

PEGASUS HEIGHTS BERHAD

Company No.197401002677 (19727-P)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Note	Individual quarter ended		Cumulative quarter ended	
		31.12.22 RM'000	31.12.21 RM'000	31.12.22 RM'000	31.12.21 RM'000
Revenue	A4	3,854	6,613	16,218	26,701
Cost of sales		(2,873)	(4,662)	(12,703)	(22,763)
Gross profit		981	1,951	3,515	3,938
Other income		668	2,097	965	5,292
Administrative and other expenses		(1,515)	(18,202)	(9,131)	(27,573)
Finance cost		(17)	(12)	(67)	(54)
Profit / (Loss) before taxation	A4	117	(14,166)	(4,718)	(18,397)
Taxation	B5	-	(780)	97	(778)
Profit / (Loss) for the financial period		117	(14,946)	(4,621)	(19,175)
Other comprehensive income		-	-	-	-
Total comprehensive profit / (loss) for the financial period		117	(14,946)	(4,621)	(19,175)
Profit / (Loss) attributable to:					
Equity holders of the parent		117	(14,946)	(4,621)	(19,175)
Minority interests		-	-	-	-
		117	(14,946)	(4,621)	(19,175)
Total comprehensive profit / (loss) attributable to:					
Equity holders of the parent		117	(14,946)	(4,621)	(19,175)
Minority interests		-	-	-	-
		117	(14,946)	(4,621)	(19,175)
Earnings per share attributable to equity holders of the parent:					
Basic, for (loss) for the period (sen)	B10	0.00	(0.14)	(0.04)	(0.18)
Diluted, for (loss) for the period (sen)	B10	0.00	(0.14)	(0.04)	(0.16)

PEGASUS HEIGHTS BERHAD

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(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	Unaudited As at 31.12.22 RM'000 (Unaudited)	Audited As at 31.12.21 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,857	1,849
Investment property		110,000	110,000
Deferred Expenses		-	208
Intangible Asset		106	173
Right of Use Asset		1,144	753
		<u>113,107</u>	<u>112,983</u>
Current Assets			
Trade receivables		12,957	7,971
Other receivables		1,099	2,880
Inventories		86	62
Tax recoverable		435	236
Fixed deposits with licensed institution		1,040	1,019
Cash and bank balances		10,688	20,119
		<u>26,305</u>	<u>32,287</u>
TOTAL ASSETS		<u>139,412</u>	<u>145,270</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		210,176	191,463
Share Option Reserves		5,769	5,771
Warrants Reserve		-	18,193
Accumulated losses		(85,040)	(80,419)
Equity attributable to owners of the Company		<u>130,905</u>	<u>135,008</u>
Total Equity		<u>130,905</u>	<u>135,008</u>
Non-Current Liabilities			
Lease Liability	B8	509	12
Deferred tax liabilities		3,502	3,502
		<u>4,011</u>	<u>3,514</u>
Current Liabilities			
Bank Overdraft	B8	13	2,903
Lease Liability	B8	269	340
Trade payables		40	18
Other payables		4,174	3,002
Income tax payable		-	485
		<u>4,496</u>	<u>6,748</u>
TOTAL LIABILITIES		<u>8,507</u>	<u>10,262</u>
TOTAL EQUITY AND LIABILITIES		<u>139,412</u>	<u>145,270</u>
Net assets per share (sen)		1.21	1.25

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

PEGASUS HEIGHTS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022**

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 2022	191,463	5,771	18,193	(80,419)	135,008	-	135,008
Total comprehensive (loss) for the financial period	-	-	-	(4,621)	(4,621)	-	(4,621)
<u>Transaction with owners:</u>							
SIS Lapsed	-	(2)	-	-	(2)	-	(2)
Warrants Reserve	302	-	(302)	-	-	-	-
Proceed From Warrants Conversion	520	-	-	-	520	-	520
Lapsed of warrant	17,891	-	(17,891)	-	-	-	-
Total transaction with owners	18,713	(2)	(18,193)	-	518	-	518
Balance as at 31 December 2022	210,176	5,769	-	(85,040)	130,905	-	130,905
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	-	-	-	(19,175)	(19,175)	-	(19,175)
<u>Transaction with owners:</u>							
SIS Reserve	1,088	(1,088)	-	-	-	-	-
SIS Lapsed	-	(6)	-	-	(6)	-	(6)
Proceed from SIS Exercise	1,071	-	-	-	1,071	-	1,071
Proceed from Warrant Conversion	343	-	-	-	343	-	343
Warrant Reserve	199	-	(199)	-	-	-	-
Total transaction with owners	2,701	(1,094)	(199)	-	1,408	-	1,408
Balance as at 31 December 2021	191,463	5,771	18,193	(80,419)	135,008	-	135,008

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Year Ended 31.12.22 RM'000	Year Ended 31.12.21 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(4,718)	(18,397)
Adjustments for:		
Depreciation	646	602
(Decreased) / Increased on Impairment loss on trade receivables	(315)	506
Amortisation of franchise license fee & deferred expenses	275	678
Share Options to employees lapsed	(2)	(6)
Interest expense	67	54
Interest income	(354)	(288)
Amortisation of right of use asset	576	412
(Gain) / Loss on disposal plant, property and equipment	(239)	-
Profit guarantee shortfall	-	(1,919)
PPE written off	-	42
Impairment loss on intangible asset	-	16,000
Bad Debts Written Off	-	62
Operating (loss) before working capital changes	<u>(4,064)</u>	<u>(2,254)</u>
(Increase) / Decrease in receivables	(2,890)	1,039
(Increase) / Decrease in inventories	(24)	7,891
(Decrease) / Increase in payables	1,194	103
Cash (used in) / generated from operations	<u>(5,784)</u>	<u>6,779</u>
Tax paid	(587)	(813)
Interest paid	(67)	(54)
Net cash (used in) / generated from operating activities	<u>(6,438)</u>	<u>5,912</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant, property and equipment	(805)	(67)
Acquisition of intangible assets	-	(4)
Proceed from disposal of plant, property and equipment	390	-
Interest received	354	155
Net cash (used in) / generated from investing activities	<u>(61)</u>	<u>84</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease	(541)	(379)
Withdrawal / (Deposit) of fixed deposit	(21)	46
Proceeds from exercise ESOS	-	1,071
Proceeds from warrant conversion	520	343
Net cash (used in) / generated from financing activities	<u>(42)</u>	<u>1,081</u>
Net increased / (used) in cash and cash equivalents	(6,541)	7,077
Cash and cash equivalents as at 1 January	17,216	11,158
Cash and cash equivalents as at end of period	10,675	18,235
CASH AND CASH EQUIVALENTS COMPRISE: -		
Cash and bank balances	10,688	21,138
Bank overdraft	(13)	(2,903)
	<u>10,675</u>	<u>18,235</u>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2021 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 2021.

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 2021.

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 2021 was not qualified by the Auditors of the Company.

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A4. SEGMENTAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31.12.22	Preceding Year Corresponding Quarter 31.12.21	Current year to Date 31.12.22	Preceding Year Corresponding Period 31.12.21
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Property Management	1,766	1,508	7,633	5,874
Trading	658	2,471	3,042	15,048
Project Management Consultancy	851	2,211	3,676	4,675
Investment Holding and Others	747	559	2,265	1,399
Total revenue including inter-segment sales	4,022	6,749	16,616	26,996
Eliminations of inter-segment sales	(168)	(136)	(398)	(295)
Total Revenue	3,854	6,613	16,218	26,701

Segment results

Property Management	1,245	126	453	(778)
Trading	(102)	(169)	(391)	(696)
Project Management Consultancy	(405)	806	(1,809)	520
Investment Holding and Others	(599)	(16,249)	(2,627)	(18,708)
Eliminations	(5)	1,332	(277)	1,319
Profit / (Loss) before interest and tax	134	(14,154)	(4,651)	(18,343)
Finance Cost	(17)	(12)	(67)	(54)
Taxation	-	(780)	97	(778)
Profit / (Loss) After Tax	117	(14,946)	(4,621)	(19,175)

As at 31 December 2022	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	112,527	840	2,253	72,268	(48,476)	139,412
Unallocated asset:						
- Deferred tax assets	-	-	-	-	-	-
Total assets	112,527	840	2,253	72,268	(48,476)	139,412
Total Segment liabilities	87,627	1,913	1,321	12,639	(99,286)	4,214
Unallocated liabilities:						
- Finance Lease Liability	36	-	6	1,543	(807)	778
- Bank overdraft	13	-	-	-	-	13
- Deferred tax liabilities	3,502	-	-	-	-	3,502
Total liabilities	91,178	1,913	1,327	14,182	(100,093)	8,507

A4. SEGMENTAL INFORMATION (Continued)

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	3,696	66,571	(44,379)	145,270
Unallocated asset:						
- Deferred tax assets	-	-	-	-	-	-
Total assets	116,542	2,840	3,696	66,571	(44,379)	145,270
Total Segment liabilities	89,234	3,522	692	5,378	(95,321)	3,505
Unallocated liabilities:						
- Finance Lease Liability	96	-	256	926	(926)	352
- Bank overdraft	2,903	-	-	-	-	2,903
- Deferred tax liabilities	3,502	-	-	-	-	3,502
- Current tax liabilities	-	-	-	-	-	-
Total liabilities	95,735	3,522	948	6,304	(96,247)	10,262

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 2022.

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 period 31 December 2022. (31 December 2021: 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

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 31.12.22 RM'000	As at 31.12.21 RM'000
Rental of premises	257	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 (%)
	31.12.22 RM'000	31.12.21 RM'000		31.12.22 RM'000	31.12.21 RM'000	
Revenue	3,854	6,613	(41.7)	16,218	26,701	(39.3)
Profit / (Loss) before interest and tax (PBIT/LBIT)	134	(14,154)	-	(4,651)	(18,343)	(74.6)
Profit / (Loss) before tax (PBT/LBT)	117	(14,166)	-	(4,718)	(18,397)	(74.4)
Profit / (Loss) after tax (PAT/LAT)	117	(14,946)	-	(4,621)	(19,175)	(75.9)
Profit / (Loss) attributable to ordinary equity holders of the parent	117	(14,946)	-	(4,621)	(19,175)	(75.9)

Review of results for the current quarter

For the fourth quarter ended 31 December 2022, the Group registered a revenue of RM3.85 million, PBIT of RM0.13 million and PBT of RM0.12 million as compared to a revenue of RM6.61 million, LBIT of RM14.15 million and LBT of RM14.17 million in the preceding year's corresponding quarter.

Commentary on revenue

The Group recorded lower revenue for the current quarter due to lower contribution from the trading and PMC segments. Revenue from PMC decreased 61.5% as only one new project was secured during the quarter. Revenue from trading segment decreased 73.4% due to lower demand from customers.

Overall, Group revenue decreased by 41.7% to RM3.85 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 reversal of the impairment loss on trade receivables amounting to RM1.5 million.

Review of results for the financial period ended 31 December 2022

The Group recorded a revenue of RM16.22 million, LBIT of RM4.65 million and LBT of RM4.72 million for the financial period ended 31 December 2022 as compared to a revenue of RM26.70 million, LBIT of RM18.34 million and LBT of RM18.40 million in the financial period ended 31 December 2021.

Commentary on revenue

The Group recorded lower revenue for the current period largely due to the 79.8% drop in trading revenue and 21.4% drop in PMC.

However the decreased in trading and PMC segment was partially offset by the property management and others segment which increased by 29.9% and 61.9% respectively.

Overall, the Group's revenue decreased by 39.3% to RM16.22 million compared to the preceding financial period.

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 in the preceding year, the Group recorded a lower LBIT and LBT for 31 December 2022.

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

	Current quarter 31.12.22 RM'000	Preceding quarter 30.09.22 RM'000	Changes (%)
Revenue	3,854	3,120	23.5
Profit / (Loss) before interest and tax (PBIT/LBIT)	134	(1,675)	-
Profit / (Loss) before tax (PBT/LBT)	117	(1,691)	-
Profit / (Loss) after tax (PAT/LAT)	117	(1,586)	-
Profit / (Loss) attributable to ordinary equity holders of the parent	117	(1,586)	-

The Group recorded an increase in revenue to RM3.85 million for the current quarter compared to RM3.12 million in the immediate preceding quarter ended 30 September 2022. The increase in revenue was due to higher contribution across all the segment except property management.

Overall, the Group's revenue increased 23.5% as compared to the preceding quarter.

The Group recorded a PBT of RM0.12 million for the current quarter as compared to LBT of RM1.69 million in the immediate preceding quarter ended 30 September 2022 due to the reversal of the impairment loss on trade receivables amounting to RM1.5 million.

B3. COMMENTARY ON PROSPECTS

The mall's occupancy rate decreased 28.38% to 58.47% as at 31 December 2022 due to the cessation of our anchor tenant. The drop is a transient effect as the new tenant is expected to commence in Q2 2023. In Q1 2023, Ilaollao Malaysia, a frozen yogurt dessert shop from Spain opened their outlet. We continue our efforts to look for new tenants to increase our occupancy rate, as well as, enhance the tenant mix and hence rental yield.

F&B business continues to be challenging due to the higher price of raw materials. The increase in prices has affected consumer demand. Overall, we are cautious about this segment given the rising food prices.

Trading business continues to be sluggish as existing customers have slowed down new orders. Although there have been some recent orders, the outlook for this segment remains challenging.

The PMC segment is still grappling with challenges related to labour and materials costs. Additionally, increased competition in the industry has made it harder to secure new projects, as demand has been impacted by the economic climate and rising prices.

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	
	31.12.22	31.12.21	31.12.22	31.12.21
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Provision for current year tax	-	680	-	678
Under / (Over) provision for taxation	-	100	(97)	100
Total income tax expenses	-	780	(97)	778

B6. CORPORATE PROPOSALS

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

B8. BORROWINGS

	As at 31.12.2022 RM'000
Short-term borrowings: -	
-Secured	282
-Unsecured	-
	282
Long-term borrowings: -	
-Secured	509
-Unsecured	-
	509
Total Borrowings	791
	As at 31.12.2022 RM'000
Bank overdraft	13
Lease Liability	778
Total Borrowings	791

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	
	31.12.22	31.12.21	31.12.22	31.12.21
Profit / (Loss) attributable to ordinary equity holders of the parent (RM'000)	117	(14,946)	(4,621)	(19,175)
Weighted average number of Ordinary Shares in issue ('000)	10,821,178	10,599,097	10,799,395	10,641,620
Basic Earnings / (loss) per share (sen)	0.00	(0.14)	(0.04)	(0.18)

(b) Diluted EPS

	Individual quarter ended		Cumulative quarter ended	
	31.12.22	31.12.21	31.12.22	31.12.21
Profit / (Loss) attributable to ordinary equity holders of the parent (RM'000)	117	(14,946)	(4,621)	(19,175)
Weighted average number of Ordinary Shares in issue ('000)	10,845,048	10,617,382	10,935,119	12,122,253
Diluted Earnings / (loss) per share (sen)	0.00	(0.14)	(0.04)	(0.16)

B11. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivative financial instruments

As at 31 December 2022, 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	
	31.12.22	31.12.21
	RM'000	RM'000
Interest income	(354)	(288)
Interest expenses	67	54
(Decreased) / Increased on impairment loss on trade receivables	(315)	506
Impairment loss on intangible assets	-	16,000
Gain on disposal of PPE	(239)	-
Depreciation	646	602
Amortization of franchise license fee & deferred expenses	275	678
Share options to employee lapsed	(2)	(6)
Amortization of right of use asset	576	412
Bad debts written off	-	62
PPE written off	-	42
Profit Guarantee	-	1,919

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 February 2023