

PEGASUS HEIGHTS BERHAD

Company No.197401002677 (19727-P)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2021**

	Note	Individual quarter ended		Cumulative quarter ended	
		30.06.21 RM'000	30.06.20 RM'000	30.06.21 RM'000	30.06.20 RM'000
Revenue	A5	5,841	24,415	14,005	36,429
Cost of sales		(4,941)	(23,198)	(13,034)	(33,789)
Gross profit		<u>900</u>	<u>1,217</u>	<u>971</u>	<u>2,640</u>
Other income		3,030	117	3,107	359
Administrative and other expenses		(2,905)	(2,086)	(7,113)	(6,459)
Finance cost		(9)	(55)	(29)	(92)
Profit / (Loss) before taxation	A5	<u>1,016</u>	<u>(807)</u>	<u>(3,064)</u>	<u>(3,552)</u>
Taxation	B5	-	-	-	-
Profit / (Loss) for the financial period		<u>1,016</u>	<u>(807)</u>	<u>(3,064)</u>	<u>(3,552)</u>
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the financial period		<u>1,016</u>	<u>(807)</u>	<u>(3,064)</u>	<u>(3,552)</u>
Profit / (Loss) attributable to:					
Equity holders of the parent		1,016	(807)	(3,064)	(3,552)
Minority interests		-	-	-	-
		<u>1,016</u>	<u>(807)</u>	<u>(3,064)</u>	<u>(3,552)</u>
Total comprehensive (loss) attributable to:					
Equity holders of the parent		1,016	(807)	(3,064)	(3,552)
Minority interests		-	-	-	-
		<u>1,016</u>	<u>(807)</u>	<u>(3,064)</u>	<u>(3,552)</u>
Earnings per share attributable to equity holders of the parent:					
Basic, for Profit / (loss) for the period (sen)	B11	<u>0.01</u>	<u>(0.01)</u>	<u>(0.03)</u>	<u>(0.04)</u>
Diluted, for Profit / (loss) for the period (sen)	B11	<u>0.01</u>	<u>(0.01)</u>	<u>(0.02)</u>	<u>(0.04)</u>

PEGASUS HEIGHTS BERHAD

Company No.197401002677 (19727-P)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	Unaudited As at 30.06.21 RM'000 (Unaudited)	Audited As at 31.12.20 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	A10	2,030	2,305
Investment property	A10	110,000	110,000
Deferred Expenses		458	708
Intangible Asset		16,279	16,347
Deferred Tax Asset		-	-
Right of Use Asset		1,067	1,271
		<u>129,834</u>	<u>130,631</u>
Current Assets			
Trade receivables		17,701	10,975
Other receivables		1,060	6,118
Inventories		1,073	1,101
Tax recoverable		196	5
Fixed deposits with licensed institution		1,052	1,047
Cash and bank balances		9,399	10,165
		<u>30,481</u>	<u>29,411</u>
TOTAL ASSETS		<u>160,315</u>	<u>160,042</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		189,288	188,762
Share Option Reserves		6,865	6,865
Warrants Reserve		18,199	18,392
Accumulated losses		(64,308)	(61,244)
Equity attributable to owners of the Company		<u>150,044</u>	<u>152,775</u>
Total Equity		<u>150,044</u>	<u>152,775</u>
Non-Current Liabilities			
Lease Liability	B8	352	341
Deferred tax liabilities		3,522	3,522
		<u>3,874</u>	<u>3,863</u>
Current Liabilities			
Bank Overdraft	B8	2,959	8
Lease Liability	B8	176	375
Trade payables		98	11
Other payables		3,152	2,741
Income tax payable		12	269
		<u>6,397</u>	<u>3,404</u>
TOTAL LIABILITIES		<u>10,271</u>	<u>7,267</u>
TOTAL EQUITY AND LIABILITIES		<u>160,315</u>	<u>160,042</u>
Net assets per share (RM)		0.0143	0.0144

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

PEGASUS HEIGHTS BERHAD

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021**

Note	<----- Attributable to Equity Holders of the Parent ----->				Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	SIS Options Reserve RM'000	Warrants Reserve RM'000	Distributable Accumulated Losses RM'000			
Balance as at 01.01.2021	188,762	6,865	18,392	(61,244)	152,775	-	152,775
Total comprehensive (loss) for the financial period	-	-	-	(3,064)	(3,064)	-	(3,064)
<u>Transaction with owners:</u>							
Warrants Reserve	193	-	(193)	-	-	-	-
Proceed From Warrants Conversion	333	-	-	-	333	-	333
Total transaction with owners	526	-	(193)	-	333	-	333
Balance as at 30.06.2021	189,288	6,865	18,199	(64,308)	150,044	-	150,044
Balance as at 01.01.2020	164,302	7,730	20,868	(54,016)	138,884	-	138,884
Total comprehensive (loss) for the financial period	-	-	-	(3,552)	(3,552)	-	(3,552)
<u>Transaction with owners:</u>							
Acquisition with Share Issuance	16,000	-	-	-	16,000	-	16,000
Total transaction with owners	16,000	-	-	-	16,000	-	16,000
Balance as at 30.06.2020	180,302	7,730	20,868	(57,568)	151,332	-	151,332

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2021**

	Period Ended 30.06.21 RM'000	Period Ended 30.06.20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(3,064)	(3,552)
Adjustments for:		
Depreciation	293	241
Impairment loss/ (reversal) on trade receivables	297	204
Amortisation of franchise license fee & deferred expenses	318	269
Interest expense	29	92
Interest income	(60)	(300)
Amortisation of right of use asset	219	240
Loss / (Gain) on disposal plant, property and equipment	5	-
Operating (loss) before working capital changes	<u>(1,963)</u>	<u>(2,806)</u>
(Increase) / Decrease in receivables	(1,965)	(11,441)
(Increase) / Decrease in inventories	28	(2,430)
(Decrease) / Increase in payables	498	963
Cash (used in) / generated from operations	<u>(3,402)</u>	<u>(15,714)</u>
Tax paid	(449)	(2)
Interest paid	(29)	(92)
Net cash (used in) / generated from operating activities	<u>(3,880)</u>	<u>(15,808)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant, property and equipment	(23)	(1,256)
Purchase of motor vehicle	-	(857)
Interest received	60	300
Net cash generated from / (used in) investing activities	<u>37</u>	<u>(1,813)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease	(202)	(182)
Repayment of director	-	(6)
Withdrawal / (Deposit) of fixed deposit	(5)	13,594
Drawdown of finance lease	-	400
Proceeds from warrant conversion	333	-
Net cash generated from financing activities	<u>126</u>	<u>13,806</u>
Net increase / (decrease) in cash and cash equivalents	(3,717)	(3,815)
Cash and cash equivalents as at 1 January	10,157	10,905
Cash and cash equivalents as at end of period	<u>6,440</u>	<u>7,090</u>
CASH AND CASH EQUIVALENTS COMPRISE: -		
Cash and bank balances	9,399	9,548
Bank overdraft	(2,959)	(2,458)
	<u>6,440</u>	<u>7,090</u>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard (“MFRS”) 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 of the Group for the financial year ended 31 December 2020 and the accompanying explanatory notes. The explanatory notes attached to the interim financial statements provides an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

The accounting policies and methods of computation adopted by the Company and its subsidiaries (“Group”) in the interim financial statements are consistent with those adopted for the annual audited statements for the year ended 31 December 2020.

The adoption of the new/amended MFRS and its amendments does not give rise to any adjustment to the opening balances of retained profit of prior and current years or changes in comparatives.

A2. COMPARATIVES

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

A3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the preceding financial statements for the year ended 31 December 2020 was not qualified by the Auditors of the Company.

A4. SEGMENTAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 June 2021	Preceding Year Corresponding Quarter 30 June 2020	Current year to Date 30 June 2021	Preceding Year Corresponding Period 30 June 2020
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Property Management	1,507	1,409	2,045	3,184
Trading	2,754	21,212	9,830	29,713
Project Management Consultancy	1,356	1,740	1,762	3,375
Investment Holding and Others	301	272	466	564
Total revenue including inter-segment sales	5,918	24,633	14,104	36,836
Eliminations of inter-segment sales	(77)	(218)	(99)	(407)
Total Revenue	5,841	24,415	14,005	36,429
<u>Segment results</u>				
Property Management	2,174	(565)	(450)	(2,352)
Trading	(172)	195	(390)	351
Project Management Consultancy	(49)	377	(429)	659
Investment Holding and Others	(919)	(768)	(1,758)	(2,128)
Eliminations	(9)	9	(9)	10
Profit / (Loss) before interest and tax	1,025	(752)	(3,035)	(3,460)
Finance Cost	(9)	(55)	(29)	(92)
Taxation	-	-	-	-
Loss After Tax	(1,016)	(807)	(3,064)	(3,552)

As at 30 June 2021	Property Management RM'000	Trading RM'000	Project Management Consultancy RM'000	Investment Holding and Others RM'000	Eliminations RM'000	Group RM'000
Total segment assets	114,653	5,830	6,765	84,869	(51,802)	160,315
Unallocated asset:						
- Deferred tax assets	-	-	-	-	-	-
Total assets	114,653	5,830	6,765	84,869	(51,802)	160,315
Total Segment liabilities	86,746	6,244	4,269	7,383	(101,392)	3,250
Unallocated liabilities:						
- Finance Lease Liability	138	-	376	999	(985)	528
- Term loans	-	-	-	-	-	-
- Bank overdraft	2,959	-	-	-	-	2,959
- Deferred tax liabilities	3,502	-	20	-	-	3,522
- Current tax liabilities	-	12	-	-	-	12
Total liabilities	93,345	6,256	4,665	8,382	(102,377)	10,271

A4. SEGMENTAL INFORMATION (Continued)

As at 30 June 2020	Property Management RM'000	Trading RM'000	Project Management Consultancy RM'000	Investment Holding and Others RM'000	Eliminations RM'000	Group RM'000
Total segment assets	121,142	16,348	4,809	88,507	(69,213)	161,593
Unallocated asset:						
- Deferred tax assets	-	-	-	-	-	-
Total assets	121,142	16,348	4,809	88,507	(69,213)	161,593
Total Segment liabilities	90,224	15,999	3,654	3,500	(109,988)	3,389
Unallocated liabilities:						
- Finance Lease Liability	223	-	591	1,018	(920)	912
- Term loans	-	-	-	-	-	-
- Bank overdraft	2,458	-	-	-	-	2,458
- Deferred tax liabilities	3,502	-	-	-	-	3,502
- Current tax liabilities	-	-	-	-	-	-
Total liabilities	96,407	15,999	4,245	4,518	(110,908)	10,261

A5. 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 30 June 2021.

A6. CHANGES IN ESTIMATES

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

A7. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

A8. DIVIDENDS PAID

No interim dividend has been paid in the current financial period ended 30 June 2021. (31 December 2020: Nil).

A9. CARRYING AMOUNT OF REVALUED ASSETS

There were no other changes in carrying amount of revalued asset during the current financial quarter.

A10. DEBT AND EQUITY SECURITIES

In the second quarter of 2021, the Company issued an additional 11,900,000 new ordinary shares of RM0.01 each pursuant to the conversion of warrants.

Save for the above, there were no other issuance, cancellations, or repayments of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares, repurchase and resale of treasury shares for the current financial quarter under review.

A11. CHANGES IN COMPOSITION OF THE GROUP

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

A12. DISCONTINUED OPERATION

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

A13. CAPITAL COMMITMENTS

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

A14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A15. 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.

A16. RELATED PARTY TRANSACTIONS

Significant related party transactions of the Group are as follow:

Transactions with company in which a Director of the company has substantial financial interest

	As at 30 June 21 RM'000	As at 30 June 20 RM'000
Rental of premises	84	84

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. PERFORMANCE REVIEW

	Individual Quarter		Changes (%)	Cumulative Period		Changes (%)
	30.06.21 RM'000	30.06.20 RM'000		30.06.21 RM'000	30.06.20 RM'000	
Revenue	5,841	24,415	(76.1)	14,005	36,429	(61.6)
Profit / (Loss) before interest and tax (PBIT / LBIT)	1,025	(752)	-	(3,035)	(3,460)	12.3
Profit / (Loss) before tax (PBT / LBT)	1,016	(807)	-	(3,064)	(3,552)	13.7
Profit / (Loss) after tax (PAT / LAT)	1,016	(807)	-	(3,064)	(3,552)	13.7
Profit / (Loss) attributable to ordinary equity holders of the parent	1,016	(807)	-	(3,064)	(3,552)	13.7

Review of results for the current quarter

For the 2nd quarter ended 30 June 2021, the Group registered a revenue of RM5.84 million, PBIT of RM1.03 million and PBT of RM1.02 million as compared to a revenue of RM24.42 million, LBIT of RM0.75 million and LBT of RM0.81 million in the preceding year's corresponding quarter.

Commentary on revenue

The Group recorded lower revenue for the current quarter predominantly due to lower contribution from the trading segment. The revenue from trading decreased by 87.0% due to MCO3.0 which affected customer demand as well as production supply issues.

PMC also recorded a lower revenue of 22.1% as the business was classified as non-essential services and was not allowed to operate.

Overall, the Group revenue decreased by 76.1% to RM5.84 million compared to the preceding year's corresponding quarter.

Commentary on PBIT/LBIT and PBT/ LBT

The Group recorded a PBIT and PBT for the current quarter compared to the preceding year's corresponding quarter's LBIT and LBT due to the receipt of the insurance claims amounting to RM2.97 million. Stripping out the insurance claims, the Group recorded a higher LBIT of RM1.94 million and LBT of RM1.95 million due the impact from MCO3.0.

Review of results for the financial period ended 30 June 2021

The Group recorded a revenue of RM14.00 million, LBIT of RM3.04 million and LBT of RM3.06 million for the financial period ended 30 June 2021 as compared to a revenue of RM36.43 million, LBIT of RM3.46 million and LBT of RM3.55 million in the financial period ended 30 June 2020.

Commentary on revenue

The Group recorded lower revenue for the current quarter predominantly due to lower contribution from the trading business which decreased 66.9% to RM9.83 million.

PMC and the mall also recorded a lower revenue due to the MCO 3.0 and the flood in November 2020 which affected the mall.

Overall, the Group's revenue decreased by 61.6% to RM14.00 million as compared to the preceding financial period.

Commentary on LBIT/ LBT

Stripping out the insurance claims amounting to RM2.97 million, the Group recorded a higher LBIT and LBT due to the Group's revenue decrease.

B2. COMMENTS ON MATERIAL CHANGE IN LOSS BEFORE TAXATION FOR THE CURRENT QUARTER COMPARED TO THE PRECEDING QUARTER

	Current quarter 30.06.21 RM'000	Preceding quarter 31.03.21 RM'000	Changes (%)
Revenue	5,841	8,164	(28.5)
Profit / (Loss) before interest and tax (PBIT/LBIT)	1,025	(4,060)	-
Profit / (Loss) before tax (PBT/LBT)	1,016	(4,080)	-
Profit / (Loss) after tax (PAT/LAT)	1,016	(4,080)	-
Profit / (Loss) attributable to ordinary equity holders of the parent	1,016	(4,080)	-

The Group recorded a decrease in revenue to RM5.84 million for the current quarter compared to RM8.16 million in the immediate preceding quarter ended 31 March 2021. The decrease in revenue was due to the lower contribution from trading segment. The trading segment revenue decreased by 61.1% to RM 2.75 million due to the impact of MCO3.0. The overall decline was partly mitigated by our property management and PMC segment which increased by 179.6% and 206.5% respectively.

Overall, the Group's revenue declined 28.5% as compared to the preceding quarter.

The Group recorded a PBT of RM1.02 million for the current quarter as compared to LBT of RM4.08 million in the immediate preceding quarter ended 31 March 2021. The PBT was due to insurance claims received amounting to RM2.97 million. Stripping out the insurance claims, the Group recorded a lower LBIT of RM1.95 million due to the one-off cost of RM2.12 million incurred for the repair and rectification work in the Mall in the preceding quarter.

B3. COMMENTARY ON PROSPECTS

MCO 3.0 has severely impacted the Group’s outlook for the remaining year as consumer spending has been affected by the prolonged MCO3.0. The impact was partly mitigated by our major tenants in the mall who are classified as essential services and were operating throughout the MCO. However, we are unable to quantify the full impact from the pandemic and MCO3.0.

We have delayed the opening of our fifth franchise restaurant – a hotpot restaurant – until the economic condition of the country and the pandemic improves. Overall, the F&B business has been badly affected by the MCO3.0.

The trading business decreased due to lower consumer demand coupled with production supply issues. We do not expect the situation to improve for the remainder of the year.

With the transition to Phase 2 of the MCO in KL, the PMC business resumed operation in September. However, the project pipeline has been affected. Projects in the pipeline are on hold pending renegotiation of the contract price due to the significant increase in construction material cost.

The outlook for the Group remains uncertain amidst the lower consumer and business sentiment due to Covid-19.

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

	Individual quarter ended		Cumulative quarter ended	
	30.06.21 RM’000	30.06.20 RM’000	30.06.21 RM’000	30.06.20 RM’000
In respect of the current period:				
Provision for current year tax	-	-	-	-
Under provision tax in prior year	-	-	-	-
Deferred taxation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-

B6. CORPORATE PROPOSALS

There was no corporate proposal announced but not completed as at the date of this report.

B8. BORROWINGS

	As at 30.06.2021 RM'000
Short-term borrowings: -	
-Secured	3,135
-Unsecured	-
	<u>3,135</u>
Long-term borrowings: -	
-Secured	352
-Unsecured	-
	<u>352</u>
Total Borrowings	<u><u>3,487</u></u>
	As at 30.06.2021 RM'000
Bank overdraft	2,959
Lease Liability	528
Total Borrowings	<u><u>3,487</u></u>

B9. CHANGES IN MATERIAL LITIGATION

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

B10. EARNINGS PER SHARE

(a) Basic EPS

	Individual quarter ended		Cumulative quarter ended	
	30.06.21	30.06.20	30.06.21	30.06.20
Profit / (Loss) attributable to ordinary equity holders of the parent (RM'000)	1,016	(807)	(3,064)	(3,552)
Weighted average number of Ordinary Shares in issue ('000)	10,589,905	10,002,985	10,578,231	9,694,522
Basic (loss)/earnings per share (sen)	0.01	(0.01)	(0.03)	(0.04)

(b) Diluted EPS

	Individual quarter ended		Cumulative quarter ended	
	30.06.21	30.06.20	30.06.21	30.06.20
Profit / (Loss) attributable to ordinary equity holders of the parent (RM'000)	1,016	(807)	(3,064)	(3,552)
Weighted average number of Ordinary Shares in issue ('000)	19,701,367	10,002,985	20,100,115	9,694,522
Diluted (loss)/earnings per share (sen)	0.01	(0.01)	(0.02)	(0.04)

B11. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivative financial instruments

As at 30 June 2021, the Group does not hold any derivative financial instruments.

(b) Disclosure of gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from fair value changes of financial liabilities reported by the Group during the financial period under review.

12. DISCLOSURE OF ADDITIONAL INFORMATION

Total comprehensive income for the period was derived after charging / (crediting) the following items:

	Cumulative quarter ended	
	30.06.2021	30.06.2020
	RM'000	RM'000
Interest income	(60)	(300)
Interest expenses	29	92
Impairment loss/ (reversal) on trade receivables	297	204
Loss on disposal of PPE	5	-
Depreciation	293	241
Amortization of franchise license fee & deferred expenses	318	269
Amortization of right of use asset	219	240

Saved as disclosed above and in the unaudited Condensed Consolidated Statements of Comprehensive Income, the other items under Appendix 9B, Part A (16) of the Listing Requirement of Bursa Malaysia Securities Berhad for the Main Market are not applicable.

By order of the Board
Dated this 27 September 2021