X)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	Unaudited As at 30.09.2020 RM'000	Audited As at 31.03.2020 RM'000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	4,946	5,155
Investment properties	16,506	14,530
Intangible assets	856	856
	<b>22,308</b>	<b>20,541</b>
<b>Current Assets</b>		
Inventories	-	1,214
Contract assets	5,957	1,460
Trade receivables	19,313	13,307
Other receivables, deposits and prepayments	7,303	5,658
Current tax assets	189	27
Deposits placed with licensed banks	5,029	4,755
Cash and bank balances	6,385	18,599
	<b>44,176</b>	<b>45,020</b>
Assets held for sale	-	5,532
	<b>66,484</b>	<b>71,093</b>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Owner Of The Parent</b>		
Share capital	31,713	31,713
Retained earnings	15,991	16,983
Shareholders' Equity	<b>47,704</b>	<b>48,696</b>
Non-Controlling Interest	2,255	2,208
<b>Total Equity</b>	<b>49,959</b>	<b>50,904</b>
<b>Non Current Liabilities</b>		
Loans and borrowings	1,268	1,309
Deferred tax liabilities	214	214
	<b>1,482</b>	<b>1,523</b>
<b>Current Liabilities</b>		
Contract liabilities	853	1,997
Trade payables	8,233	8,710
Other payables, accruals and deposits	5,119	7,474
Loans and borrowings	828	415
Current tax liabilities	10	70
	<b>15,043</b>	<b>18,666</b>
<b>Total Liabilities</b>	<b>16,525</b>	<b>20,189</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>66,484</b>	<b>71,093</b>
Net assets per share attributable to owner of the parent	<b>0.71</b>	<b>0.73</b>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2020)

# STELLA HOLDINGS BERHAD

(Formerly Known As Merge Energy Bhd)

Company No. 199701004603 (420099-X)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	11,872	23,282	14,127	47,393
Cost of Sales	(10,688)	(20,873)	(13,404)	(43,854)
Gross Profit	1,184	2,409	723	3,539
Other Operating Income	1,239	207	2,914	407
Total Income	2,423	2,616	3,637	3,946
Admin Operating Costs	(2,331)	(2,739)	(4,256)	(5,355)
Profit / (Loss) from Operation	92	(123)	(619)	(1,409)
Finance Costs	(15)	(161)	(22)	(274)
Profit / (Loss) before taxation	77	(284)	(641)	(1,683)
Taxation	(66)	(194)	(304)	(197)
Profit / (Loss) after taxation	11	(478)	(945)	(1,880)
Total Comprehensive Income/(Loss) For The Period	11	(478)	(945)	(1,880)
Profit / (Loss) attributable to :				
Owners of the parent	(21)	(875)	(992)	(2,286)
Non-controlling interest	32	397	47	406
Profit / (Loss)	11	(478)	(945)	(1,880)
Total Comprehensive Income/(Loss) attributable to :				
Owners of the parent	(21)	(875)	(992)	(2,286)
Non-controlling interest	32	397	47	406
Total Comprehensive Income / (Loss)	11	(478)	(945)	(1,880)
Loss per share : --	sen	sen	sen	sen
- basic / diluted	(0.03)	(1.31)	(1.48)	(3.41)

Notes :

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2020.

## STELLA HOLDINGS BERHAD

(formerly known as Merge Energy Bhd)

Company No. 199701004603 (420099-X)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2020

Six Months Ended 30 September 2020

← Attributable to Equity Holders of the Company →

	Share Capital RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 April 2020	31,713	16,983	48,696	2,208	50,904
Total comprehensive (loss) / income for the period	-	(992)	(992)	47	(945)
At 30 September 2020	31,713	15,991	47,704	2,255	49,959

Six Months Ended 30 September 2019

← Attributable to Equity Holders of the Company →

	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 April 2019	74,713	(28,857)	45,856	2,161	48,017
Total comprehensive (loss) / income for the period	-	(2,286)	(2,286)	406	(1,880)
At 30 September 2019	74,713	(31,143)	43,570	2,567	46,137

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2020)

# STELLA HOLDINGS BERHAD

(formerly known as Merge Energy Bhd)  
Company No. 199701004603 (420099-X)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2020

Note	6 MONTHS PERIOD ENDED 30.09.2020	6 MONTHS PERIOD ENDED 30.09.2019
	<u>RM'000</u>	<u>RM'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(641)	(1,683)
Adjustments for :		
Non-cash items	247	299
Non-operating items (which are investing / financing)	<u>(3,956)</u>	<u>1,793</u>
Operating (loss) / profit before changes in working capital	(4,350)	409
Changes in working capital :		
Net changes in current assets	(12,107)	3,061
Net changes in current liabilities	<u>(2,878)</u>	<u>3,660</u>
Cash (used in) / generated from operations	(19,335)	7,130
Tax (paid)/ refund	(451)	(36)
Net cash (used in) / from operating activities	<u>(19,786)</u>	<u>7,094</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash from/ (used in) investing activities	7,222	(2,490)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash used in financing activities	<u>(75)</u>	<u>(582)</u>
Net (decrease) / increase in cash and cash equivalents	(12,639)	4,022
Cash and cash equivalents at beginning of financial year	<u>18,577</u>	<u>(1,303)</u>
Cash and cash equivalents at end of the quarter	(i) <u>5,938</u>	<u>2,719</u>
Note (i) :		
Represented by :		
Cash and bank balances	6,385	7,753
Deposits placed with licensed banks	5,029	5,018
Less : Pledged deposits	<u>(5,029)</u>	<u>(5,018)</u>
	6,385	7,753
Less : Bank Overdraft	<u>(447)</u>	<u>(5,034)</u>
	<u>5,938</u>	<u>2,719</u>

The Condensed Consolidated Statements Of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2020.

## **STELLA HOLDINGS BERHAD**

(formerly known as Merge Energy Bhd)  
Company No. 199701004603 (420099-X)  
(Incorporated In Malaysia)

### **Notes to the Interim Financial Report**

#### **A1 Corporate Information**

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

#### **A2 Basis of preparation**

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia and the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 March 2020.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the annual financial statements for the financial year ended 31 March 2020 except for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 April 2019 as disclosed below.

##### New MFRSs

MFRS 16      Leases

##### Amendments / Improvements to MFRSs

MFRS 3      Business Combinations  
MFRS 9      Financial Instruments  
MFRS 11     Joint Arrangements  
MFRS 112    Income Taxes  
MFRS 119    Employee Benefits  
MFRS 123    Borrowing Costs  
MFRS 128    Investments in Associates and Joint Ventures

##### New IC Int

IC Int 23     Uncertainty Over Income Tax Treatments

The adoption of these new standards, amendments / improvements and new IC Int interpretations have no material impact to these interim financial statements.

**A3 Seasonal or cyclical factors**

The business operations of the Group were not affected by any significant seasonal or cyclical factors.

**A4 Items affecting assets, liabilities, equity, net income or cash flows**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current financial quarter.

**A5 Change in estimates**

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

**A6 Debt and equity securities**

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellations, share held as treasury shares and resale of treasury shares for the current financial year to-date.

**A7 Dividend paid**

No dividends were paid for the current quarter under review.

## A8 Segment Revenue and Segment Result by Business Segments

Segment information is presented in respect of the Group's business segment. All inter-segment transactions have been entered into in the normal course of business and have been established under terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of the inter-segment transactions are eliminated on consolidation.

Business Segments	Investment Holding RM'000	Construction RM'000	Property Investment RM'000	Maintenance, Facility Management and Services RM'000	Oil & Gas RM'000	Hospitality	Others RM'000	Elimination RM'000	Group RM'000
<b>6 months ended 30 September 2020</b>									
<b>Revenue</b>									
External sales	-	11,090	41	-	2,996	-	-	-	14,127
Inter-segment sales	-	-	111	-	-	-	-	(111)	-
	<u>-</u>	<u>11,090</u>	<u>152</u>	<u>-</u>	<u>2,996</u>	<u>-</u>	<u>-</u>	<u>(111)</u>	<u>14,127</u>
Segment (Loss) / Profit	(581)	(120)	4	11	122	(22)	(5)	(28)	(619)
Finance costs	-	(12)	-	-	(10)	-	-	-	(22)
(Loss) / Profit before tax	<u>(581)</u>	<u>(132)</u>	<u>4</u>	<u>11</u>	<u>112</u>	<u>(22)</u>	<u>(5)</u>	<u>(28)</u>	<u>(641)</u>
Taxation	-	(276)	(13)	-	(15)	-	-	-	(304)
<b>(Loss) / Profit after tax</b>	<u><u>(581)</u></u>	<u><u>(408)</u></u>	<u><u>(9)</u></u>	<u><u>11</u></u>	<u><u>97</u></u>	<u><u>(22)</u></u>	<u><u>(5)</u></u>	<u><u>(28)</u></u>	<u><u>(945)</u></u>

**A8 Segment Revenue and Segment Result by Business Segments (cont'd)**

Business Segments	Investment Holding RM'000	Construction RM'000	Property Investment RM'000	Maintenance, Facility Management and Services RM'000	Oil & Gas RM'000	Others RM'000	Elimination RM'000	Group RM'000
<b>6 months ended 30 September 2019</b>								
<b>Revenue</b>								
External sales	-	42,419	32	(13)	4,955	-	-	47,393
Inter-segment sales	1,000	-	111	1	-	-	(1,112)	-
	<u>1,000</u>	<u>42,419</u>	<u>143</u>	<u>(12)</u>	<u>4,955</u>	<u>-</u>	<u>(1,112)</u>	<u>47,393</u>
Segment (Loss) / Profit	(162)	(276)	40	(972)	962	(5)	(996)	(1,409)
Finance costs	-	(215)	-	(27)	(32)	-	-	(274)
(Loss) / Profit before tax	<u>(162)</u>	<u>(491)</u>	<u>40</u>	<u>(999)</u>	<u>930</u>	<u>(5)</u>	<u>(996)</u>	<u>(1,683)</u>
Taxation	-	(87)	(9)	-	(101)	-	-	(197)
<b>(Loss) / Profit after tax</b>	<u><u>(162)</u></u>	<u><u>(578)</u></u>	<u><u>31</u></u>	<u><u>(999)</u></u>	<u><u>829</u></u>	<u><u>(5)</u></u>	<u><u>(996)</u></u>	<u><u>(1,880)</u></u>



## **A9 Valuation of property, plant and equipment and investment properties**

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual financial statement for the year ended 31 March 2020.

## **A10 Material subsequent events**

- (i) On 8 October 2020, subsequent to the Group's announcement on 27 August 2019 in relation to a Residential Development Project at Kuantan, Pahang ("PROPOSED DEVELOPMENT"). The Board of Directors of the Group announced that the Landowner (i.e. AMNI Corporation (M) Sdn Bhd) and the Developer (i.e. Paramount Ventures Sdn Bhd, a wholly-owned subsidiary of Stella) has entered into a supplemental agreement ("Supplemental Agreement") to vary certain terms and conditions of the Joint Venture Agreement.
- (ii) On 9 October 2020, the Board of Directors of the Group announced that Stella Healthcare Holdings Sdn Bhd ("SHH"), a wholly-owned subsidiary of the Group has entered into a Joint Venture cum Shareholders Agreement ("JVSA") with Kasih Holdings Sdn Bhd ("KHSB") and Stella Kasih Healthcare Sdn Bhd ("SKH" or "JV Company"). Under the JVSA, SHH and KHSB will be the shareholders of SKH, the joint venture company which has been incorporated with the intention to provide healthcare services and to operate and manage the Hospital.
- (iii) On 12 November 2020, subsequent to the Group's announcement on 9 October 2020 in relation to the Joint Venture cum Shareholders Agreement.

The Group wishes to inform that the subscription of shares in SKH has been completed following the allotment and issuance of 999,998 ordinary shares ("Allotment") in the JV Company to SHH and KHSB at an issue price of RM1.00 per ordinary share on 12 November 2020. Subsequent to the Allotment, the total shareholdings held by SHH and KHSB in the JV Company are as follows:-

	<b>Number of shares before Allotment</b>	<b>Number of shares allotted</b>	<b>Total number of shares held after Allotment</b>	<b>Shareholding Percentage</b>
SHH	2	599,998	600,000	60%
KHSB	-	400,000	400,000	40%
<b>Total</b>	<b>2</b>	<b>999,998</b>	<b>1,000,000</b>	<b>100%</b>

Save as above, there were no other material events subsequent to the end of the period under review, which are likely to affect the result of the Group's operation substantially.

## **A11 Changes in composition of the Group**

On 14 September 2020 and 22 September 2020 two (2) private limited companies were incorporated in Malaysia, there were Stella Healthcare Holdings Sdn Bhd ("SHH") and Stella Kasih Healthcare Sdn Bhd ("SKH") respectively with their registered office at No.2, Jalan Apollo U5/190, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan.

SHH is a wholly-owned subsidiary of Stella Holdings Berhad and its principal activities is investment holding whereas SKH is a wholly-owned subsidiary of SHH with an existing issued share capital of RM2/- comprising two (2) ordinary shares. The intended business of SKH is to establish, manage and operate private hospital and provision of health care and medical services.

Saved as above, there were no changes in the composition of the Group for the current period under review.

## **A12 Contingent liabilities or contingent assets**

The Company has given corporate guarantees amounting to RM47.03 million (31/03/2020 : RM47.92 million) to licensed banks for banking facilities granted to a subsidiary company. Consequently, the Company is contingently liable for the amount of banking facilities utilised by subsidiaries company amounting to RM9.41 million (31/03/2020 : RM8.58 million)

## **Additional information required by Bursa Malaysia Listing Requirements**

### **B1 Review of performance**

	INDIVIDUAL PERIOD (2nd QUATER)			CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER		CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE	
	30.09.2020 RM'000	30.09.2019 RM'000	Change %	30.09.2020 RM'000	30.09.2019 RM'000	Change %
Revenue	11,872	23,282	-49%	14,127	47,393	-70%
Operating profit / (Loss)	92	(123)	175%	(619)	(1,409)	56%
Profit / (Loss) Before Interest and Tax	92	(123)	175%	(619)	(1,409)	56%
Profit / (Loss) Before Tax	77	(284)	127%	(641)	(1,683)	62%
Profit / (Loss) After Tax	11	(478)	102%	(945)	(1,880)	50%
Loss Attributable to Owners of the Company	(21)	(875)	98%	(992)	(2,286)	57%

#### **Quarterly**

For the current quarter under review, the Group recorded revenue of RM11.87 million and profit before tax of RM77,000 as compared to corresponding preceding year quarter revenue of RM23.28 million and loss before tax of RM284,000 respectively.

The significant drop in revenue were due to the effect of Covid-19 pandemic during MCO and CMCO where operations were halted , less activity at construction site, lower progress billing from the existing projects in hand and slow approvals of housing loan from institution for Sengkang Project.

Furthermore, the existing major contributors to the Group namely Project Loji Rawatan Air Pagoh has already completed and most of the billing already recognized in the previous quarter. As to the other ongoing projects namely Loji Rawatan Air Langat 2, Sale of property at Taman Sengkang and oil & gas sector were also progressing slow but shown positive improvements after restoration of operation in the quarter under review

Despite the significant drop in revenue, the Group recorded better profit before tax as compared to corresponding preceding quarter from the implementation of the stringent cost cutting on operation costs.

#### **Year-to-date**

In tandem with the above factors, for the six months ended 30 September 2020, the Group recorded revenue of RM14.13 million and loss before tax of RM641,000 as compared to corresponding preceding six months period ended 30 September 2019 revenue of RM47.39 million and loss before tax of RM1.68 million respectively.

## B2 Comparison of the quarterly results to the results of the immediate preceding quarter

	CURRENT QUARTER ENDED 30.09.2020 RM'000	IMMEDIATE PRECEDING QUARTER ENDED 30.06.2020 RM'000	Change %
Revenue	11,872	2,254	427%
Operating Profit / (Loss)	92	(711)	-113%
Profit / (Loss) Before Interest and Tax	92	(711)	-113%
Profit / (Loss) Before Tax	77	(718)	-111%
Profit / (Loss) After Tax	11	(956)	-101%
Loss Attributable to Owners of the Company	(21)	(971)	-98%

For the current quarter under review despite the pandemic covid-19, the Group has shown improvement in revenue of RM11.87 million and profit before tax of RM77,000 as compare to the immediate preceding quarter revenue of RM2.25 million and loss before tax of RM718,000 respectively

The improvement in revenue were mainly due to acceleration of housing loan approvals from institutions for Sengkang project, billings from progress claims and certification after MCO and restoration of the project operation in full capacity.

The Group recorded profit before tax in the current quarter from the improved revenue and other operating income namely the insurance compensation claim from Pagoh project (RM495,000), write back of debts (RM463,000) and PERKESO wage subsidy (RM92,000).

## B3 Prospects

The market environment is expected to remain challenging for the financial year ending 31 March 2021 due to the uncertainties posted by Covid-19 pandemic. Our Group will continue to focus on our existing 3 core business segments namely construction, property development and oil and gas support services. Whilst focusing on the existing 3 core business segments, we had also on 9 October 2020, expanded our business segment into the healthcare services.

On 9 October 2020, our wholly-owned subsidiary company, Stella Healthcare Holdings Sdn Bhd has entered into a joint venture cum shareholders agreement with Kasih Holdings Sdn Bhd and Stella Kasih Healthcare Sdn Bhd to provide healthcare services and to operate and manage a hospital. The proposed joint venture is in line with our Group's objective to expand our revenue stream and thus enhancing our shareholders' value. Our Board of Directors is of the view that the healthcare segment is expected to provide recurring income stream to our Group and at the same time is also part of our Group's corporate social responsibility by providing affordable and accessible healthcare services to the community.

Our construction segment and oil and gas support services segment remain challenging given the fluctuation of world crude oil price as well as economy slowdown arising from the uncertainties caused by the recent spike in Covid-19 pandemic cases in Malaysia. Nevertheless, we have submitted several tenders to our existing clients and at the same time undertaking more marketing activities to explore new clients within peninsular Malaysia to secure for more projects under the construction and oil and gas support services segment.

As for our property development segment, we are currently focusing on our on-going project at Taman Sengkang, Port Dickson. The sales of the affordable houses in Taman Sengkang is progressing well and is expected to complete and hand over to purchasers by second half of 2021. Apart from the on-going project at Taman Sengkang, the joint venture projects with Permodalan Negeri Selangor Berhad in Kuala Selangor and Amni Corporation in Kuantan are currently at the planning stage. We expect the projects to kick start during the financial year ending 31 March 2022.

Our Board is confident that with the existing projects in hand under the property development segment, we are able to strengthen and sustain our Group's earnings post financial year ending 31 March 2021

#### **B4 Profit forecast**

Not applicable as no profit forecast was published.

#### **B5 Profit Before Tax**

Profit before tax is arrived at after (crediting) / charging :-

	Current Quarter 30-Sep-20 RM'000	Preceding Year Quarter 30-Sep-19 RM'000	Current YTD 30-Sep-20 RM'000	Preceding Year YTD 30-Sep-19 RM'000
Interest income	(76)	2	(182)	(27)
Interest expenses	15	161	22	274
Depreciation expenses	119	147	247	299
Foreign Exchange Loss	5	25	19	33

**B6 Taxation**

	Current Quarter 30-Sep-20 RM'000	Preceding Year Quarter 30-Sep-19 RM'000	Current YTD 30-Sep-20 RM'000	Preceding Year YTD 30-Sep-19 RM'000
- Prior Year Tax	0	0	0	0
- Current Year Tax	22	194	28	197
- Real Property Gain Tax	44	0	276	0
	66	194	304	197

Provision for tax was made in the current quarter on business and non business income derived mainly from operating income, rental, interest on repo and fixed deposit.

**B7 Unquoted investments and properties**

There was no sale of unquoted investments or properties for the current quarter and financial period to date.

**B8 Purchase or disposal of quoted investments**

There was no purchase or disposal of quoted investments for the current quarter.

**B9 Borrowing**

The Group borrowings are as follows: -

	As at 30-Sep-20 RM'000	As at 31-Mar-20 RM'000
<u>Short Term Borrowings (Secured)</u>		
- Bank Overdrafts	447	22
- Lease Liabilities	316	351
- Term Loans	65	42
<u>Long Term Borrowings (Secured)</u>		
- Lease Liabilities	216	227
- Term Loans	1,052	1,082
<b>Total Borrowings</b>	<b>2,096</b>	<b>1,724</b>

**B10 Material litigation**

There is no material litigation for the financial period as at 30 September 2020.

**B11 Dividend**

On 27 October 2020 a final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31 March 2020 was paid to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 7 October 2020.

**B12 Earnings per share**

The basic loss per share for the financial period has been calculated based on the consolidated loss after taxation attributable to the owner of the parent of RM992,000 and on the number of ordinary shares issue of 67,000,000.

By Order of the Board  
Yew @ Yeoh Siew Yen  
MAICSA 7048094  
Company Secretary  
Shah Alam  
24 November 2020