

STELLA HOLDINGS BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Unaudited As at 31.12.2019 RM'000	Audited As at 31.03.2019 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	4,776	4,884
Investment properties	15,996	15,980
Intangible assets	856	856
	21,628	21,720
Current Assets		
Inventories	29	47
Contract assets	8,011	17,874
Trade receivables	16,862	10,212
Other receivables, deposits and prepayments	2,143	1,859
Current tax assets	41	187
Deposits placed with licensed banks	4,403	3,687
Cash and bank balances	12,533	2,958
	44,022	36,824
Assets held for sale	11,144	16,035
TOTAL ASSETS	76,794	74,579
EQUITY AND LIABILITIES		
Equity Attributable To Owner Of The Parent		
Share capital	74,713	74,713
Reserves		
Accumulated losses	(30,141)	(28,857)
Shareholders' Equity	44,572	45,856
Non-Controlling Interest	2,843	2,161
Total Equity	47,415	48,017
Non Current Liabilities		
Loans and borrowings	1,204	1,477
Deferred tax liabilities	215	215
	1,419	1,692
Current Liabilities		
Contract liabilities	430	1,447
Trade payables	11,736	8,137
Other payables, accruals and deposits	15,115	10,712
Loans and borrowings	679	4,570
Current tax liabilities	-	4
	27,960	24,870
Total Liabilities	29,379	26,562
TOTAL EQUITY AND LIABILITIES	76,794	74,579
Net assets per share attributable to owner of the parent	-	-
	0.67	0.68

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2019.)

STELLA HOLDINGS BERHAD

(Formerly Known As Merge Energy Bhd)

Company No. 199701004603 (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR NINE MONTHS PERIOD ENDED 31 DECEMBER 2019

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Revenue	19,524	14,466	66,917	38,135
Cost of Sales	(16,977)	(12,168)	(60,830)	(33,209)
Gross Profit	2,547	2,298	6,087	4,926
Other Operating Income	1,463	125	1,870	511
Total Income	4,010	2,423	7,957	5,437
Admin Operating Costs	(2,321)	(2,711)	(7,677)	(7,191)
Profit/(Loss) from Operation	1,689	(288)	280	(1,754)
Finance Costs	(80)	(150)	(354)	(388)
Profit/(Loss) before taxation	1,609	(438)	(74)	(2,142)
Taxation	(331)	(6)	(528)	(36)
Profit / (Loss) after taxation	1,278	(444)	(602)	(2,178)
Total Comprehensive Profit/Loss For The Period	1,278	(444)	(602)	(2,178)
Profit / (Loss) attributable to :				
Owners of the parent	1,002	(471)	(1,284)	(2,411)
Non-controlling interest	276	27	682	233
Profit/(Loss)	1,278	(444)	(602)	(2,178)
Total Comprehensive Income / (Loss) attributable to :				
Owners of the parent	1,002	(471)	(1,284)	(2,411)
Non-controlling interest	276	27	682	233
Total Comprehensive Profit	1,278	(444)	(602)	(2,178)
Earnings per share : --	sen	sen	sen	sen
- basic / diluted	1.50	(0.70)	(1.92)	(3.60)

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 2019.

STELLA HOLDINGS BERHAD

(formerly known as Merge Energy Bhd)

Company No. 199701004603 (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AS AT 31 DECEMBER 2019

Nine Months Ended 31 December 2019

← Attributable to Equity Holders of the Company →

	Share Capital RM'000	Share Premium 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 for the period			(1,284)	(1,284)	682	(602)
At 31 December 2019	74,713	-	(30,141)	44,572	2,843	47,415

Nine Months Ended 31 December 2018

← Attributable to Equity Holders of the Company →

	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total RM'000	Non Controlling Interests RM'000	Total Equity RM'000
At 1 April 2018	74,713	-	(23,769)	50,944	1,811	52,755
Total comprehensive loss for the period			(2,411)	(2,411)	233	(2,178)
At 31 December 2018	74,713	-	(26,180)	48,533	2,044	50,577

(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 2019.)

STELLA HOLDINGS BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR NINE MONTHS PERIOD ENDED 31 DECEMBER 2019

	Note	9 MONTHS PERIOD ENDED 31.12.2019	9 MONTHS PERIOD ENDED 31.12.2018
		<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(74)	(2,142)
Adjustments for :			
Non-cash items		426	975
Non-operating items (which are investing / financing)		<u>520</u>	<u>1,204</u>
Operating profit before changes in working capital		872	37
Changes in working capital :			
Net changes in current assets		2,948	1,755
Net changes in current liabilities		<u>6,985</u>	<u>(855)</u>
Cash generated from operations		10,805	937
Tax (paid)		(387)	(40)
Net cash from operating activities		<u>10,418</u>	<u>897</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash generated from / (used) in investing activities		3,675	(2,630)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash (used in) financing activities		<u>(725)</u>	<u>(638)</u>
Net increase / (decrease) in cash and cash equivalents		13,368	(2,371)
Cash and cash equivalents at beginning of financial year		<u>(1,303)</u>	<u>2,068</u>
Cash and cash equivalents at end of the quarter	(i)	<u>12,065</u>	<u>(303)</u>
Note (i) :			
Represented by :			
Cash and bank balances		12,533	3,951
Deposits placed with licensed banks		4,403	6,490
Less : Pledge deposits		<u>(4,403)</u>	<u>(6,490)</u>
		12,533	3,951
Less : Bank Overdraft		<u>(468)</u>	<u>(4,254)</u>
		<u>12,065</u>	<u>(303)</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 2019.

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 condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 : Interim Financial Reporting 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 2019.

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 2019 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
MFRS 140 Investment Property

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	Auto Service and Maintenance Workshop RM'000	Others RM'000	Elimination RM'000	Group RM'000
9 months ended 31 December 2019									
Revenue									
External sales	-	59,109	49	(13)	7,772	-	-	-	66,917
Inter-segment sales	1,000	-	166	1	-	-	-	(1,167)	-
	<u>1,000</u>	<u>59,109</u>	<u>215</u>	<u>(12)</u>	<u>7,772</u>	<u>-</u>	<u>-</u>	<u>(1,167)</u>	<u>66,917</u>
Segment Profit / (Loss)	(606)	1,119	46	(968)	1,690	-	(9)	(992)	280
Finance costs	-	(279)	-	(27)	(48)	-	-	-	(354)
Profit / (Loss) before tax	<u>(606)</u>	<u>840</u>	<u>46</u>	<u>(995)</u>	<u>1,642</u>	<u>-</u>	<u>(9)</u>	<u>(992)</u>	<u>(74)</u>
Taxation	-	(265)	(12)	-	(251)	-	-	-	(528)
Profit / (Loss) after taxation	<u>(606)</u>	<u>575</u>	<u>34</u>	<u>(995)</u>	<u>1,391</u>	<u>-</u>	<u>(9)</u>	<u>(992)</u>	<u>(602)</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	Auto Service and Maintenance Workshop RM'000	Others RM'000	Elimination RM'000	Group RM'000
9 months ended 31 December 2018									
Revenue									
External sales	-	30,237	49	2,793	4,134	922	-	-	38,135
Inter-segment sales	-	-	178	234	-	113	-	(525)	-
	<u>-</u>	<u>30,237</u>	<u>227</u>	<u>3,027</u>	<u>4,134</u>	<u>1,035</u>	<u>-</u>	<u>(525)</u>	<u>38,135</u>
Segment Profit / (Loss)	(957)	(572)	43	(113)	648	(425)	(9)	(369)	(1,754)
Finance costs	-	(328)	-	(11)	(49)	-	-	-	(388)
Share of results of Associate	-	-	-	-	-	-	-	-	-
Profit / (Loss) before tax	<u>(957)</u>	<u>(900)</u>	<u>43</u>	<u>(124)</u>	<u>599</u>	<u>(425)</u>	<u>(9)</u>	<u>(369)</u>	<u>(2,142)</u>
Taxation	-	-	(14)	-	(17)	(5)	-	-	(36)
Deferred Taxation	-	-	-	-	-	-	-	-	-
Zakat	-	-	-	-	-	-	-	-	-
Profit / (Loss) after taxation	<u><u>(957)</u></u>	<u><u>(900)</u></u>	<u><u>29</u></u>	<u><u>(124)</u></u>	<u><u>582</u></u>	<u><u>(430)</u></u>	<u><u>(9)</u></u>	<u><u>(369)</u></u>	<u><u>(2,178)</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 statements for the year ended 31 March 2019.

A10 Material subsequent events

- (i) On 3 December 2019, the Company announced that all the condition precedent set out in the joint venture agreement in respect of Development have been fulfilled and accordingly, the joint venture agreement has become unconditional on 29 November 2019. As such, the Corporate Exercises in relation to the Diversification and Development is deemed completed in accordance with the terms of the joint venture agreement.
- (ii) On 14 January 2020, the Company announced that it's received the notice dated 10 January 2020 issued by the Registrar of Companies ("Notice"), confirming the reduction of share capital. Pursuant to Section 119(4) of the Act, the Notice shall be conclusive evidence that all the requirement of the Act with respect to reduction of share capital have been complied with. Accordingly, the Share Capital Reduction is effectively as at 10 January 2020.

Following the completion of the Share Capital Reduction, the issued share capital of the Company is RM31,712,508 comprising 67,000,000 ordinary shares.

- (iii) On 30 January 2020, the Company announced that the disposal of lands by Mewah Kota Sdn Bhd ("Vendor/MKSB"), a wholly-owned subsidiary of the Stella Holdings Berhad (Formerly Known as Merge Energy Bhd) to (i) Rawang Glass Trading Sdn Bhd (ii) various parties for the proposed disposal of various parcels of lands contiguous to each other, all of which are located at Bandar Serendah, Daerah Hulu Selangor, Selangor has been completed on 24 January 2020 in accordance with the terms of the SPAs.

Saved as disclosed 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

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 RM46.03 million (31/03/2019 : RM50.83 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 RM9.45 million (31/03/2019 : RM14.52 million)

Additional information required by Bursa Malaysia Listing Requirements

B1 Review of performance

	INDIVIDUAL PERIOD (3rd QUATER)			CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER		CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE	
	31.12.2019 RM'000	31.12.2018 RM'000	Change %	31.12.2019 RM'000	31.12.2018 RM'000	Change %
Revenue	19,524	14,466	35%	66,917	38,135	75%
Operating Profit/ (Loss)	1,689	(288)	686%	280	(1,754)	116%
Profit/ (Loss) Before Interest and Tax	1,689	(288)	686%	280	(1,754)	116%
Profit/ (Loss) Before Tax	1,609	(438)	467%	(74)	(2,142)	97%
Profit/ (Loss) After Tax	1,278	(444)	388%	(602)	(2,178)	72%
Profit/(Loss) Attributable to Owners of the Company	1,002	(471)	313%	(1,284)	(2,411)	47%

Quarterly

For the current quarter under review, the Group recorded revenue of RM19.52 million and profit before tax of RM1.61 million as compared to corresponding preceding year third quarter revenue of RM14.47 million and loss before tax of RM438,000 respectively.

The revenue increased by 35% mainly contributed by the finalization of Felda Batu Sawar project and the on-going project Loji Rawatan Air Pagoh, the oil & gas sector and property development project.

Operating profit also recorded an increase of 686% was mainly due to gain on disposal of Serendah land of RM1.27 million resulted an increase of profit before tax of RM1.61 million as compared to the loss before tax of RM438,000 for the corresponding preceding year.

Year-to-date

For the nine months ended 31 December 2019 the Group recorded revenue of RM66.92 million and loss before tax of RM74,000 as compared to corresponding preceding nine months period ended 31 December 2018 revenue of RM38.14 million and losses before tax of RM2.14 million respectively.

In line with the current quarter result the Group revenue increase by 75% and operating profit increase by 116%, the loss before tax has been mitigated by 97% during the period under review.

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

	CURRENT QUARTER ENDED 31.12.2019 RM'000	IMMEDIATE PRECEDING QUARTER ENDED 30.09.2019 RM'000	Change %
Revenue	19,524	23,282	-16%
Operating Profit/ (Loss)	1,689	(123)	1473%
Profit / (Loss) Before Interest and Tax	1,689	(123)	1473%
Profit / (Loss) Before Tax	1,609	(284)	667%
Profit / (Loss) After Tax	1,278	(478)	367%
Profit / (Loss) Attributable to Owners of the Company	1,002	(875)	215%

The Group current quarter result recorded slightly lower revenue of RM19.52 million compared to the preceding quarter revenue of RM23.28 million. Operating profit recorded an increase of 1,473% mainly due to gain on disposal of Serendah land. In line with the increase of gain on disposal of Serendah land its recorded profit before tax of RM1.61 million as compared to the loss before tax of RM284,000 for the preceding quarter.

B3 Prospects

The outlook for the construction and oil & gas industry remain challenging. However, the Group diversification on property development as part of its moving forward strategy, leveraging on the new management capabilities and track record on development will enhance the Group earning positively.

Currently the Group's has a sustainable order book. The Group will continue to strengthen its order book by fostering strong client relationship, new customer base and venture with new partners/new market.

Based on the above, we are confident the Group will continue to deliver satisfactory performance for the financial year.

B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Profit Before Tax

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

	Current Quarter 31-Dec-19 RM'000	Preceding Year Quarter 31-Dec-18 RM'000	Current YTD 31-Dec-19 RM'000	Preceding Year YTD 31-Dec-18 RM'000
Interest Income	(36)	(35)	(62)	(101)
Interest expenses	80	150	354	388
Depreciation expenses	127	310	426	975
Provision of doubtful debts	0	246	0	246
(Gain) / Loss foreign exchange	4	(1)	36	(23)
Loss on disposal of Arena Terbaik Sdn Bhd	0	9	0	9
(Gain) / Loss disposal of property, plant & equipment	(45)	64	(150)	19
Gain on Disposal of Asset Held for Sale	(1,271)	0	(1,271)	0
Loss on Disposal of Investment Properties	0	0	80	0

B6 Taxation

	Current Quarter 31-Dec-19 RM'000	Preceding Year Quarter 31-Dec-18 RM'000	Current YTD 31-Dec-19 RM'000	Preceding Year YTD 31-Dec-18 RM'000
- Prior Year Tax	37	0	37	5
- Current Year Tax	294	6	491	31
	331	6	528	36

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. Real Property Gain Tax of RM179,000 and RM266,000 was included in current quarter and year to date tax expenses respectively.

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 31-Dec-19 RM'000	As at 31-Mar-19 RM'000
<u>Short Term Borrowings (Secured)</u>		
- Bank Overdraft	468	4,261
- Finance Lease	147	268
- Term Loan	65	41
<u>Long Term Borrowings (Secured)</u>		
- Finance Lease	133	350
- Term Loan	1,070	1,127
Total Borrowings	1,883	6,047

B10 Material litigation

There is no material litigation for the financial period as at 31 December 2019.

B11 Dividend

No dividends were proposed or declared for the current quarter and financial year to date. (2019 : Nil).

B12 Earnings per share

The basic losses per share for the financial period has been calculated based on the consolidated losses after taxation attributable to the owner of the parent of RM1.28 million 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
19 February 2020