

STELLA HOLDINGS BERHAD

(formerly known as Merge Energy Bhd)

Company No. 199701004603 (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Unaudited As at 31.03.2020 RM'000	Audited As at 31.03.2019 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	4,918	4,884
Investment properties	14,530	15,980
Intangible assets	856	856
Right-of-use assets	237	-
	20,541	21,720
Current Assets		
Inventories	29	47
Contract assets	1,470	17,874
Trade receivables	12,923	10,212
Other receivables, deposits and prepayments	6,047	1,859
Current tax assets	41	187
Deposits placed with licensed banks	4,755	3,687
Cash and bank balances	18,599	2,958
	43,864	36,824
Assets held for sale	5,532	16,035
	69,937	74,579
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity Attributable To Owner Of The Parent		
Share capital	31,713	74,713
Retained earnings / (Accumulated losses)	16,986	(28,857)
Shareholders' Equity	48,699	45,856
Non-Controlling Interest	2,212	2,161
Total Equity	50,911	48,017
Non Current Liabilities		
Loans and borrowings	1,288	1,477
Lease liabilities	45	-
Deferred tax liabilities	215	215
	1,548	1,692
Current Liabilities		
Contract liabilities	822	1,447
Trade payables	8,710	8,137
Other payables, accruals and deposits	7,554	10,712
Loans and borrowings	193	4,570
Lease liabilities	199	-
Taxation payable	-	4
	17,478	24,870
Total Liabilities	19,026	26,562
TOTAL EQUITY AND LIABILITIES	69,937	74,579
Net assets per share attributable to owner of the parent	0.73	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 TWELVE MONTHS PERIOD ENDED 31 MARCH 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Revenue	5,162	16,480	72,079	54,615
Cost of Sales	(4,781)	(15,501)	(65,611)	(48,710)
Gross Profit	381	979	6,468	5,905
Other Operating Income	7,635	705	9,505	1,216
Total Income	8,016	1,684	15,973	7,121
Admin Operating Costs	(3,313)	(3,717)	(10,991)	(10,908)
Profit/(Loss) from Operation	4,703	(2,033)	4,982	(3,787)
Finance Costs	(40)	(155)	(394)	(543)
Profit/(Loss) before taxation	4,663	(2,188)	4,588	(4,330)
Taxation	(676)	(269)	(1,204)	(305)
Deferred taxation		(21)		(21)
Profit / (Loss) after taxation	3,987	(2,478)	3,384	(4,656)
Total Comprehensive Profit/(Loss) For The Period	3,987	(2,478)	3,384	(4,656)
Profit / (Loss) attributable to :				
Owners of the parent	4,127	(2,602)	2,843	(5,013)
Non-controlling interest	(140)	124	541	357
Profit/(Loss)	3,987	(2,478)	3,384	(4,656)
Total Comprehensive Income / (Loss) attributable to :				
Owners of the parent	4,127	(2,602)	2,843	(5,013)
Non-controlling interest	(140)	124	541	357
Total Comprehensive Profit / (Loss)	3,987	(2,478)	3,384	(4,656)
Earnings per share : -- - basic / diluted	sen 6.16	sen (3.88)	sen 4.24	sen (7.48)

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 MARCH 2020

Twelve Months Ended 31 March 2020

← Attributable to Equity Holders of the Company →

	Share Capital RM'000	Retained Earnings / (Accumulated Loss) 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
Capital reduction	(43,000)	43,000	-	-	-
Total comprehensive profit for the period	-	2,843	2,843	541	3,384
Dividend paid	-	-	-	(490)	(490)
At 31 March 2020	31,713	16,986	48,699	2,212	50,911

Twelve Months Ended 31 March 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 2018	74,713	(23,769)	50,944	1,811	52,755
Total comprehensive loss for the period	-	(5,013)	(5,013)	357	(4,656)
Realised on disposal of shares	-	(75)	(75)	-	(75)
Dividend paid	-	-	-	(400)	(400)
Change in non-controlling interest	-	-	-	393	393
At 31 March 2019	74,713	(28,857)	45,856	2,161	48,017

(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 TWELVE MONTHS PERIOD ENDED 31 MARCH 2020

	Note	12 MONTHS PERIOD ENDED 31.03.2020	12 MONTHS PERIOD ENDED 31.03.2019
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		4,589	(4,331)
Adjustments for :			
Non-cash items		822	1,863
Non-operating items (which are investing / financing)		<u>(3,026)</u>	<u>394</u>
Operating profit / (loss) before changes in working capital		2,385	(2,074)
Changes in working capital :			
Net changes in current assets		9,523	(3,412)
Net changes in current liabilities		<u>(3,210)</u>	<u>3,098</u>
Cash generated from / (used in) operations		8,698	(2,388)
Tax paid		<u>(1,063)</u>	<u>(480)</u>
Net cash from / (used in) operating activities		<u>7,635</u>	<u>(2,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash from in investing activities		13,194	620
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities		<u>(949)</u>	<u>(1,123)</u>
Net increase / (decrease) in cash and cash equivalents		19,880	(3,371)
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>18,577</u>	<u>(1,303)</u>
Note (i) :			
Represented by :			
Cash and bank balances		18,599	2,958
Deposits placed with licensed banks		4,755	3,688
Less : Pledged deposits		<u>(4,755)</u>	<u>(3,688)</u>
		18,599	2,958
Less : Bank Overdraft		<u>(22)</u>	<u>(4,261)</u>
		<u>18,577</u>	<u>(1,303)</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

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

On 10 January 2020, the Group received notice confirming the share capital reduction of RM43 million from Registrar of Companies. Therefore the adjusted issued share capital of the Group reduced to RM31.71 million (Q3 31/12/2019 : RM74.71 million) comprising of 67 million ordinary shares in Stella Holdings Berhad and accumulated profit of RM16.99 million (Q3 31.12.2019 : Accumulated loss of RM30.14 million) as a result of capital reduction.

The above is summarized as below : -

Twelve Months Ended 31 March 2020

←Attributable to Equity Holders of the Company →

	Share Capital RM'000	Retained Earnings / (Accumulated Loss) 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
Capital reduction	(43,000)	43,000	-	-	-
Total comprehensive profit for the period	-	2,843	2,843	541	3,384
Dividend paid	-	-	-	(490)	(490)
At 31 March 2020	31,713	16,986	48,699	2,212	50,911

Saved as disclosed above, 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 and property development 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
12 months ended 31 March 2020								
Revenue								
External sales	-	62,791	65	(34)	9,257	-	-	72,079
Inter-segment sales	5,020	-	222	1	-	-	(5,243)	-
	<u>5,020</u>	<u>62,791</u>	<u>287</u>	<u>(33)</u>	<u>9,257</u>	<u>-</u>	<u>(5,243)</u>	<u>72,079</u>
Segment Profit / (Loss)	2,115	6,271	82	(1,082)	1,646	(11)	(4,039)	4,982
Finance costs	(5)	(298)	-	(27)	(64)	-	-	(394)
Profit / (Loss) before tax	<u>2,110</u>	<u>5,973</u>	<u>82</u>	<u>(1,109)</u>	<u>1,582</u>	<u>(11)</u>	<u>(4,039)</u>	<u>4,588</u>
Taxation	-	(707)	(19)	-	(478)	-	-	(1,204)
Profit / (Loss) after taxation	<u>2,110</u>	<u>5,266</u>	<u>63</u>	<u>(1,109)</u>	<u>1,104</u>	<u>(11)</u>	<u>(4,039)</u>	<u>3,384</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
12 months ended 31 March 2019									
Revenue									
External sales	-	44,353	65	3,094	6,068	1,035	-	-	54,615
Inter-segment sales	600	-	234	399	-	-	-	(1,233)	-
	<u>600</u>	<u>44,353</u>	<u>299</u>	<u>3,493</u>	<u>6,068</u>	<u>1,035</u>	<u>-</u>	<u>(1,233)</u>	<u>54,615</u>
Segment Profit / (Loss)	(120)	(2,426)	(267)	(653)	1,210	(425)	(10)	(1,096)	(3,787)
Finance costs	-	(462)	-	(15)	(66)	-	-	-	(543)
Profit / (Loss) before tax	<u>(120)</u>	<u>(2,888)</u>	<u>(267)</u>	<u>(668)</u>	<u>1,144</u>	<u>(425)</u>	<u>(10)</u>	<u>(1,096)</u>	<u>(4,330)</u>
Taxation	-	-	(28)	-	(272)	(5)	-	-	(305)
Deferred Taxation	-	-	15	-	(21)	-	-	(15)	(21)
Profit / (Loss) after taxation	<u><u>(120)</u></u>	<u><u>(2,888)</u></u>	<u><u>(280)</u></u>	<u><u>(668)</u></u>	<u><u>851</u></u>	<u><u>(430)</u></u>	<u><u>(10)</u></u>	<u><u>(1,111)</u></u>	<u><u>(4,656)</u></u>

A9 Valuation of property, plant and equipment and investment properties

The Group has performed the investment properties revaluation exercise for the financial period ended 31 March 2020.

A10 Material subsequent events

During the quarter under review, the Malaysia government began the implementation of the Movement Control Order ("MCO") on 18 March 2020 as a preventive measure in response to the Covid-19 pandemic. These measures, required temporary closure for all office premises and business except for those involved in the provision of essential services, have adversely impacted our Group's operation.

In light of the above, our operations were halted especially activities at construction sites. We resumed works at the end of April 2020 upon obtaining approvals from the Ministry of International Trade and Industry. Our office and construction sites are now fully operational and geared up to fulfil obligations to our clients under the "New Normal" environment.

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

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 RM47.92 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 subsidiary companies amounting to RM8.58 million (31/03/2019 : RM14.52 million).

Additional information required by Bursa Malaysia Listing Requirements

B1 Review of performance

	INDIVIDUAL PERIOD (4th QUATER)			CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	Change %	CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE	Change %
	31.03.2020 RM'000	31.03.2019 RM'000		31.03.2020 RM'000	31.03.2019 RM'000	
Revenue	5,162	16,480	-69%	72,079	54,615	32%
Operating Profit/ (Loss)	4,703	(2,033)	331%	4,982	(3,787)	232%
Profit/ (Loss) Before Interest and Tax	4,703	(2,033)	331%	4,982	(3,787)	232%
Profit/ (Loss) Before Tax	4,663	(2,188)	313%	4,588	(4,330)	206%
Profit/ (Loss) After Tax	3,987	(2,478)	261%	3,384	(4,656)	173%
Profit/(Loss) Attributable to Owners of the Company	4,127	(2,602)	259%	2,843	(5,013)	157%

Quarterly

For the current quarter under review, the Group registered revenue of RM5.16 million and profit before tax of RM4.66 million as compared to corresponding preceding year fourth quarter revenue of RM16.48 million and loss before tax of RM2.19 million respectively.

The significant drop in revenue were due to the followings : -

- (i) Lower progress billing from the on-going project namely Loji Rawatan Air Pagoh project and oil & gas sector. Furthermore, most of the project in hand has completed.
- (ii) Less activities at construction site in March 2020 due to implementation of Movement Control Order ("MCO"). The MCO has adversely disrupted the site program of Loji Rawatan Air Pagoh, Loji Rawatan Air Langat 2 and Sengkang, Port Dickson projects thus affected the progress billing.

On the other hand, despite significant drop in revenue, the profit before tax increased due to gain on disposal of Serendah land of RM4.32 million, write back of provision on investment in associate of RM2.53 million and gain on net present value retention fair value adjustment of RM470,000

Year-to-date

For the twelve months ended 31 March 2020 the Group recorded revenue of RM72.08 million and profit before tax of RM4.59 million as compared to corresponding preceding twelve months period ended 31 March 2019 revenue of RM54.62 million and loss before tax of RM4.33 million respectively.

The improvement of year-to-date profit before tax is in line with the above mentioned quarter result.

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

	CURRENT QUARTER ENDED 31.03.2020 RM'000	IMMEDIATE PRECEDING QUARTER ENDED 30.12.2019 RM'000	Change %
Revenue	5,162	19,524	-74%
Operating Profit	4,703	1,689	178%
Profit Before Interest and Tax	4,703	1,689	178%
Profit Before Tax	4,663	1,609	190%
Profit After Tax	3,987	1,278	212%
Profit Attributable to Owners of the Company	4,127	1,002	312%

In line with the above current quarter result, the Group recorded lower revenue of RM5.16 million a decrease of 74% as compared to the immediate preceding quarter revenue of RM19.52 million. Nevertheless, the Group recorded a higher profit before taxation of RM4.66 million compare to RM1.61 million in the immediate preceding quarter mainly due to the gain on disposal of Serendah land of RM4.34 million, write back of provision on investment in associate of RM2.53 million and gain on net present value retention fair value adjustment of RM470,000.

B3 Prospects

During the financial period under review, our operations was stalled and affected by the Covid-19 pandemic resulting from the implementation of the Movement Control Order ("MCO") by the Government which commenced on 18 March 2020.

Our Group has subsequently obtained the approval from Ministry of International Trade and Industry to resume work at the end of April 2020 to allow our Group to catch up on work progress at site. Since then, Our Group continue to focus on our existing order books and on-going development project. Our Group has also implemented several cost saving measures including recruitment freeze to minimise the impact on the earnings of our Group.

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. Liquidity and business resiliency will be our key focus during this challenging times. The proceeds arising from the disposal of non-core assets of our Group during the financial year ended 31 March 2020 had strengthen the balance sheet position with healthy cash and bank balances. Our Board is confident that with the healthy Group's cashflow, our Group is able to strengthen our Group's earnings by securing more development projects after the upliftment of the MCO.

B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Status of Corporate Proposals

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 compiled 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.

B6 Profit Before Tax

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

	Current Quarter 31-Mar-20 RM'000	Preceding Year Quarter 31-Mar-19 RM'000	Current YTD 31-Mar-20 RM'000	Preceding Year YTD 31-Mar-19 RM'000
Interest Income	(91)	(48)	(158)	(150)
Interest expenses	40	155	394	543
Depreciation expenses	396	173	892	1,148
Write off bad debt	58	0	58	0
Provision of doubtful debts	601	1,030	601	1,030
Realised (Gain) / Loss foreign exchange	19	(15)	56	5
Loss on disposal of Arena Terbaik Sdn Bhd	0	0	0	9
(Gain) / Loss disposal of property, plant & equipment	(97)	(252)	(247)	(233)
Gain on Disposal of Asset Held for Sale	(4,342)	0	(5,613)	0
Loss on Disposal of Investment Properties	221	0	301	0
Write back loss on investment in associate	(2,530)	0	(2,530)	0
(Gain)/ Loss on investment properties fair value adjustment	(64)	194	(64)	194

B7 Taxation

	Current Quarter 31-Mar-20 RM'000	Preceding Year Quarter 31-Mar-19 RM'000	Current YTD 31-Mar-20 RM'000	Preceding Year YTD 31-Mar-19 RM'000
- Prior Year Tax	0	(1)	37	4
- Current Year Tax	234	270	459	301
- Real Property Gain Tax	442	0	708	
- Deferred Tax	0	21	0	21
	676	290	1,204	326

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.

B8 Unquoted investments and properties

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

B9 Purchase or disposal of quoted investments

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

B10 Borrowing

The Group borrowings are as follows: -

	As at 31-Mar-20 RM'000	As at 31-Mar-19 RM'000
<u>Short Term Borrowings (Secured)</u>		
- Bank Overdraft	23	4,261
- Finance Lease	128	268
- Term Loan	42	41
<u>Long Term Borrowings (Secured)</u>		
- Finance Lease	206	350
- Term Loan	1,082	1,127
Total Borrowings	1,481	6,047

B11 Material litigation

There is no material litigation for the financial period as at 31 March 2020.

B12 Dividend

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

B13 Earnings per share

The basic profit per share for the financial period has been calculated based on the consolidated profit after taxation attributable to the owner of the parent of RM2.84 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
24 June 2020