

PEGASUS HEIGHTS BERHAD

Company No.197401002677 (19727-P)

(Incorporated in Malaysia)

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

	Note	Individual quarter ended		Cumulative quarter ended	
		30.09.21 RM'000	30.09.20 RM'000	30.09.21 RM'000	30.09.20 RM'000
Revenue	A4	6,083	12,761	20,088	49,190
Cost of sales		(5,067)	(12,758)	(18,101)	(46,547)
Gross profit		1,016	3	1,987	2,643
Other income		88	60	3,195	419
Administrative and other expenses		(2,258)	(2,460)	(9,371)	(8,919)
Finance cost		(13)	(50)	(42)	(142)
(Loss) before taxation	A4	(1,167)	(2,447)	(4,231)	(5,999)
Taxation	B5	2	-	2	-
(Loss) for the financial period		(1,165)	(2,447)	(4,229)	(5,999)
Other comprehensive income		-	-	-	-
Total comprehensive (loss) for the financial period		(1,165)	(2,447)	(4,229)	(5,999)
(Loss) attributable to:					
Equity holders of the parent		(1,165)	(2,447)	(4,229)	(5,999)
Minority interests		-	-	-	-
		(1,165)	(2,447)	(4,229)	(5,999)
Total comprehensive (loss) attributable to:					
Equity holders of the parent		(1,165)	(2,447)	(4,229)	(5,999)
Minority interests		-	-	-	-
		(1,165)	(2,447)	(4,229)	(5,999)
Earnings per share attributable to equity holders of the parent:					
Basic, for (loss) for the period (sen)	B11	(0.01)	(0.02)	(0.04)	(0.06)
Diluted, for (loss) for the period (sen)	B11	(0.01)	(0.02)	(0.02)	(0.06)

PEGASUS HEIGHTS BERHAD

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(Incorporated in Malaysia)

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

	Note	Unaudited As at 30.09.21 RM'000 (Unaudited)	Audited As at 31.12.20 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	A10	2,000	2,305
Investment property	A10	110,000	110,000
Deferred Expenses		333	708
Intangible Asset		16,273	16,347
Right of Use Asset		844	1,271
		<u>129,450</u>	<u>130,631</u>
Current Assets			
Trade receivables		8,631	10,975
Other receivables		1,191	6,118
Inventories		66	1,101
Tax recoverable		313	5
Fixed deposits with licensed institution		1,052	1,047
Cash and bank balances		18,638	10,165
		<u>29,891</u>	<u>29,411</u>
TOTAL ASSETS		<u>159,341</u>	<u>160,042</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		191,447	188,762
Share Option Reserves		5,777	6,865
Warrants Reserve		18,199	18,392
Accumulated losses		(65,473)	(61,244)
Equity attributable to owners of the Company		<u>149,950</u>	<u>152,775</u>
Total Equity		<u>149,950</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	2,909	8
Lease Liability	B8	81	375
Trade payables		5	11
Other payables		2,511	2,741
Income tax payable		11	269
		<u>5,517</u>	<u>3,404</u>
TOTAL LIABILITIES		<u>9,391</u>	<u>7,267</u>
TOTAL EQUITY AND LIABILITIES		<u>159,341</u>	<u>160,042</u>
Net assets per share (RM)		0.0139	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

Company No.197401002677 (19727-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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 January 2021	188,762	6,865	18,392	(61,244)	152,775	-	152,775
Total comprehensive (loss) for the financial period	-	-	-	(4,229)	(4,229)	-	(4,229)
<u>Transaction with owners:</u>							
SIS Reserve	1,088	(1,088)	-	-	-	-	-
Proceed from SIS Exercise	1,071	-	-	-	1,071	-	1,071
Warrants Reserve	193	-	(193)	-	-	-	-
Proceed From Warrants Conversion	333	-	-	-	333	-	333
Total transaction with owners	2,685	(1,088)	(193)	-	1,404	-	1,404
Balance as at 30 September 2021	191,447	5,777	18,199	(65,473)	149,950	-	149,950
Balance as at 01 January 2020	164,302	7,730	20,868	(54,016)	138,884	-	138,884
Total comprehensive (loss) for the financial period	-	-	-	(5,999)	(5,999)	-	(5,999)
<u>Transaction with owners:</u>							
Acquisition with Share Issuance	16,000	-	-	-	16,000	-	16,000
SIS Reserve	864	(864)	-	-	-	-	-
Proceed from SIS Exercise	851	-	-	-	851	-	851
Proceed from Warrant Conversion	3,844	-	-	-	3,844	-	3,844
Warrant Reserve	2,230	-	(2,230)	-	-	-	-
Total transaction with owners	23,789	(864)	(2,230)	-	20,695	-	20,695
Balance as at 30 September 2020	188,091	6,866	18,638	(60,015)	153,580	-	153,580

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.

PEGASUS HEIGHTS BERHAD

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

	Period Ended 30.09.21 RM'000	Period Ended 30.09.20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(4,231)	(5,999)
Adjustments for:		
Depreciation	444	380
Impairment loss/ (reversal) on trade receivables	583	385
Amortisation of franchise license fee & deferred expenses	449	404
Provision of Stock Written Down	-	1,128
Interest expense	42	142
Interest income	(80)	(337)
Amortisation of right of use asset	321	360
Loss / (Gain) on disposal plant, property and equipment	5	(1)
Operating (loss) before working capital changes	<u>(2,467)</u>	<u>(3,538)</u>
(Increase) / Decrease in receivables	6,688	(3,827)
(Increase) / Decrease in inventories	1,035	(2,259)
(Decrease) / Increase in payables	(236)	161
Cash generated from / (used in) operations	<u>5,020</u>	<u>(9,463)</u>
Tax paid	(564)	(37)
Interest paid	(42)	(142)
Net cash generated from / (used in) operating activities	<u>4,414</u>	<u>(9,642)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant, property and equipment	(23)	(1,289)
Purchase of motor vehicle	-	(857)
Interest received	80	337
Net cash generated from / (used in) investing activities	<u>57</u>	<u>(1,809)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease	(298)	(279)
Repayment of director	-	(6)
Withdrawal / (Deposit) of fixed deposit	(5)	13,593
Drawdown of finance lease	-	400
Proceeds from exercise ESOS	1,071	851
Proceeds from warrant conversion	333	3,844
Net cash generated from financing activities	<u>1,101</u>	<u>18,403</u>
Net increase in cash and cash equivalents	5,572	6,952
Cash and cash equivalents as at 1 January	10,157	10,905
Cash and cash equivalents as at end of period	<u>15,729</u>	<u>17,857</u>
CASH AND CASH EQUIVALENTS COMPRISE: -		
Cash and bank balances	18,638	20,774
Bank overdraft	(2,909)	(2,917)
	<u>15,729</u>	<u>17,857</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.

PEGASUS HEIGHTS BERHAD
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A4. SEGMENTAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30.09.21	Preceding Year Corresponding Quarter 30.09.20	Current year to Date 30.09.21	Preceding Year Corresponding Period 30.09.20
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Property Management	2,321	1,691	4,366	4,875
Trading	2,747	9,275	12,577	38,988
Project Management Consultancy	702	1,530	2,465	4,906
Investment Holding and Others	374	520	840	1,084
Total revenue including inter-segment sales	6,144	13,016	20,248	49,853
Eliminations of inter-segment sales	(61)	(255)	(160)	(663)
Total Revenue	6,083	12,761	20,088	49,190

Segment results

Property Management	(454)	(1,591)	(904)	(3,942)
Trading	(136)	(261)	(526)	90
Project Management Consultancy	143	202	(286)	861
Investment Holding and Others	(702)	(746)	(2,459)	(2,875)
Eliminations	(5)	(1)	(14)	9
(Loss) before interest and tax	(1,154)	(2,397)	(4,189)	(5,857)
Finance Cost	(13)	(50)	(42)	(142)
Taxation	2	-	2	-
Loss After Tax	(1,165)	(2,447)	(4,229)	(5,999)

As at 30 September 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	113,945	3,696	5,675	81,921	(45,896)	159,341
Unallocated asset:						
- Deferred tax assets	-	-	-	-	-	-
Total assets	113,945	3,696	5,675	81,921	(45,896)	159,341
Total Segment liabilities	86,572	4,246	3,099	4,117	(95,518)	2,516
Unallocated liabilities:						
- Finance Lease Liability	117	-	316	955	(955)	433
- Term loans	-	-	-	-	-	-
- Bank overdraft	2,909	-	-	-	-	2,909
- Deferred tax liabilities	3,502	-	20	-	-	3,522
- Current tax liabilities	-	11	-	-	-	11
Total liabilities	93,100	4,257	3,435	5,072	(96,473)	9,391

A4. SEGMENTAL INFORMATION (Continued)

As at 30 September 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	119,333	6,160	5,573	92,509	(60,178)	163,397
Unallocated asset:						
- Deferred tax assets	-	-	-	2	-	2
Total assets	119,333	6,160	5,573	92,511	(60,178)	163,399
Total Segment liabilities	89,603	6,073	3,527	3,434	(100,051)	1,516
Unallocated liabilities:						
- Finance Lease Liability	202	-	535	1,148	(1,071)	814
- Term loans	-	-	-	-	-	-
- Bank overdraft	2,917	-	-	-	-	2,917
- Deferred tax liabilities	3,502	-	-	-	-	3,502
- Current tax liabilities	-	-	-	-	-	-
Total liabilities	96,224	6,073	4,062	4,582	(101,122)	9,819

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 September 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 September 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 third quarter of 2021, the Company issued an additional 170,000,000 new ordinary shares of RM0.0063 each pursuant to the exercise of share issuance scheme.

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 30.09.21 RM'000	As at 30.09.20 RM'000
Rental of premises	43	127

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 (%)
	30.09.21 RM'000	30.09.20 RM'000		30.09.21 RM'000	30.09.20 RM'000	
Revenue	6,083	12,761	(52.3)	20,088	49,190	(59.2)
(Loss) before interest and tax (LBIT)	(1,154)	(2,397)	(51.9)	(4,189)	(5,857)	(28.5)
(Loss) before tax (LBT)	(1,167)	(2,447)	(52.3)	(4,231)	(5,999)	(29.5)
(Loss) after tax (LAT)	(1,165)	(2,447)	(52.4)	(4,229)	(5,999)	(29.5)
(Loss) attributable to ordinary equity holders of the parent	(1,165)	(2,447)	(52.4)	(4,229)	(5,999)	(29.5)

Review of results for the current quarter

For the third quarter ended 30 September 2021, the Group registered a revenue of RM6.08 million, LBIT of RM1.15 million and LBT of RM1.17 million as compared to a revenue of RM12.76 million, LBIT of RM2.40 million and LBT of RM2.45 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 70.4% due to MCO3.0 which affected customer demand as well as experienced production supply issues.

PMC also recorded a lower revenue of 54.1% as the project pipeline was affected by the significant increase in construction material costs.

Overall, the Group revenue decreased by 52.3% to RM6.08 million compared to the preceding year's corresponding quarter.

Commentary on LBIT and LBT

The Group recorded a lower LBIT and LBT for the current quarter compared to the preceding year's corresponding quarter's LBIT and LBT due to the higher revenue contribution from the property management segment which increased 37.3%, thus resulting in lower losses for this segment. The administrative expenses also decreased by 8.2% compared to the preceding year's corresponding quarter further contributing to the lower LBIT & LBT.

Review of results for the financial period ended 30 September 2021

The Group recorded a revenue of RM20.09 million, LBIT of RM4.19 million and LBT of RM4.23 million for the financial period ended 30 September 2021 as compared to a revenue of RM49.19 million, LBIT of RM5.86 million and LBT of RM6.00 million in the financial period ended 30 September 2020.

Commentary on revenue

The Group recorded lower revenue predominantly due to lower contribution from the trading business which decreased 67.7% to RM12.58 million for the period.

PMC also recorded a lower revenue due to the increase in construction material costs which put a halt to new project starts.

Overall, Group's revenue decreased by 59.2% to RM20.09 million as compared to the preceding 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 reduced operating conditions.

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

	Current quarter 30.09.21 RM'000	Preceding quarter 30.06.21 RM'000	Changes (%)
Revenue	6,083	5,841	4.14
(Loss) / Profit before interest and tax (LBIT/PBIT)	(1,154)	1,025	-
(Loss) / Profit before tax (LBT/PBT)	(1,167)	1,016	-
(Loss) / Profit after tax (LAT/PAT)	(1,165)	1,016	-
(Loss) / Profit attributable to ordinary equity holders of the parent	(1,165)	1,016	-

The Group recorded an increase in revenue to RM6.08 million for the current quarter compared to RM5.84 million in the immediate preceding quarter ended 30 June 2021. The increase in revenue was due to the higher contribution from property management segment.

Overall, the Group's revenue increased by 4.14% as compared to the preceding quarter.

The Group recorded a LBT of RM1.15 million for the current quarter as compared to PBT of RM1.03 million in the immediate preceding quarter ended 30 June 2021. Stripping out the insurance claims amount of RM2.97 million in the preceding quarter, Q2 recorded LBIT amounting to RM1.94 million.

B3. COMMENTARY ON PROSPECTS

There have been some closures of our smaller retail tenants due to the imposition of MCO 3.0 which caused our mall's occupancy rate to marginally decline by 1.2% to 79.1% as at the end of September 2021. However, after the uplifting of the MCO, we have received enquiries from larger retail names. Currently we are in negotiations with several retail chains and have secured a new tenant which is expected to commence operations in the first quarter of 2022.

The F&B segment is showing recovery after the lifting of MCO restrictions and the resumption of dine-in. However, effects of the pandemic are still filtering through and we expect the recovery may take longer to return to pre-pandemic levels.

In addition, management remain cautious on the opening of the fifth franchise restaurant until there is more clarity on the economic recovery and pandemic situation.

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.

The Project Management Consultancy business only resumed in September. Projects in the pipeline are on hold pending renegotiation of the contract price due to the significant increase in construction material cost.

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	
	30.09.21 RM'000	30.09.20 RM'000	30.09.21 RM'000	30.09.20 RM'000
In respect of the current period:				
Provision for current year tax	2	-	2	-
	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>

B6. CORPORATE PROPOSALS

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

B8. BORROWINGS

	As at 30.09.2021 RM'000
Short-term borrowings: -	
-Secured	2,990
-Unsecured	-
	<u>2,990</u>
Long-term borrowings: -	
-Secured	352
-Unsecured	-
	<u>352</u>
Total Borrowings	<u><u>3,342</u></u>

	As at 30.09.2021 RM'000
Bank overdraft	2,909
Lease Liability	433
Total Borrowings	<u><u>3,342</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	
	30.09.21	30.09.20	30.09.21	30.09.20
(Loss) attributable to ordinary equity holders of the parent (RM'000)	(1,165)	(2,447)	(4,229)	(5,999)
Weighted average number of Ordinary Shares in issue ('000)	10,638,851	10,148,894	10,598,660	9,847,085
Basic (loss)/earnings per share (sen)	(0.01)	(0.02)	(0.04)	(0.06)

(b) Diluted EPS

	Individual quarter ended		Cumulative quarter ended	
	30.09.21	30.09.20	30.09.21	30.09.20
(Loss) attributable to ordinary equity holders of the parent (RM'000)	(1,165)	(2,447)	(4,229)	(5,999)
Weighted average number of Ordinary Shares in issue ('000)	18,729,848	12,291,778	19,768,414	10,251,421
Diluted (loss)/earnings per share (sen)	(0.01)	(0.02)	(0.02)	(0.06)

B11. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivative financial instruments

As at 30 September 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	
	30.09.21	30.09.20
	RM'000	RM'000
Interest income	(80)	(337)
Interest expenses	42	142
Impairment loss/ (reversal) on trade receivables	583	385
Provision of stock written down	-	1,128
(GAIN) / Loss on disposal of PPE	5	(1)
Depreciation	444	380
Amortization of franchise license fee & deferred expenses	449	404
Amortization of right of use asset	321	360

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 25 November 2021