

PEGASUS HEIGHTS BERHAD

Company No.197401002677 (19727-P)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2023**

	Note	Individual quarter ended		Cumulative quarter ended	
		30.06.23 RM'000	30.06.22 RM'000	30.06.23 RM'000	30.06.22 RM'000
Revenue	A4	3,454	2,713	7,478	9,244
Cost of sales		(2,639)	(1,827)	(6,216)	(7,518)
Gross profit		<u>815</u>	<u>886</u>	<u>1,262</u>	<u>1,726</u>
Other income		44	151	102	273
Administrative and other expenses		(2,724)	(2,678)	(5,008)	(5,109)
Finance cost		(7)	(16)	(25)	(34)
(Loss) before taxation	A4	<u>(1,872)</u>	<u>(1,657)</u>	<u>(3,669)</u>	<u>(3,144)</u>
Taxation	B5	-	(8)	-	(8)
(Loss) for the financial period		<u>(1,872)</u>	<u>(1,665)</u>	<u>(3,669)</u>	<u>(3,152)</u>
Other comprehensive income		-	-	-	-
Total comprehensive (loss) for the financial period		<u>(1,872)</u>	<u>(1,665)</u>	<u>(3,669)</u>	<u>(3,152)</u>
(Loss) attributable to:					
Equity holders of the parent		(1,872)	(1,665)	(3,669)	(3,152)
Minority interests		-	-	-	-
		<u>(1,872)</u>	<u>(1,665)</u>	<u>(3,669)</u>	<u>(3,152)</u>
Total comprehensive (loss) attributable to:					
Equity holders of the parent		(1,872)	(1,665)	(3,669)	(3,152)
Minority interests		-	-	-	-
		<u>(1,872)</u>	<u>(1,665)</u>	<u>(3,669)</u>	<u>(3,152)</u>
Earnings per share attributable to equity holders of the parent:					
Basic, for (loss) for the period (sen)	B10	<u>(0.02)</u>	<u>(0.02)</u>	<u>(0.03)</u>	<u>(0.03)</u>
Diluted, for (loss) for the period (sen)	B10	<u>(0.02)</u>	<u>(0.02)</u>	<u>(0.03)</u>	<u>(0.03)</u>

PEGASUS HEIGHTS BERHAD

Company No.197401002677 (19727-P)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Note	Unaudited As at 30.06.23 RM'000 (Unaudited)	Audited As at 31.12.22 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,933	1,902
Investment property		110,000	110,000
Intangible Asset		73	106
Right of Use Asset		954	1,097
		<u>112,960</u>	<u>113,105</u>
Current Assets			
Trade receivables		14,326	12,577
Other receivables		854	1,171
Inventories		83	86
Tax recoverable		495	435
Fixed deposits with licensed institution		1,053	1,040
Cash and bank balances		9,683	10,688
		<u>26,494</u>	<u>25,997</u>
TOTAL ASSETS		<u>139,454</u>	<u>139,102</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		210,176	210,176
Share Option Reserves		5,768	5,768
Accumulated losses		(88,726)	(85,057)
Equity attributable to owners of the Company		<u>127,218</u>	<u>130,887</u>
Total Equity		<u>127,218</u>	<u>130,887</u>
Non-Current Liabilities			
Lease Liability	B8	721	511
Deferred tax liabilities		3,502	3,502
		<u>4,223</u>	<u>4,013</u>
Current Liabilities			
Bank Overdraft	B8	2,909	13
Lease Liability	B8	250	267
Trade payables		31	48
Other payables		4,814	3,864
Income tax payable		10	10
		<u>8,014</u>	<u>4,202</u>
TOTAL LIABILITIES		<u>12,237</u>	<u>8,215</u>
TOTAL EQUITY AND LIABILITIES		<u>139,455</u>	<u>139,102</u>
Net assets per share (RM)		0.0118	0.0121

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 30 JUNE 2023**

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 2023	210,176	5,768	-	(85,057)	130,887	-	130,887
Total comprehensive (loss) for the financial period	-	-	-	(3,669)	(3,669)	-	(3,669)
Balance as at 30 June 2023	210,176	5,768	-	(88,726)	127,218	-	127,218
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	-	-	-	(3,152)	(3,152)	-	(3,152)
<u>Transaction with owners:</u>							
Proceed from Warrant Conversion	520	-	-	-	520	-	520
Warrant Reserve	302	-	(302)	-	-	-	-
Lapsed of warrant	17,891	-	(17,891)	-	-	-	-
Total transaction with owners	18,713	-	(18,193)	-	520	-	520
Balance as at 30 June 2022	210,176	5,771	-	(83,571)	132,376	-	132,376

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 2022 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 JUNE 2023**

	Year Ended 30.06.23 RM'000	Year Ended 30.06.22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(3,669)	(3,144)
Adjustments for:		
Depreciation	306	323
Impairment loss on trade receivables	14	786
Amortisation of franchise license fee & deferred expenses	33	241
Interest expense	25	34
Interest income	(93)	(263)
Amortisation of right of use asset	210	304
Operating (loss) before working capital changes	<u>(3,174)</u>	<u>(1,719)</u>
(Increase) / Decrease in receivables	(1,446)	4,609
Decrease / (Increase) in inventories	3	(10)
Increase in payables	933	2,010
Cash (used in) / generated from operations	<u>(3,684)</u>	<u>4,890</u>
Tax paid	(60)	(207)
Interest paid	(25)	(34)
Net cash (used in) / generated from operating activities	<u>(3,769)</u>	<u>4,649</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	93	156
Net cash generated from investing activities	<u>93</u>	<u>156</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease	(212)	(284)
(Deposit) of fixed deposit	(13)	(10)
Proceeds from warrant conversion	-	520
Net cash (used in) / generated from financing activities	<u>(225)</u>	<u>226</u>
Net (decrease) / increase in cash and cash equivalents	(3,901)	5,031
Cash and cash equivalents as at 1 January	10,675	17,216
Cash and cash equivalents as at end of period	<u>6,774</u>	<u>22,247</u>
CASH AND CASH EQUIVALENTS COMPRISE: -		
Cash and bank balances	9,683	25,164
Bank overdraft	(2,909)	(2,917)
	<u>6,774</u>	<u>22,247</u>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2022 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 2022.

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 2022.

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 2022 was not qualified by the Auditors of the Company.

PEGASUS HEIGHTS BERHAD
Company No. 197401002677 (19727-P)
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A4. SEGMENTAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30.06.23	Preceding Year Corresponding Quarter 30.06.22	Current year to Date 30.06.23	Preceding Year Corresponding Period 30.06.22
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Property Management	2,229	2,063	3,761	3,801
Trading	417	-	1,427	1,778
Project Management Consultancy	253	190	1,268	2,796
Investment Holding and Others	631	544	1,173	1,022
Total revenue including inter-segment sales	3,530	2,797	7,629	9,397
Eliminations of inter-segment sales	(76)	(84)	(151)	(153)
Total Revenue	3,454	2,713	7,478	9,244

Segment results

Property Management	(501)	(170)	(851)	(501)
Trading	(105)	(107)	(240)	(185)
Project Management Consultancy	(404)	(526)	(784)	(852)
Investment Holding and Others	(870)	(575)	(1,753)	(1,304)
Eliminations	15	(263)	(16)	(268)
(Loss) before interest and tax	(1,865)	(1,641)	(3,644)	(3,110)
Finance Cost	(7)	(16)	(25)	(34)
Taxation	-	(8)	-	(8)
Loss After Tax	(1,872)	(1,665)	(3,669)	(3,152)

As at 30 June 2023	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	114,510	658	1,631	70,073	(47,418)	139,454
Unallocated asset: - Deferred tax assets	-	-	-	-	-	-
Total assets	114,510	658	1,631	70,073	(47,418)	139,454
Total Segment liabilities	87,604	1,971	1,181	12,228	(98,129)	4,855
Unallocated liabilities: - Finance Lease Liability	21	-	313	1,449	(812)	971
- Bank overdraft	2,909	-	-	-	-	2,909
- Deferred tax liabilities	3,502	-	-	-	-	3,502
Total liabilities	94,036	1,971	1,494	13,677	(98,941)	12,237

A4. SEGMENTAL INFORMATION (Continued)

As at 30 June 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	113,205	1,742	4,268	66,550	(40,420)	145,345
Unallocated asset:						
- Deferred tax assets	-	-	-	-	-	-
Total assets	113,205	1,742	4,268	66,550	(40,420)	145,345
Total Segment liabilities	86,449	2,608	2,252	5,372	(91,166)	5,515
Unallocated liabilities:						
- Finance Lease Liability	50	-	132	1,720	(867)	1,035
- Bank overdraft	2,917	-	-	-	-	2,917
- Deferred tax liabilities	3,502	-	-	-	-	3,502
Total liabilities	92,918	2,608	2,384	7,092	(92,033)	12,969

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 2023.

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 30 June 2023. (30 June 2022: 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 30.06.23 RM'000	As at 30.06.22 RM'000
Rental of premises	128	128

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 (%)
	30.06.23 RM'000	30.06.22 RM'000		30.06.23 RM'000	30.06.22 RM'000	
Revenue	3,454	2,713	27.3	7,478	9,244	(19.1)
(Loss) before interest and tax (LBIT)	(1,865)	(1,641)	13.7	(3,644)	(3,110)	17.2
(Loss) before tax (LBT)	(1,872)	(1,657)	13.0	(3,669)	(3,144)	16.7
(Loss) after tax (LAT)	(1,872)	(1,665)	12.4	(3,669)	(3,152)	16.4
(Loss) attributable to ordinary equity holders of the parent	(1,872)	(1,665)	12.4	(3,669)	(3,152)	16.4

Review of results for the current quarter

For the second quarter ended 30 June 2023, the Group registered a revenue of RM3.45 million, LBIT and LBT of RM1.87 million respectively as compared to a revenue of RM2.71 million, LBIT of RM1.64 million and LBT of RM1.66 million in the preceding year's corresponding quarter.

Commentary on revenue

The Group recorded higher revenue for the current quarter due to higher contribution from all the segments. The Group's revenue increased by 27.3% to RM3.45 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 a one-off expenditure associated with the repair and maintenance on the anchor unit, amounting to RM0.30 million. The increase in electricity tariffs by the government further affected the financial performance of the mall.

Review of results for the financial period ended 30 June 2023

The Group recorded a revenue of RM7.48 million, LBIT of RM3.64 million and LBT of RM3.67 million for the financial period ended 30 June 2023 as compared to a revenue of RM9.24 million, LBIT of RM3.11 million and LBT of RM3.14 million in the financial period ended 30 June 2022.

Commentary on revenue

The Group recorded lower revenue across all segments except for the investment holding and others segment.

The Group's revenue decreased by 19.1% to RM7.48 million as compared to the preceding financial period mainly due to the 54.6% drop in revenue from PMC segment.

Commentary on LBIT/ LBT

The Group recorded a higher LBIT and LBT for the financial period ended 30 June 2023 compared to the preceding year's financial period ended 30 June 2022 LBIT and LBT due to a one-off expenditure associated with the repair and maintenance on the anchor unit, amounting to RM0.30 million and the lower revenue contribution from across all the segments. The increase in electricity tariffs by the government further affected the financial performance of the mall.

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

	Current quarter 30.06.23 RM'000	Preceding quarter 31.03.23 RM'000	Changes (%)
Revenue	3,454	4,024	(14.2)
(Loss) before interest and tax (LBIT)	(1,865)	(1,779)	4.8
(Loss) before tax (LBT)	(1,872)	(1,797)	4.2
(Loss) after tax (LAT)	(1,872)	(1,797)	4.2
(Loss) attributable to ordinary equity holders of the parent	(1,872)	(1,797)	4.2

The Group recorded a decrease in revenue to RM3.45 million for the current quarter compared to RM4.02 million in the immediate preceding quarter ended 31 March 2023. The decrease in revenue was due to the lower contribution from trading and PMC segment which decreased 58.7% and 75.1% respectively.

Overall, the Group's revenue decreased by 14.2% as compared to the preceding quarter.

The Group recorded a LBT of RM1.87 million for the current quarter as compared to LBT of RM1.80 million in the immediate preceding quarter ended 31 March 2023 due to a one-off expenditure associated with the repair and maintenance on the anchor unit, amounting to RM0.30 million and the lower revenue contribution from across all the segments.

B3. COMMENTARY ON PROSPECTS

The mall's occupancy rate jumped by 25.58% to 84.50% as at 30 June 2023 with the opening of the anchor tenant during the quarter. There is also a physiotherapy center targeted to commence their business in Q3. The group continue the efforts to look for new tenants to increase our occupancy rate, as well as enhance the tenant mix and rental yield.

F&B business has experienced a marginal improvement since the opening of the anchor tenant. Overall, we are cautiously optimistic about this segment.

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

The outlook for the PMC segment is dim in spite of the right sizing program undertaken. The market continues to be impacted by high cost. The management maintains a vigilant stance, closely monitoring the segment's performance in light of the changes made. Despite the ongoing difficulties, the company is actively seeking opportunities to secure new projects.

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	
	30.06.23 RM'000	30.06.22 RM'000	30.06.23 RM'000	30.06.22 RM'000
In respect of the current period:				
Provision for current year tax	-	-	-	-
Under provision for taxation	-	8	-	8
Total income tax expenses	-	8	-	8

B6. CORPORATE PROPOSALS

On 8 May 2023, the Company proposes to undertake the following corporate proposals;

- i. a reduction of the issued share capital of PHB pursuant to Section 116 of the Companies Act, 2016 ("Act") ("Proposed Capital Reduction"); and
- ii. diversification of the existing business activities of PHB and its subsidiaries ("PHB Group" or the "Group") to include the moneylending business ("Proposed Diversification").

On 30 June 2023, both proposals were duly passed by way of poll during the Extraordinary General Meeting.

On 14 July 2023, the company announce that the Company had, via its legal counsel, filed an application to the High Court in relation to the Capital Reduction pursuant to Section 116 of the Act.

Save to the above, there was no corporate proposal announced but not completed as at the date of this report.

B8. BORROWINGS

	As at 30.06.2023 RM'000
Short-term borrowings: -	
-Secured	3,159
-Unsecured	-
	<u>3,159</u>
Long-term borrowings: -	
-Secured	721
-Unsecured	-
	<u>721</u>
Total Borrowings	<u><u>3,880</u></u>

	As at
	30.06.2023
	RM'000
Bank overdraft	2,909
Lease Liability	971
Total Borrowings	<u>3,880</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	
	30.06.23	30.06.22	30.06.23	30.06.22
(Loss) attributable to ordinary equity holders of the parent (RM'000)	(1,872)	(1,665)	(3,669)	(3,152)
Weighted average number of Ordinary Shares in issue ('000)	10,821,178	10,784,923	10,821,178	10,777,251
Basic (loss) per share (sen)	(0.02)	(0.02)	(0.03)	(0.03)

(b) Diluted EPS

	Individual quarter ended		Cumulative quarter ended	
	30.06.23	30.06.22	30.06.23	30.06.22
(Loss) attributable to ordinary equity holders of the parent (RM'000)	(1,872)	(1,665)	(3,669)	(3,152)
Weighted average number of Ordinary Shares in issue ('000)	10,821,178	10,803,207	10,821,178	10,976,891
Diluted (loss) per share (sen)	(0.02)	(0.02)	(0.03)	(0.03)

B11. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivative financial instruments

As at 30 June 2023, 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	
	30.06.23	30.06.22
	RM'000	RM'000
Interest income	(93)	(263)
Interest expenses	25	34
Impairment loss on trade receivables	14	786
Depreciation	306	323
Amortization of franchise license fee & deferred expenses	33	241
Amortization of right of use asset	210	304

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 22 August 2023