

PEGASUS HEIGHTS BERHAD

Company No.197401002677 (19727-P)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Individual quarter ended		Cumulative quarter ended	
		31.12.21 RM'000	31.12.20 RM'000	31.12.21 RM'000	31.12.20 RM'000
Revenue	A4	6,451	13,176	26,539	62,366
Cost of sales		(4,497)	(11,153)	(22,598)	(57,700)
Gross profit		1,954	2,023	3,941	4,666
Other income		2,127	219	5,322	638
Administrative and other expenses		(18,214)	(2,880)	(27,585)	(11,799)
Finance cost		(12)	3	(54)	(139)
(Loss) before taxation	A4	(14,145)	(635)	(18,376)	(6,634)
Taxation	B5	(753)	(594)	(751)	(594)
(Loss) for the financial period		(14,898)	(1,229)	(19,127)	(7,228)
Other comprehensive income		-	-	-	-
Total comprehensive (loss) for the financial period		(14,898)	(1,229)	(19,127)	(7,228)
(Loss) attributable to:					
Equity holders of the parent		(14,898)	(1,229)	(19,127)	(7,228)
Minority interests		-	-	-	-
		(14,898)	(1,229)	(19,127)	(7,228)
Total comprehensive (loss) attributable to:					
Equity holders of the parent		(14,898)	(1,229)	(19,127)	(7,228)
Minority interests		-	-	-	-
		(14,898)	(1,229)	(19,127)	(7,228)
Earnings per share attributable to equity holders of the parent:					
Basic, for (loss) for the period (sen)	B10	(0.14)	(0.01)	(0.18)	(0.07)
Diluted, for (loss) for the period (sen)	B10	(0.14)	(0.01)	(0.15)	(0.06)

PEGASUS HEIGHTS BERHAD

Company No.197401002677 (19727-P)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	Unaudited As at 31.12.21 RM'000 (Unaudited)	Audited As at 31.12.20 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,856	2,305
Investment property		110,000	110,000
Deferred Expenses		208	708
Intangible Asset		173	16,347
Right of Use Asset		753	1,271
		<u>112,990</u>	<u>130,631</u>
Current Assets			
Trade receivables		7,986	10,975
Other receivables		2,906	6,118
Inventories		61	1,101
Tax recoverable		259	5
Fixed deposits with licensed institution		1,019	1,047
Cash and bank balances		20,119	10,165
		<u>32,350</u>	<u>29,411</u>
TOTAL ASSETS		<u>145,340</u>	<u>160,042</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		191,463	188,762
Share Option Reserves		5,770	6,865
Warrants Reserve		18,193	18,392
Accumulated losses		(80,371)	(61,244)
Equity attributable to owners of the Company		<u>135,055</u>	<u>152,775</u>
Total Equity		<u>135,055</u>	<u>152,775</u>
Non-Current Liabilities			
Lease Liability	B8	36	341
Deferred tax liabilities		3,522	3,522
		<u>3,558</u>	<u>3,863</u>
Current Liabilities			
Bank Overdraft	B8	2,903	8
Lease Liability	B8	315	375
Trade payables		18	11
Other payables		3,030	2,741
Income tax payable		461	269
		<u>6,727</u>	<u>3,404</u>
TOTAL LIABILITIES		<u>10,285</u>	<u>7,267</u>
TOTAL EQUITY AND LIABILITIES		<u>145,340</u>	<u>160,042</u>
Net assets per share (RM)		0.0125	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 YEAR ENDED 31 DECEMBER 2021**

Note	<----- Attributable to Equity Holders of the Parent ----->					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	Total 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	-	-	-	(19,127)	(19,127)	-	(19,127)
<u>Transaction with owners:</u>							
SIS Reserve	1,088	(1,088)	-	-	-	-	-
SIS Lapsed	-	(7)	-	-	(7)	-	(7)
Proceed from SIS Exercise	1,071	-	-	-	1,071	-	1,071
Warrants Reserve	199	-	(199)	-	-	-	-
Proceed From Warrants Conversion	343	-	-	-	343	-	343
Total transaction with owners	2,701	(1,095)	(199)	-	1,407	-	1,407
Balance as at 31 December 2021	191,463	5,770	18,193	(80,371)	135,055	-	135,055
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	-	-	-	(7,228)	(7,228)	-	(7,228)
<u>Transaction with owners:</u>							
Acquisition with Share Issuance	16,000	-	-	-	16,000	-	16,000
SIS Reserve	864	(864)	-	-	-	-	-
SIS Lapsed	-	(1)	-	-	(1)	-	(1)
Proceed from SIS Exercise	850	-	-	-	850	-	850
Proceed from Warrant Conversion	4,270	-	-	-	4,270	-	4,270
Warrant Reserve	2,476	-	(2,476)	-	-	-	-
Total transaction with owners	24,460	(865)	(2,476)	-	21,119	-	21,119
Balance as at 31 December 2020	188,762	6,865	18,392	(61,244)	152,775	-	152,775

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

Company No.197401002677 (19727-P)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Year Ended 31.12.21 RM'000	Year Ended 31.12.20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(18,376)	(6,634)
Adjustments for:		
Depreciation	606	545
Impairment loss/ (reversal) on trade receivables	583	503
Amortisation of franchise license fee & deferred expenses	674	539
Provision of stock written down	-	1,128
Interest expense	54	139
Interest income	(80)	(394)
Amortisation of right of use asset	412	424
Loss / (Gain) on disposal plant, property and equipment	42	(1)
Share options to employees	(7)	(1)
Deposits received written off	-	(17)
Impairment loss on intangible asset	16,000	-
Operating (loss) before working capital changes	(92)	(3,769)
(Increase) / Decrease in receivables	5,618	(10,609)
(Increase) / Decrease in inventories	1,040	(2,212)
(Decrease) / Increase in payables	296	337
Cash generated from / (used in) operations	6,862	(16,253)
Tax paid	(813)	(321)
Interest paid	(54)	(139)
Net cash generated from / (used in) operating activities	5,995	(16,713)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant, property and equipment	(78)	(1,304)
Additions of right-of-use assets	-	(456)
Proceed from disposal of plant, property and equipment	-	1
Interest received	80	394
Net cash generated from / (used in) investing activities	2	(1,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease	(380)	(377)
Repayment of director	-	(6)
Withdrawal / (Deposit) of fixed deposit	28	12,593
Proceeds from exercise ESOS	1,071	850
Proceeds from warrant conversion	343	4,270
Net cash generated from financing activities	1,062	17,330
Net increase in cash and cash equivalents	7,059	(748)
Cash and cash equivalents as at 1 January	10,157	10,905
Cash and cash equivalents as at end of year	17,216	10,157
CASH AND CASH EQUIVALENTS COMPRISE: -		
Cash and bank balances	20,119	10,165
Bank overdraft	(2,903)	(8)
	17,216	10,157

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
Company No. 197401002677 (19727-P)
(Incorporated in Malaysia)

A4. SEGMENTAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31.12.21	Preceding Year Corresponding Quarter 31.12.20	Current year to Date 31.12.21	Preceding Year Corresponding Period 31.12.20
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Property Management	1,508	787	5,874	5,662
Trading	2,309	9,598	14,886	48,586
Project Management Consultancy	2,211	2,621	4,676	7,526
Investment Holding and Others	559	302	1,399	1,387
Total revenue including inter-segment sales	6,587	13,308	26,835	63,161
Eliminations of inter-segment sales	(136)	(132)	(296)	(795)
Total Revenue	6,451	13,176	26,539	62,366

Segment results

Property Management	125	(1,322)	(778)	(5,264)
Trading	(169)	(107)	(696)	(17)
Project Management Consultancy	827	1,606	540	2,467
Investment Holding and Others	(15,056)	(792)	(17,514)	(3,666)
Eliminations	140	(23)	126	(15)
(Loss) before interest and tax	(14,133)	(638)	(18,322)	(6,495)
Finance Cost	(12)	3	(54)	(139)
Taxation	(753)	(594)	(751)	(594)
Loss After Tax	(14,898)	(1,229)	(19,127)	(7,228)

As at 31 December 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	116,542	2,840	3,727	67,803	(45,572)	145,340
Unallocated asset:						
- Deferred tax assets	-	-	-	-	-	-
Total assets	116,542	2,840	3,727	67,803	(45,572)	145,340
Total Segment liabilities	89,081	3,522	679	5,547	(95,320)	3,509
Unallocated liabilities:						
- Finance Lease Liability	95	-	256	926	(926)	351
- Term loans	-	-	-	-	-	-
- Bank overdraft	2,903	-	-	-	-	2,903
- Deferred tax liabilities	3,502	-	20	-	-	3,522
- Current tax liabilities	-	-	-	-	-	-
Total liabilities	95,581	3,522	955	6,473	(96,246)	10,285

A4. SEGMENTAL INFORMATION (Continued)

As at 31 December 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	114,745	9,653	6,496	92,515	(63,367)	160,042
Unallocated asset:						
- Deferred tax assets	-	-	-	-	-	-
Total assets	114,745	9,653	6,496	92,515	(63,367)	160,042
Total Segment liabilities	89,277	9,676	3,205	3,865	(103,271)	2,752
Unallocated liabilities:						
- Finance Lease Liability	181	-	478	1,099	(1,042)	716
- Bank overdraft	8	-	-	-	-	8
- Deferred tax liabilities	3,502	-	20	-	-	3,522
- Current tax liabilities	-	13	256	-	-	269
Total liabilities	92,968	9,689	3,959	4,964	(104,313)	7,267

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 year ended 31 December 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 year ended 31 December 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 fourth quarter of 2021, the Company issued an additional 1,020,000 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 year.

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 31.12.21 RM'000	As at 31.12.20 RM'000
Rental of premises	169	169

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 (%)
	31.12.21 RM'000	31.12.20 RM'000		31.12.21 RM'000	31.12.20 RM'000	
Revenue	6,451	13,176	(51.0)	26,539	62,366	(57.4)
(Loss) before interest and tax (LBIT)	(14,133)	(638)	2115.2	(18,322)	(6,495)	182.1
(Loss) before tax (LBT)	(14,145)	(635)	2127.6	(18,376)	(6,634)	177.0
(Loss) after tax (LAT)	(14,898)	(1,229)	1112.2	(19,127)	(7,228)	164.6
(Loss) attributable to ordinary equity holders of the parent	(14,898)	(1,229)	1112.2	(19,127)	(7,228)	164.6

Review of results for the current quarter

For the fourth quarter ended 31 December 2021, the Group registered a revenue of RM6.45 million, LBIT of RM14.13 million and LBT of RM14.15 million as compared to a revenue of RM13.18 million, LBIT of RM0.64 million and LBT of RM0.64 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 75.9% due to the uncertainty caused by the pandemic which affected customer demand as well as production supply issues.

PMC also recorded a lower revenue by 15.6% as the project pipeline was affected by the significant increase in construction material costs arising from supply chain disruptions.

Overall, the Group's revenue decreased by 51.0% to RM6.45 million compared to the preceding year's corresponding quarter.

Commentary on LBIT and LBT

The Group recorded a higher LBIT and LBT for the current quarter compared to the preceding year's corresponding quarter's LBIT and LBT due to the lower revenue contribution from the trading and project management segment and a one-off impairment on intangible asset amounted to RM16.00 million and offset by a profit guarantee shortfall amounting to RM1.92 million. Stripping out the impairment loss and the profit guarantee in the current quarter, the group recorded a lower LBT at RM0.07 million.

Review of results for the financial year ending 31 December 2021

The Group recorded a revenue of RM26.54 million, LBIT of RM18.32 million and LBT of RM18.38 million for the financial year ending 31 December 2021 as compared to a revenue of RM62.37 million, LBIT of RM6.50 million and LBT of RM6.63 million in the prior financial year.

Commentary on revenue

The Group recorded lower revenue predominantly due to lower contribution from the trading business which decreased 69.4% to RM14.89 million for the year.

PMC also recorded a lower revenue due to the increase in construction material costs and number of Covid-19 cases which put a halt to new projects.

Overall, Group's revenue decreased by 57.4% to RM26.54 million as compared to the prior financial year.

Commentary on LBIT/ LBT

Stripping out the one-time insurance claims amounting to RM2.97 million, profit guarantee shortfall amounting to RM1.92 million and the impairment of goodwill of RM16.00 million, the Group recorded a higher LBIT and LBT of RM7.21 million and RM7.27 million due to reduced operating activities arising from the flood closure and MCO3.0.

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

	Current quarter 31.12.21 RM'000	Preceding quarter 30.09.21 RM'000	Changes (%)
Revenue	6,451	6,083	6.0
(Loss) / Profit before interest and tax (LBIT/PBIT)	(14,133)	(1,154)	1124.7
(Loss) / Profit before tax (LBT/PBT)	(14,145)	(1,167)	1112.1
(Loss) / Profit after tax (LAT/PAT)	(14,898)	(1,165)	1178.8
(Loss) / Profit attributable to ordinary equity holders of the parent	(14,898)	(1,165)	1178.8

The Group recorded an increase in revenue to RM6.45 million for the current quarter compared to RM6.08 million in the immediate preceding quarter ended 30 September 2021. The increase in revenue was due to the higher contribution from project management consultancy segment which increased 215.1% from RM0.70 million to RM2.21 million.

Overall, the Group's revenue increased by 6.0% as compared to the preceding quarter.

The Group recorded a LBT of RM14.15 million for the current quarter as compared to LBT of RM1.17 million in the immediate preceding quarter ended 30 September 2021 due to the RM16.00 million impairment of goodwill. Stripping out the impairment and profit guarantee in the current quarter, the Group recorded a marginal LBT at RM0.07 million.

B3. COMMENTARY ON PROSPECTS

With the uplift of MCO 3.0, our mall's occupancy rate marginally increased by 0.2% to 79.3% as at the end of December 2021. Concurrently, we have received enquiries from several large retail chains. For the current quarter, we have secured two new tenants which are expected to commence operations in the first half of 2022. This is expected to further improve the mall's occupancy rate.

The F&B segment is showing recovery after the uplifting of MCO restrictions and the resumption of dine-in. However, effects of the pandemic are still filtering through and we expect the recovery to take longer to return to pre-pandemic levels. The current spike in Covid-19 cases has also affected the F&B segment.

Management has decided to continue to defer the opening of the fifth franchise restaurant until there is more clarity on the economic recovery and the pandemic situation.

The trading business deteriorated due to lower consumer demand coupled with production supply issues. We remain cautious on the prospects for 2022.

Projects in the pipeline are on hold pending renegotiation of the contract price due to the significant increase in construction material cost. The uncertainty caused by the pandemic coupled with labour challenges and supply disruptions are further challenges facing the industry.

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	
	31.12.21 RM'000	31.12.20 RM'000	31.12.21 RM'000	31.12.20 RM'000
In respect of the current period:				
Provision for current year tax	644	592	642	592
Under provision for taxation	109	2	109	2
Total income tax expenses	753	594	751	594

B6. CORPORATE PROPOSALS

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

B8. BORROWINGS

	As at 31.12.2021 RM'000
Short-term borrowings: -	
-Secured	3,218
-Unsecured	-
	<u>3,218</u>
Long-term borrowings: -	
-Secured	36
-Unsecured	-
	<u>36</u>
Total Borrowings	<u><u>3,254</u></u>
	As at 31.12.2021 RM'000
Bank overdraft	2,903
Lease Liability	351
Total Borrowings	<u><u>3,254</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	
	31.12.21	31.12.20	31.12.21	31.12.20
(Loss) attributable to ordinary equity holders of the parent (RM'000)	(14,898)	(1,229)	(19,127)	(7,228)
Weighted average number of Ordinary Shares in issue ('000)	10,599,097	10,148,894	10,641,619	10,020,527
Basic (loss)/earnings per share (sen)	(0.14)	(0.01)	(0.18)	(0.07)

(b) Diluted EPS

	Individual quarter ended		Cumulative quarter ended	
	31.12.21	31.12.20	31.12.21	31.12.20
(Loss) attributable to ordinary equity holders of the parent (RM'000)	(14,898)	(1,229)	(19,127)	(7,228)
Weighted average number of Ordinary Shares in issue ('000)	10,617,382	12,291,778	12,400,412	11,919,637
Diluted (loss)/earnings per share (sen)	(0.14)	(0.01)	(0.15)	(0.06)

B11. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivative financial instruments

As at 31 December 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.

B12. DISCLOSURE OF ADDITIONAL INFORMATION

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

	Cumulative quarter ended	
	31.12.21	31.12.20
	RM'000	RM'000
Interest income	(80)	(394)
Interest expenses	54	139
Impairment loss/ (reversal) on trade receivables	583	503
Provision of stock written down	-	1,128
(Gain) / Loss on disposal of PPE	42	(1)
Depreciation	606	545
Amortization of franchise license fee & deferred expenses	674	539
Amortization of right of use asset	412	424
Share options to employee	(7)	(1)
Deposit received written off	-	(17)
Profit Guarantee	1,919	-
Impairment loss on intangible asset	16,000	-

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 February 2022