

**PEGASUS HEIGHTS BERHAD (19727-P)**  
**(Formerly Known as Naim Indah Corporation Berhad)**  
**(Incorporated in Malaysia)**

**Part A – Explanatory Notes Pursuant to FRS 134**

**A1. BASIS OF PREPARATION**

The interim financial statements have been prepared under the historical cost convention except for the financial assets and investment properties which were stated at fair values.

The interim financial statements were unaudited and have been prepared in accordance with requirements of the Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that were significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

**A2. CHANGES IN ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016 except for the adoption of the following Amendments and Annual improvements to Standards:

Effective for financial periods beginning on or after 1 January 2017:

Annual Improvements to FRSs 2014 - 2016 Cycle  
Amendments to FRS 107: Statement of Cash Flows - Disclosure Initiative  
Amendments to FRS 112: Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above standards, amendments and annual improvement do not have any significant financial impact to the Group's financial statements.

**A3. COMPARATIVES**

There were no changes to the comparatives during the current financial period.

**A4. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors’ report on the preceding financial statements for the year ended 31 December 2016 was not qualified by the Auditors of the Company.

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**A5. SEGMENTAL INFORMATION**

Year ended	Project Management Consultancy RM'000	Investment Property RM'000	Investment Holding And Others RM'000	Eliminations RM'000	Group RM'000
31 December 2017					
<b><u>Revenue</u></b>					
External Revenue	7,330	410	-	-	7,740
Inter Segment Revenue	10	332	-	(342)	-
<b>Total Segment Revenue</b>	<b>7,340</b>	<b>742</b>	<b>-</b>	<b>(342)</b>	<b>7,740</b>
<b><u>Results</u></b>					
Segment Results	5,800	(2,670)	(5,326)	11	(2,186)
Finance Costs					(1,615)
Share of associate's result					-
<b>Profit/ (Loss) before taxation</b>					<b>(3,801)</b>
Taxation					(255)
<b>Net profit/ (loss) after taxation</b>					<b>(4,056)</b>

Year ended	Project Management Consultancy RM'000	Investment Property RM'000	Investment Holding And Others RM'000	Eliminations RM'000	Group RM'000
31 December 2016					
<b><u>Revenue</u></b>					
External Revenue	11,884	131	-	-	12,015
Inter Segment Revenue	-	-	-	-	-
<b>Total Segment Revenue</b>	<b>11,884</b>	<b>131</b>	<b>-</b>	<b>-</b>	<b>12,015</b>
<b><u>Results</u></b>					
Segment Results	9,916	9,863	(6,394)	742	14,127
Finance Costs					(1,609)
Share of associate's result					(12)
<b>Profit/ (Loss) before taxation</b>					<b>12,501</b>
Taxation					(2,167)
<b>Net profit/ (loss) after taxation</b>					<b>10,334</b>

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**A5. SEGMENTAL INFORMATION (Continued)**

As at 31 December 2017	Project Management Consultancy RM'000	Investment Property RM'000	Investment Holding And Others RM'000	Eliminations RM'000	Group RM'000
<b>Total segment assets</b>	3,858	122,200	83,634	(84,788)	124,903
Unallocated asset:					
- Deferred tax assets	-	-	-	-	-
<b>Total assets</b>	3,858	122,200	83,634	(84,788)	124,903
<b>Total Segment liabilities</b>	1,229	54,650	8,114	(34,696)	29,297
Unallocated liabilities:					
- Hire purchase	-	-	-	-	322
- Term loans	-	-	-	-	17,588
- Bank overdraft	-	-	-	-	3,016
- Deferred tax liabilities	-	-	-	-	2,251
- Current tax liabilities	-	-	-	-	-
<b>Total liabilities</b>	1,229	54,650	8,114	(34,696)	52,474

  

As at 31 December 2016	Project Management Consultancy RM'000	Investment Property RM'000	Investment Holding And Others RM'000	Eliminations RM'000	Group RM'000
<b>Total segment assets</b>	31,482	121,301	52,271	(78,697)	126,357
Unallocated asset:					
- Deferred tax assets	-	-	-	-	250
<b>Total assets</b>	31,482	121,301	52,271	(78,697)	126,607
<b>Total Segment liabilities</b>	4,933	49,086	2,404	(28,593)	27,830
Unallocated liabilities:					
- Hire purchase	-	-	-	-	520
- Term loans	-	-	-	-	18,075
- Bank overdraft	-	-	-	-	2,880
- Deferred tax liabilities	-	-	-	-	2,251
- Current tax liabilities	-	-	-	-	44
<b>Total liabilities</b>	4,933	49,086	2,404	(28,593)	51,600

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**A6. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE, OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 December 2017.

**A7. CHANGES IN ESTIMATES**

There was no change in estimates that had a material effect on the current quarter results.

**A8. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group's performance is not affected by any seasonal or cyclical factors during the quarter under review.

**A9. DIVIDENDS PAID**

No interim dividend has been paid in the current financial period ended 31 December 2017 (31 December 2016: Nil).

**A10. CARRYING AMOUNT OF REVALUED ASSETS**

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2016.

**A11. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale or repayments of debts and equity securities for the current quarter ended 31 December 2017.

**A12. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current financial quarter.

**A13. DISCONTINUED OPERATION**

There were no existing business segments that can be categorised as discontinued in the current financial period.

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**Part A – Explanatory Notes Pursuant to FRS 134**

**A14. CAPITAL COMMITMENTS**

There were no material changes in capital commitments since the previous quarter.

**A15. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no material changes in contingent liabilities or contingent assets since the previous quarter.

**A16. SUBSEQUENT EVENTS**

There were no material events subsequent to the end of the reporting quarter that have not been reflected in the quarter under review.

**A17. RELATED PARTY TRANSACTIONS**

Except as disclosed below, there was no other related party transaction during the financial quarter ended 31 December 2017.

	<b>3 months ended 31.12.2017 RM'000</b>	<b>12 months ended 31.12.2017 RM'000</b>
Project Management Consultancy services rendered to related parties	360	7,230
Marketing Project Management Consultancy services rendered to related parties	-	100

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**PART B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. PERFORMANCE REVIEW**

	Individual Period (3 <sup>rd</sup> Quarter)		Changes (%)	Cumulative Period (3 <sup>rd</sup> Quarter)		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31.12.17	31.12.16		31.12.17	31.12.16	
	RM'000	RM'000		RM'000	RM'000	
Revenue	608	3,917	(84)	7,740	12,015	(36)
Profit / (Loss) Before Interest and Tax ("PBIT")	(1,963)	(19,366)	(90)	(2,186)	14,110	(115)
Profit Before Tax ("PBT")	(2,328)	(19,849)	(88)	(3,801)	12,501	(130)
Profit After Tax ("PAT")	(2,328)	(20,427)	(89)	(4,056)	10,334	(139)
Profit/ (Loss) attributable to Ordinary Equity Holders of the Parent	(2,327)	(20,427)	(89)	(4,053)	10,338	(139)

**Review of results for the current quarter**

For the current quarter financial period ended 31 December 2017, the Group's registered a revenue of RM0.61 million, LBIT of RM1.96 million and LBT of RM2.32 million as compared to a revenue of RM3.92 million, LBIT of RM19.37 million and LBT of RM19.85 million in the preceding quarter financial period ended 31 December 2016.

**Commentary on revenue**

The Group recorded a lower revenue for the current quarter caused by the project management consultancy service rendered was lower compared to the preceding quarter financial period ended 31 December 2016.

**Commentary on LBIT/ LBT**

The Group recorded a LBIT and LBT for the current quarter financial period compared to the preceding quarter financial period. This was caused by the consultancy service rendered was lower compared to preceding quarter financial

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**B1. PERFORMANCE REVIEW (Continued)**

Commentary on LBIT/ LBT (Continued)

period ended 31 December 2016. At the same time, there was a reversal of gain on revaluation in Q4 2016 amount of RM20 million.

**Review of results for the financial period ended 31 December 2017**

The Group's registered a revenue of RM7.74 million, LBIT of RM2.19 million and LBT of RM3.80 million for the financial period ended 31 December 2017 as compared to a revenue of RM12.01 million, PBIT of RM14.11 million and PBT of RM12.50 million in the preceding financial period ended 31 December 2016.

Commentary on revenue

The Group recorded a lower revenue for the financial period under review caused by the project management consultancy service rendered was lower compared to the preceding financial period ended 31 December 2016.

Commentary on LBIT/ LBT

The Group recorded a LBIT and LBT for the current quarter financial period compared to the preceding quarter financial period. This was caused by the project management consultancy service rendered was lower compared to preceding quarter financial period ended 31 December 2016. At the same time, there was a gain on revaluation during the financial period ended 31 December 2016 amount of RM11.52 million.

**B2. COMMENTS ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION**

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31.12.17	30.09.17	
	RM'000	RM'000	
Revenue	608	429	42
Profit Before Tax	(2,328)	(1,990)	17

The Group's recorded a revenue of approximately RM0.61 million for the current quarter as compared to RM0.43 million for the preceding quarter financial period ended 30 December 2017. The increase in revenue was mainly due to the revenue generated from the investment property was higher compared to the preceding quarter financial period ended 31 December 2017.

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**B2. COMMENTS ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION (Continued)**

The loss before taxation is approximately RM2.32 million for the current quarter as compared to a loss before taxation approximately RM1.99 million for the preceding quarter financial period ended 30 September 2017. The loss before taxation in current quarter mainly due to the cost of restructuring the company.

**B3. COMMENTARY ON PROSPECTS**

The property market is expected to remain modest in the remaining 2018. Meanwhile, the Group is persistently identifying suitable business opportunities to venture into property investment, construction, trading activities and other feasible development project, where these businesses are expected to contribute positively to the Group performance.

The remaining 2018, the retail market is expected to be challenging. Furthermore, filling up the Mall remaining vacancies remain a challenge as many options available in the market and attractive rent offer by competitor to seize potential tenants. Therefore, more marketing effort would be held to attract more potential tenants. The Management will continue to seek improvement in occupancy rate and manage its operational cost effectively.

Barring any unforeseen circumstances, the Directors expect to achieve better operating financial results of the Group in the coming year as compared to previous year.

**B4. PROFIT FORECAST OR PROFIT GUARANTEE**

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interests and forecast profit after tax and minority interests and for the shortfall in profit guarantee are not applicable.

**B5. INCOME TAX EXPENSE**

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	-	64	(5)	(314)
Deferred taxation	-	(753)	(250)	(1,853)
	-	(689)	(255)	(2,167)



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**B6. CORPORATE PROPOSALS**

There were no corporate proposals in the current quarter under review.

**B7. BORROWINGS**

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Denominated in Ringgit Malaysia:-		
<b>Short-term borrowings:-</b>		
<u>-Secured</u>		
- Bank overdraft	3,016	2,880
- Hire purchase	122	135
- Term loans	5245	1041
	8,383	4,056
 <b>Long-term borrowings:-</b>		
<u>-Secured</u>		
- Hire purchase	200	385
- Term loans	12,343	17,034
	12,543	17,419
 Total Borrowings	20,926	21,475
 Denominated in Ringgit Malaysia:-		
	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Bank overdraft	3,016	2,880
Hire purchase	322	520
Term loans	17,588	18,075
Total	20,926	21,475

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**B8. CHANGES IN MATERIAL LITIGATION**

There was no material litigation for the current financial period under review.

**B9. DIVIDENDS PAYABLE**

No interim dividend has been declared for the financial period ended 31 December 2017 (31 December 2016: Nil).

**B10. EARNINGS PER SHARE**

<b>Basic EPS</b>	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Profit / (Loss) attributable to ordinary equity holders of the parent (RM'000)	(2,327)	(20,427)	(4,053)	10,338
Weighted average number of Ordinary Shares in issue ('000)	876,460	863,460	876,460	863,460
<b>Basic earnings per share (sen)</b>	<b>(0.27)</b>	<b>(2.33)</b>	<b>(0.47)</b>	<b>1.20</b>

The effect of potential ordinary shares arising from the conversion of SIS is anti-dilutive and accordingly, they have been ignored in the calculation of dilutive earnings per share. As a result, the diluted earnings per ordinary shares is the same as basic earnings per share.

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**B11. DISCLOSURE OF REALISED AND UNREALISED PROFITS / LOSSES**

	<b>12 months ended 31.12.2017</b>	<b>12 months ended 31.12.2016</b>
Total retained profits / (accumulated losses) of the Company and its subsidiaries:		
-Realised	(631)	3,256
-Unrealised	(2,251)	(1,327)
Total share of loss from associate		
-Realised	-	(12)
-Unrealised	-	-
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	(2,882)	1,917
Less: Consolidation adjustments	(15,797)	(16,530)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total group retained profits / (accumulated losses) as per consolidated accounts	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
	(18,666)	(14,613)

**B12. DISCLOSURE OF ADDITIONAL INFORMATION**

	<b>12 months ended 31.12.2017 RM'000</b>	<b>12 months ended 31.12.2016 RM'000</b>
Interest income	5	7
Interest expenses	(1,615)	(1,609)
Gain on disposal of motor vehicles	63	-
Depreciation and amortization	(539)	(544)
Realised loss on foreign exchange	-	(3,484)
Bad debt recovered	-	10
Gain on disposal of associate	-	96
Gain on fair value adjustment on investment property	-	11,520

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**B12. DISCLOSURE OF ADDITIONAL INFORMATION (Continued)**

Impairment loss on investments in subsidiaries	-	(5)
Share option to employees	(178)	(839)
Share result of associates	-	(12)

By order of the Board  
Dated this 22 FEBRUARY 2018