

STELLA HOLDINGS BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Unaudited As at 30.06.2020 RM'000	Audited As at 31.03.2020 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	5,034	5,155
Investment properties	14,530	14,530
Intangible assets	856	856
	20,420	20,541
Current Assets		
Inventories	29	1,214
Contract assets	1,150	1,460
Trade receivables	15,134	13,307
Other receivables, deposits and prepayments	5,473	5,658
Current tax assets	96	27
Deposits placed with licensed banks	4,488	4,755
Cash and bank balances	17,433	18,599
	43,803	45,020
Assets held for sale	-	5,532
	64,223	71,093
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity Attributable To Owner Of The Parent		
Share capital	31,713	31,713
Retained earnings	16,012	16,983
Shareholders' Equity	47,725	48,696
Non-Controlling Interest	2,223	2,208
Total Equity	49,948	50,904
Non Current Liabilities		
Loans and borrowings	1,278	1,309
Deferred tax liabilities	214	214
	1,492	1,523
Current Liabilities		
Contract liabilities	2,336	1,997
Trade payables	6,675	8,710
Other payables, accruals and deposits	3,361	7,474
Loans and borrowings	401	415
Current tax liabilities	10	70
	12,783	18,666
Total Liabilities	14,275	20,189
TOTAL EQUITY AND LIABILITIES	64,223	71,093
Net assets per share attributable to owner of the parent	0.71	0.73

(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 THREE MONTHS PERIOD ENDED 30 JUNE 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Revenue	2,254	24,111	2,254	24,111
Cost of Sales	(2,716)	(22,981)	(2,716)	(22,981)
Gross (Loss) / Profit	(462)	1,130	(462)	1,130
Other Operating Income	1,675	199	1,675	199
Total Income	1,213	1,329	1,213	1,329
Admin Operating Costs	(1,924)	(2,613)	(1,924)	(2,613)
Loss from Operation	(711)	(1,284)	(711)	(1,284)
Finance Costs	(7)	(114)	(7)	(114)
Loss before taxation	(718)	(1,398)	(718)	(1,398)
Taxation	(238)	(4)	(238)	(4)
Deferred taxation	-	-	-	-
Loss after taxation	(956)	(1,402)	(956)	(1,402)
Total Comprehensive Loss For The Period	(956)	(1,402)	(956)	(1,402)
(Loss) / Profit attributable to :				
Owners of the parent	(971)	(1,411)	(971)	(1,411)
Non-controlling interest	15	9	15	9
Loss	(956)	(1,402)	(956)	(1,402)
Total Comprehensive (Loss) / Income attributable to :				
Owners of the parent	(971)	(1,411)	(971)	(1,411)
Non-controlling interest	15	9	15	9
Total Comprehensive Loss	(956)	(1,402)	(956)	(1,402)
Loss per share : -- - basic / diluted	sen (1.45)	sen (2.11)	sen (1.45)	sen (2.11)

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

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Company No. 199701004603 (420099-X)

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

Three Months Ended 30 June 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 for the period	-	(971)	(971)	15	(956)
At 30 June 2020	31,713	16,012	47,725	2,223	49,948

Three Months Ended 30 June 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 for the period	-	(1,411)	(1,411)	9	(1,402)
At 30 June 2019	74,713	(30,268)	44,445	2,170	46,615

(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

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Company No. 199701004603 (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THREE MONTHS PERIOD ENDED 30 JUNE 2020

	Note	3 MONTHS PERIOD ENDED 30.06.2020	3 MONTHS PERIOD ENDED 30.06.2019
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(718)	(1,398)
Adjustments for :			
Non-cash items		128	152
Non-operating items (which are investing / financing)		(1,592)	59
Operating loss before changes in working capital		(2,182)	(1,187)
Changes in working capital :			
Net changes in current assets		(1,321)	1,599
Net changes in current liabilities		(4,711)	9
Cash (used in) / generated from operations		(8,214)	421
Tax (paid)/ refund		(292)	107
Net cash (used in) / from operating activities		(8,506)	528
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash from/ (used in) investing activities		7,392	(1,912)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities		(33)	(192)
Net decrease in cash and cash equivalents		(1,147)	(1,576)
Cash and cash equivalents at beginning of financial year		18,577	(1,302)
Cash and cash equivalents at end of the quarter	(i)	17,430	(2,878)
Note (i) :			
Represented by :			
Cash and bank balances		17,433	3,190
Deposits placed with licensed banks		4,488	4,694
Less : Pledged deposits		(4,488)	(4,694)
		17,433	3,190
Less : Bank Overdraft		(3)	(6,068)
		17,430	(2,878)

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	Property Development RM'000	Others RM'000	Elimination RM'000	Group RM'000
3 months ended 30 June 2020									
Revenue									
External sales	-	584	16	-	1,046	608	-	-	2,254
Inter-segment sales	-	-	56	-	-	-	-	(56)	-
	<u>-</u>	<u>584</u>	<u>72</u>	<u>-</u>	<u>1,046</u>	<u>608</u>	<u>-</u>	<u>(56)</u>	<u>2,254</u>
Segment (Loss) / Profit	(228)	(103)	(25)	(16)	36	(377)	(1)	3	(711)
Finance costs	-	(2)	-	-	(5)	-	-	-	(7)
(Loss) / Profit before tax	<u>(228)</u>	<u>(105)</u>	<u>(25)</u>	<u>(16)</u>	<u>31</u>	<u>(377)</u>	<u>(1)</u>	<u>3</u>	<u>(718)</u>
Taxation	-	(232)	(6)	-	-	-	-	-	(238)
(Loss) / Profit after tax	<u><u>(228)</u></u>	<u><u>(337)</u></u>	<u><u>(31)</u></u>	<u><u>(16)</u></u>	<u><u>31</u></u>	<u><u>(377)</u></u>	<u><u>(1)</u></u>	<u><u>3</u></u>	<u><u>(956)</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
3 months ended 30 June 2019								
Revenue								
External sales	-	22,153	16	(12)	1,954	-	-	24,111
Inter-segment sales	-	-	56	1	-	-	(57)	-
	<u>-</u>	<u>22,153</u>	<u>72</u>	<u>(11)</u>	<u>1,954</u>	<u>-</u>	<u>(57)</u>	<u>24,111</u>
Segment (Loss) / Profit	(379)	(102)	9	(848)	35	(1)	2	(1,284)
Finance costs	-	(94)	-	(4)	(16)	-	-	(114)
(Loss) / Profit before tax	<u>(379)</u>	<u>(196)</u>	<u>9</u>	<u>(852)</u>	<u>19</u>	<u>(1)</u>	<u>2</u>	<u>(1,398)</u>
Taxation	-	-	(4)	-	-	-	-	(4)
(Loss) / Profit after tax	<u><u>(379)</u></u>	<u><u>(196)</u></u>	<u><u>5</u></u>	<u><u>(852)</u></u>	<u><u>19</u></u>	<u><u>(1)</u></u>	<u><u>2</u></u>	<u><u>(1,402)</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

On 3 July 2020, the Group has accepted the Letter of Conditional Acceptance of Tender dated 30 June 2020 from Permodalan Negeri Selangor Berhad ("PNSB") for the Proposed Joint Development of land owned by PNSB on a parcel of land which is held under title P.T 559 & P.T 92, Pekan Sungai Buloh, Mukim Api-Api, Daerah Kuala Selangor, Selangor Darul Ehsan measuring approximately 61.65 acres ("the Land") for the proposed development of mixed development and "Selangor Seafood Center" (the Project").

The Gross Development Value of the project is approximately RM248,194,000.

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 RM47.03 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 RM8.36 million (31/03/2020 : RM8.58 million)

Additional information required by Bursa Malaysia Listing Requirements

B1 Review of performance

	INDIVIDUAL PERIOD (1st QUATER)			CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER		CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE	
	30.06.2020 RM'000	30.06.2019 RM'000	Change %	30.06.2020 RM'000	30.06.2019 RM'000	Change %
Revenue	2,254	24,111	-91%	2,254	24,111	-91%
Operating Loss	(711)	(1,284)	45%	(711)	(1,284)	45%
Loss Before Interest and Tax	(711)	(1,284)	45%	(711)	(1,284)	45%
Loss Before Tax	(718)	(1,398)	49%	(718)	(1,398)	49%
Loss After Tax	(956)	(1,402)	32%	(956)	(1,402)	32%
Loss Attributable to Owners of the Company	(971)	(1,411)	31%	(971)	(1,411)	31%

Quarterly

For the current quarter under review, the Group recorded revenue of RM2.25 million and loss before tax of RM0.72 million as compared to corresponding preceding year quarter revenue of RM24.11 million and loss before tax of RM1.40 million respectively.

The significant drop in revenue were due to lower progress billing from the existing projects in hand and less work orders during Conditional Movement Control Order (CMCO) period. Loji Rawatan Air Pagoh project nearing 98% completed and most of the billing already recognized in the previous quarters.

Despite significant drop in revenue, the losses were mitigate by the disposal of Serendah land amounting to RM1.49 million. Unfortunately it is still insufficient to cover the administrative expenses of RM1.92 million which resulted in loss before tax of RM0.72 million.

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

	CURRENT QUARTER ENDED 30.06.2020 RM'000	IMMEDIATE PRECEDING QUARTER ENDED 31.03.2020 RM'000	Change %
Revenue	2,254	5,162	-56%
Operating (Loss) / Profit	(711)	4,703	-115%
(Loss) / Profit Before Interest and Tax	(711)	4,703	-115%
(Loss) / Profit Before Tax	(718)	4,663	-115%
(Loss) / Profit After Tax	(956)	3,980	-124%
(Loss) / Profit Attributable to Owners of the Company	(971)	4,124	-124%

In line with the above reasons, the Group recorded lower revenue of RM2.25 million a decrease of 56% as compared to the immediate preceding quarter revenue of RM5.16 million. Consequence from the lower revenue the loss before tax of RM718,000 was recorded.

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.

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 services and at the same time exploring new business opportunities within Malaysia.

Our Group, had on 3 July 2020 accepted the Letter of Conditional Acceptance of Tender dated 30 June 2020 from Permodalan Negeri Selangor Berhad ("PNSB") for the proposed joint development of land owned by PNSB on a parcel of land which is held under title P.T 559 & P.T 92, Pekan Sungai Buloh, Mukim Api-Api, Daerah Kuala Selangor, Selangor Darul Ehsan measuring approximately 61.65 acres for the proposed mix development and "Selangor Seafood Center" (the Project") with an estimated gross development value of approximately RM248 million. The Project is expected to contribute positively to the earnings and net assets of the Group for the future financial years.

Our Board is confident that with our Group's healthy cashflow and the Project awarded by PNSB, 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-Jun-20 RM'000	Preceding Year Quarter 30-Jun-19 RM'000	Current YTD 30-Jun-20 RM'000	Preceding Year YTD 30-Jun-19 RM'000
Interest income	(123)	(29)	(123)	(29)
Interest expenses	7	114	7	114
Depreciation expenses	128	152	128	152
Realised loss foreign exchange	14	8	14	8
Gain on disposal of asset held for sale	(1,493)	0	(1,493)	0

B6 Taxation

	Current Quarter 30-Jun-20 RM'000	Preceding Year Quarter 30-Jun-19 RM'000	Current YTD 30-Jun-20 RM'000	Preceding Year YTD 30-Jun-19 RM'000
- Prior Year Tax	0	0	0	0
- Current Year Tax	6	4	6	4
- Real Property Gain Tax	232	0	232	0
	238	4	238	4

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-Jun-20 RM'000	As at 31-Mar-20 RM'000
<u>Short Term Borrowings (Secured)</u>		
- Bank Overdrafts	3	22
- Lease Liabilities / Finance Lease Liabilities	333	351
- Term Loans	65	42
<u>Long Term Borrowings (Secured)</u>		
- Lease Liabilities / Finance Lease Liabilities	223	227
- Term Loans	1,055	1,082
Total Borrowings	1,679	1,724

B11 Material litigation

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

B12 Dividend

The Board of Directors propose a final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31 March 2020 and to seek the approval of shareholders of the Company at the forthcoming Annual General Meeting. The date of entitlement is on 7 October 2020 and payment will be paid on 27 October 2020.

B13 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 RM971,000 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
18 August 2020