

STELLA HOLDINGS BERHAD

Company No. 199701004603 (420099-X)

(Incorporated In Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Unaudited As at 30.09.2022 RM'000	Audited As at 31.03.2022 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	36,801	30,422
Inventories	14,715	10,472
Investment properties	18,750	18,750
Goodwill on consolidation	856	856
	71,122	60,500
Current Assets		
Inventories	1,339	694
Contract costs	-	108
Contract assets	9,477	27,035
Trade receivables	7,747	11,464
Other receivables, deposits and prepayments	7,152	12,357
Current tax assets	492	307
Deposits placed with licensed banks	4,579	4,684
Cash and bank balances	8,724	2,543
	39,510	59,192
TOTAL ASSETS	110,632	119,692
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Parent		
Share capital	31,713	31,713
Employee share option reserve	1,116	357
Retained earnings	15,289	20,034
Shareholders' Equity	48,118	52,104
Non-Controlling Interest	834	1,904
Total Equity	48,952	54,008
Non Current Liabilities		
Loans and borrowings	24,004	18,717
Deferred tax liabilities	335	335
	24,339	19,052
Current Liabilities		
Contract liabilities	3,129	1,782
Trade payables	8,039	10,707
Other payables, accruals and deposits	13,334	18,101
Loans and borrowings	12,839	15,792
Current tax liabilities	-	250
	37,341	46,632
Total Liabilities	61,680	65,684
TOTAL EQUITY AND LIABILITIES	110,632	119,692
Net assets per share attributable to owner of the parent	0.72	0.78

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2022.

STELLA HOLDINGS BERHAD

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(Incorporated In Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2022

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.09.2022 RM'000	PRECEDING YEAR QUARTER 30.09.2021 RM'000	CURRENT YEAR TO-DATE 30.09.2022 RM'000	PRECEDING YEAR TO-DATE 30.09.2021 RM'000
Revenue	10,671	15,878	21,036	27,376
Cost of Sales	(9,561)	(12,379)	(18,595)	(21,557)
Gross Profit	1,110	3,499	2,441	5,819
Other Operating Income	110	254	606	490
Total Income	1,220	3,753	3,047	6,309
Admin Operating Costs	(3,553)	(2,840)	(7,780)	(5,318)
(Loss)/Profit from Operation	(2,333)	913	(4,733)	991
Finance Costs	(537)	(189)	(1,068)	(292)
Loss before taxation	(2,870)	724	(5,801)	699
Taxation	(7)	(60)	(14)	(120)
Loss after taxation	(2,877)	664	(5,815)	579
Total Comprehensive Loss For The Period	(2,877)	664	(5,815)	579
(Loss)/Profit attributable to :				
Owners of the parent	(2,381)	738	(4,745)	602
Non-controlling interest	(496)	(74)	(1,070)	(23)
	(2,877)	664	(5,815)	579
Total Comprehensive (Loss)/Profit attributable to :				
Owners of the parent	(2,381)	738	(4,745)	602
Non-controlling interest	(496)	(74)	(1,070)	(23)
Total Comprehensive Loss	(2,877)	664	(5,815)	579
(Loss)/earnings per share : --	sen	sen	sen	sen
- basic / diluted	(3.55)	1.10	(7.08)	0.90

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2022.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 SEPTEMBER 2022

	Share capital RM'000	Employee share option reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non- controlling interests RM'000	Total Equity RM'000
Group						
At 1 April 2021	31,713	-	18,327	50,040	2,594	52,634
Total comprehensive income/(loss) for the financial year	-	-	3,382	3,382	(690)	2,692
Transactions with owners						
Share option issued	-	357	-	357	-	357
Dividend paid on shares	-	-	(1,675)	(1,675)	-	(1,675)
Total transactions with owners	-	357	(1,675)	(1,318)	-	(1,318)
At 31 March 2022	31,713	357	20,034	52,104	1,904	54,008
Total comprehensive loss for the financial year	-	-	(4,745)	(4,745)	(1,070)	(5,815)
Transaction with owners						
Share option issued	-	759	-	759	-	759
Total transaction with owners	-	759	-	759	-	759
At 30 September 2022	31,713	1,116	15,289	48,118	834	48,952

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2022

Note	6 MONTHS PERIOD ENDED 30.09.2022 RM'000	6 MONTHS PERIOD ENDED 30.09.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(5,801)	699
Adjustments for :		
Non-cash items	(4,680)	(50)
Non-operating items (which are investing/financing)	1,019	(183)
Operating (loss)/profit before changes in working capital	(9,462)	466
Changes in working capital :		
Net changes in current assets	25,942	(799)
Net changes in current liabilities	(6,338)	(4,449)
Cash from/(used in) operations	10,142	(4,782)
Tax paid	(198)	(123)
Net cash from/(used) in operating activities	9,944	(4,905)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	(5,788)	(9)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash from/(used in) financing activities	6,150	(269)
Net increase/(decrease) in cash and cash equivalents	10,306	(5,183)
Cash and cash equivalents at beginning of financial period	(6,666)	8,157
Cash and cash equivalents at end of the quarter (i)	3,640	2,974
Note (i) :		
Represented by :		
Cash and bank balances	8,724	7,037
Deposits placed with licensed banks	4,579	4,922
Less : Pledged deposits	(4,579)	(4,922)
	8,724	7,037
Less : Bank Overdraft	(5,084)	(4,063)
	3,640	2,974

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2022.

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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 2022.

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 2022 except for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 April 2020 as disclosed below.

Amendments / Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 7	Financial Instruments Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 101	Presentation of Financial Statement
MFRS 108	Accounting Policies, Change in Accounting Estimate and Errors
MFRS 139	Financial Instruments Recognition and Measurement

The adoption of these amendments / improvements 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.

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Notes to the Interim Financial Report (cont'd)

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 dividend was paid for the current quarter under review.

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Notes to the Interim Financial Report (cont'd)**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	Property Development RM'000	Construction RM'000	Property Investment RM'000	Maintenance, Facility Management and Services RM'000	Oil & Gas RM'000	Healthcare RM'000	Others RM'000	Elimination RM'000	Group RM'000
6 months ended 30 Sep 2022										
Revenue										
External sales	-	4,960	12,970	84	-	2,971	51	-	-	21,036
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
	-	4,960	12,970	84	-	2,971	51	-	-	21,036
Results										
Segment result	(893)	(870)	(882)	20	20	(265)	(1,822)	-	(41)	(4,733)
Finance costs	(5)	(395)	(199)	-	-	(50)	(466)	-	47	(1,068)
(Loss)/Profit before tax	(898)	(1,265)	(1,081)	20	20	(315)	(2,288)	-	6	(5,801)
Tax expense	-	-	-	(7)	(7)	-	-	-	-	(14)
(Loss)/Profit after tax	(898)	(1,265)	(1,081)	13	13	(315)	(2,288)	-	6	(5,815)

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Notes to the Interim Financial Report (cont'd)**A8 Segment Revenue and Segment Result by Business Segments (cont'd)**

Business Segments	Investment Holding RM'000	Property Development RM'000	Construction RM'000	Property Investment RM'000	Maintenance, Facility Management and Services RM'000	Oil & Gas RM'000	Healthcare RM'000	Others RM'000	Elimination RM'000	Group RM'000
6 months ended 30 Sep 2021										
Revenue										
External sales	-	16,091	8,150	57	-	3,078	-	-	-	27,376
Inter-segment sales	-	-	-	68	-	-	-	-	(68)	-
	-	16,091	8,150	125	-	3,078	-	-	(68)	27,376
Results										
Segment result	(747)	2,669	(872)	(3)	(5)	634	(669)	(4)	(12)	991
Finance costs	-	(154)	(115)	-	-	(23)	-	-	-	(292)
(Loss)/Profit before tax	(747)	2,515	(987)	(3)	(5)	611	(669)	(4)	(12)	699
Tax expense	-	-	-	(8)	-	(112)	-	-	-	(120)
(Loss)/Profit after tax	(747)	2,515	(987)	(11)	(5)	499	(669)	(4)	(12)	579

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Notes to the Interim Financial Report (cont'd)

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 2022.

A10 Material subsequent events

- (i) On 14 October 2022, the Board of Directors of Stella Holdings Berhad (“Stella”) entered into a Shares Sale Agreement with Panorama Elit Sdn Bhd to dispose its entire two (2) ordinary shares representing 100% equity interest in Stella Healthcare Holdings Sdn Bhd (“SHH”) for a total cash consideration of Ringgit Malaysia Twelve Million (RM12,000,000.00) only, subject to the terms and conditions in the Shares Sale Agreement.

SHH is a private limited company incorporated in Malaysia on 14 September 2020. It is a wholly-owned subsidiary of Stella and its principal activities is investment holding. The paid-up capital of SHH is Ringgit Malaysia Two (RM2/-) comprising of two (2) ordinary shares. SHH has a 60%-owned subsidiary, Stella Kasih Healthcare Sdn Bhd (“Stella Kasih”). Pursuant to the Proposed Disposal, Stella will dispose SHH and its 60%-owned subsidiary, Stella Kasih.

Stella Kasih is a private limited company incorporated in Malaysia on 22 September 2020 and is a 60%-owned subsidiary of SHH. The issued share capital of Stella Kasih is Ringgit Malaysia One Million (RM1,000,000) comprising of 1,000,000 ordinary shares. The principal activities of Stella Kasih is to establish, manage and operate private hospital and provision of health care and medical services.

The shareholders of Stella Kasih are as follows:

Shareholders	No of shares	% of shareholding
SHH	600,000	60%
Kasih Holdings Sdn Bhd (“KHSB”)	400,000	40%
Total	1,000,000	100%

SHH has on 9 October 2020 entered into a Joint Venture cum Shareholders Agreement (“JVSA”) with KHSB. Under the JVSA, SHH and KHSB will be the shareholders of Stella Kasih the joint venture company which was incorporated with the intention to provide healthcare services and to operate and manage a women and children’s specialist hospital in Putrajaya (“Hospital”). The construction of the Hospital is almost completed and the Hospital is expected to commence operation in December 2022.

The disposal will allow the Group to mitigate its losses and to streamline its operations to focus on its core business of which construction segment and property segment.

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Notes to the Interim Financial Report (cont'd)

A10 Material subsequent events (cont'd)

- (ii) On 21 October 2022, the Board of Directors of Stella Holdings Berhad (“Stella”) announce that Stella has received a notice of unconditional mandatory take-over offer (“Notice”) from Kenanga Investment Bank Berhad, on behalf of Varia Engineering & Services Sdn Bhd, Datuk Lau Beng Wei and Datuk Lau Beng Sin (collectively, the "Joint Offerors") to acquire all the remaining ordinary shares in Stella not already owned by the Joint Offerors and any new ordinary shares in Stella that may be allotted and issued prior to the Closing Date of the Offer (as defined in the Notice) arising from the exercise of the outstanding options granted under the Share Issuance Scheme of Stella (“SIS”) and any new options that may be further granted under the SIS, (collectively, the “Offer Shares”) for a cash consideration of RM0.95 (“Offer Price”) per Offer Share (“Offer”).

There were no 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

There were no changes in the composition of the Group during the financial quarter under review except for the following: -

On 1 September 2022, the Company has disposed 1,530,000 ordinary shares in Iris Synergy Sdn Bhd (“Iris”), representing 51% of the total number of issued shares of Iris for a total cash consideration of RM2.4 million to En Mohd Azali bin Abdul Rahman. Upon completion of the disposal, Iris has ceased to be a subsidiary of Stella Holdings Berhad.

On 14 September 2022. The Company has completed the disposal of Iris.

A12 Contingent liabilities or contingent assets

The Company has given corporate guarantees amounting to RM26.59 million (31/03/2022: RM32.61 million) to licensed banks for banking facilities granted to a subsidiary. Consequently, the Company is contingently liable for the amount of banking facilities utilised by subsidiaries amounting to RM19.18 million (31/03/2022: RM24.74 million).

Additional information required by Bursa Malaysia Listing Requirements

B1 Review of performance

	INDIVIDUAL PERIOD (2nd QUATER)			CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER 30.09.2022 RM'000	PRECEDING YEAR QUARTER 30.09.2021 RM'000	Change %	CURRENT YEAR TO-DATE 30.09.2022 RM'000	PRECEDING YEAR TO-DATE 30.09.2021 RM'000	Change %
	Revenue	10,671	15,878	-33%	21,036	27,376
Gross profit	1,110	3,499	-68%	2,441	5,819	-58%
(Loss)/(profit) before Tax	(2,870)	724	-496%	(5,801)	699	-930%
(Loss)/(profit) after Tax	(2,877)	664	-533%	(5,815)	579	-1104%

Quarterly

For the current quarter under review, the Group recorded revenue of RM10.67 million and loss before tax of RM2.87 million as compared to the preceding year corresponding quarter revenue of RM15.88 million and profit before tax of RM724,000. The revenue and loss before tax decreased by 33% and 496% respectively compared to the preceding year corresponding quarter.

The decline of performance was mainly due to the completion of our Taman Sengkang affordable housing project in the preceding year corresponding quarter and most of the revenue and profit recognised in the financial year ended 31 March 2022. The new mixed development in Kuala Sungai Buloh, Kuala Selangor is targeted to launch in January 2023. In addition, the construction segment also recorded losses for the quarter mainly due to higher raw material and labor costs for ongoing projects which depleted the target profit margin for its projects. We will continue to focus on completing current projects to mitigate possible cost overruns.

Year-to-date

For the six months ended 30 September 2022, the Group recorded revenue of RM21.04 million and loss before tax of RM5.80 million as compared to corresponding preceding six months ended 30 September 2021 revenue of RM27.38 million and profit before tax of RM699,000.

The loss before tax of RM5.80 million was mainly due to lower recognition upon completion of the Taman Sengkang project and a significant increase in healthcare service expenses compared to the corresponding preceding six months.

In addition, the mixed development project in Kuala Selangor has yet to commence construction, thus the existing income is insufficient to cover the operating costs.

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Additional information required by Bursa Malaysia Listing Requirements (cont'd)**B2 Comparison of the quarterly results to the results of the immediate preceding quarter.**

	CURRENT QUARTER ENDED 30.09.2022 RM'000	IMMEDIATE PRECEDING QUARTER ENDED 30.06.2022 RM'000	Change %
Revenue	10,671	10,365	3%
Gross profit	1,110	1,331	-17%
Loss Before Tax	(2,870)	(2,931)	2%
Loss After Tax	(2,877)	(2,938)	2%

For the current financial quarter, the Group recorded revenue of RM10.67 million and loss before tax of RM2.87 million compared to the immediate preceding quarter of revenue of RM10.37 million and loss before tax of RM2.93 million.

During the quarter, construction segment recorded revenue of RM6.61 million mainly from projects Nilai Impian 2 of RM5.07 million and Loji Rawatan Air Langat 2 of RM964,000. The property development and oil and gas support services also recorded revenue of RM1.09 million and RM2.65 million respectively.

Notwithstanding the above, the revenue is still insufficient to cover its operating costs. This resulted in a loss before tax of RM2.87 million for the current quarter.

B3 Prospects

Our Group remains focus on our existing core business segments namely construction and property development.

On 1 September 2022, the Board of Directors of Stella Holdings Berhad entered into a Shares Sale Agreement with Mohd Azali bin Abdul Rahman to dispose its entire 1,530,000 ordinary shares representing 51% equity interest in Iris Synergy Sdn Bhd for a total cash consideration of Ringgit Malaysia Two Million Four Hundred Thousand (RM2,400,000.00) only, subject to the terms and conditions in the Shares Sale Agreement.

On 14 October 2022, the Board of Directors of Stella Holdings Berhad (“Stella”) entered into a Shares Sale Agreement with Panorama Elit Sdn Bhd to dispose its entire two (2) ordinary shares representing 100% equity interest in Stella Healthcare Holdings Sdn Bhd (“SHH”) for a total cash consideration of Ringgit Malaysia Twelve Million (RM12,000,000.00) only, subject to the terms and conditions in the Shares Sale Agreement.

The above disposals are part of the Group’s operational and organization restructuring to streamline and focus on core businesses of which construction segment and property development segment.

Barring any unforeseen circumstances, the disposal is expected to improve the Group performance and the outlook for the Group.

Additional information required by Bursa Malaysia Listing Requirements (cont'd)

B4 Profit forecast

Not applicable.

B5 Loss Before Tax

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

	Current Quarter 30-Sep-22 RM'000	Preceding Year Quarter 30-Sep-21 RM'000	Current YTD 30-Sep-22 RM'000	Preceding Year YTD 30-Sep-21 RM'000
Interest Income	(9)	(37)	(49)	(65)
Interest Expenses	537	189	1,068	292
Depreciation Expenses	197	101	197	203
Depreciation - Right of Used of Asset	256	-	256	-
Gain on Disposal of assets	(21)	(90)	(21)	(90)
Foreign Exchange Loss/ (Gain)	(1)	13	(26)	17
Write Back of Debt	-	-	-	(21)

B6 Taxation

	Current Quarter 30-Sep-22 RM'000	Preceding Year Quarter 30-Sep-21 RM'000	Current YTD 30-Sep-22 RM'000	Preceding Year YTD 30-Sep-21 RM'000
- Current Year Tax	7	60	15	120
- Real Property Gain Tax	(1)	-	(1)	-
	6	60	14	120

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.

Additional information required by Bursa Malaysia Listing Requirements (cont'd)

B9 Borrowing

The Group borrowings are as follows: -

	As at 30-Sep-22 RM'000	As at 31-Mar-22 RM'000
<u>Short Term Borrowings (Secured)</u>		
- Bank Overdrafts	5,084	9,209
- Revolving Credit	6,000	6,000
- Lease Liabilities	1,687	521
- Term Loans	68	62
	12,839	15,792
<u>Long Term Borrowings (Secured)</u>		
- Lease Liabilities	23,052	17,729
- Term Loans	952	988
	24,004	18,717
Total Borrowings	36,843	34,509

B10 Material litigation

There is no material litigation for the financial period as at 30 September 2022.

B11 Dividend

On 22 September 2022 of the Annual General Meeting the shareholders have approved the final single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2022. The date of entitlement is on 27 October 2022 and payment made on 24 November 2022.

B12 Earnings per share

The basic earnings per share for the financial period has been calculated based on the consolidated loss after taxation attributable to the owners of the parent of RM2,381,000 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
 22 November 2022