

PEGASUS HEIGHTS BERHAD

Company No.197401002677 (19727-P)

(Incorporated in Malaysia)

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

	Note	Individual quarter ended		Cumulative quarter ended	
		30.09.23 RM'000	30.09.22 RM'000	30.09.23 RM'000	30.09.22 RM'000
Revenue	A4	3,138	3,120	10,616	12,364
Cost of sales		(2,108)	(2,312)	(8,324)	(9,830)
Gross profit		<u>1,030</u>	<u>808</u>	<u>2,292</u>	<u>2,534</u>
Other income		23	24	125	297
Administrative and other expenses		(2,084)	(2,507)	(7,092)	(7,616)
Finance cost		(21)	(16)	(46)	(50)
(Loss) before taxation	A4	<u>(1,052)</u>	<u>(1,691)</u>	<u>(4,721)</u>	<u>(4,835)</u>
Taxation	B5	-	105	-	97
(Loss) for the financial period		<u>(1,052)</u>	<u>(1,586)</u>	<u>(4,721)</u>	<u>(4,738)</u>
Other comprehensive income		-	-	-	-
Total comprehensive (loss) for the financial period		<u>(1,052)</u>	<u>(1,586)</u>	<u>(4,721)</u>	<u>(4,738)</u>
(Loss) attributable to:					
Equity holders of the parent		(1,052)	(1,586)	(4,721)	(4,738)
Minority interests		-	-	-	-
		<u>(1,052)</u>	<u>(1,586)</u>	<u>(4,721)</u>	<u>(4,738)</u>
Total comprehensive (loss) attributable to:					
Equity holders of the parent		(1,052)	(1,586)	(4,721)	(4,738)
Minority interests		-	-	-	-
		<u>(1,052)</u>	<u>(1,586)</u>	<u>(4,721)</u>	<u>(4,738)</u>
Earnings per share attributable to equity holders of the parent:					
Basic, for (loss) for the period (sen)	B10	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.04)</u>	<u>(0.04)</u>
Diluted, for (loss) for the period (sen)	B10	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.04)</u>	<u>(0.04)</u>

PEGASUS HEIGHTS BERHAD

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(Incorporated in Malaysia)

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

	Note	Unaudited As at 30.09.23 RM'000 (Unaudited)	Audited As at 31.12.22 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,786	1,902
Investment property		110,000	110,000
Intangible Asset		56	106
Right of Use Asset		822	1,097
		<u>112,664</u>	<u>113,105</u>
Current Assets			
Trade receivables		21,575	12,577
Other receivables		953	1,171
Inventories		68	86
Tax recoverable		488	435
Fixed deposits with licensed institution		-	1,040
Cash and bank balances		798	10,688
		<u>23,882</u>	<u>25,997</u>
TOTAL ASSETS		<u>136,546</u>	<u>139,102</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		30,176	210,176
Share Option Reserves		5,768	5,768
Accumulated losses		90,222	(85,057)
Equity attributable to owners of the Company		<u>126,166</u>	<u>130,887</u>
Total Equity		<u>126,166</u>	<u>130,887</u>
Non-Current Liabilities			
Lease Liability	B8	725	511
Deferred tax liabilities		3,502	3,502
		<u>4,227</u>	<u>4,013</u>
Current Liabilities			
Bank Overdraft	B8	1,008	13
Lease Liability	B8	127	267
Trade payables		35	48
Other payables		4,974	3,864
Income tax payable		9	10
		<u>6,153</u>	<u>4,202</u>
TOTAL LIABILITIES		<u>10,380</u>	<u>8,215</u>
TOTAL EQUITY AND LIABILITIES		<u>136,546</u>	<u>139,102</u>
Net assets per share (RM)		0.0117	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 SEPTEMBER 2023**

	Note	<----- Attributable to Equity Holders of the Parent ----->				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
Total comprehensive (loss) for the financial period		-	-	-	(4,721)	(4,721)
<u>Transaction with owners:</u>						
Acquisition with Share Issuance		-	-	-	-	-
Share Capital Reduction	B6	(180,000)	-	-	180,000	-
Total transaction with owners		(180,000)	-	-	180,000	-
Balance as at 30 September 2023		30,176	5,768	-	90,222	126,166
Balance as at 01 January 2022		191,463	5,771	18,193	(80,419)	135,008
Total comprehensive (loss) for the financial period		-	-	-	(4,738)	(4,738)
<u>Transaction with owners:</u>						
SIS Lapsed		-	(2)	-	-	(2)
Proceed from Warrant Conversion		520	-	-	-	520
Warrant Reserve		302	-	(302)	-	-
Lapsed of warrant		17,891	-	(17,891)	-	-
Total transaction with owners		18,713	(2)	(18,193)	-	518
Balance as at 30 September 2022		210,176	5,769	-	(85,157)	130,788

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 SEPTEMBER 2023**

	Year Ended 30.09.23 RM'000	Year Ended 30.09.22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(4,721)	(4,835)
Adjustments for:		
Depreciation	453	483
Impairment loss on trade receivables	93	1,194
Amortisation of franchise license fee & deferred expenses	50	258
Share Options to employees Lapsed	-	(2)
Interest expense	46	50
Interest income	(125)	(243)
Amortisation of right of use asset	341	456
Operating (loss) before working capital changes	<u>(3,863)</u>	<u>(2,639)</u>
(Increase) / Decrease in receivables	(8,872)	4,235
Decrease / (Increase) in inventories	18	(13)
Increase in payables	1,097	1,158
Cash (used in) / generated from operations	<u>(11,620)</u>	<u>2,741</u>
Tax paid	(54)	(587)
Interest paid	(46)	(50)
Net cash (used in) / generated from operating activities	<u>(11,720)</u>	<u>2,104</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>125</u>	<u>243</u>
Net cash generated from investing activities	<u>125</u>	<u>243</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease	(330)	(428)
Withdrawal of fixed deposit	1,040	(15)
Proceeds from warrant conversion	-	520
Net cash generated from financing activities	<u>710</u>	<u>77</u>
Net (decrease) / increase in cash and cash equivalents	(10,885)	2,424
Cash and cash equivalents as at 1 January	10,675	17,216
Cash and cash equivalents as at end of period	<u>(210)</u>	<u>19,640</u>
CASH AND CASH EQUIVALENTS COMPRISE: -		
Cash and bank balances	798	19,645
Bank overdraft	(1,008)	(5)
	<u>(210)</u>	<u>19,640</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
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A4. SEGMENTAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30.09.23	Preceding Year Corresponding Quarter 30.09.22	Current year to Date 30.09.23	Preceding Year Corresponding Period 30.09.22
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Property Management	2,056	2,066	5,817	5,867
Trading	-	606	1,427	2,384
Project Management Consultancy	431	30	1,699	2,826
Investment Holding and Others	724	495	1,897	1,517
Total revenue including inter-segment sales	3,211	3,197	10,840	12,594
Eliminations of inter-segment sales	(73)	(77)	(224)	(230)
Total Revenue	3,138	3,120	10,616	12,364

Segment results

Property Management	83	(290)	(768)	(791)
Trading	(62)	(104)	(302)	(289)
Project Management Consultancy	(248)	(552)	(1,033)	(1,404)
Investment Holding and Others	(496)	(724)	(2,248)	(2,028)
Eliminations	(308)	(5)	(324)	(272)
(Loss) before interest and tax	(1,031)	(1,675)	(4,675)	(4,785)
Finance Cost	(21)	(16)	(46)	(50)
Taxation	-	105	-	97
Loss After Tax	(1,052)	(1,586)	(4,721)	(4,738)

As at 30 September 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	114,232	621	1,761	76,621	(56,689)	136,546
Unallocated asset:						
- Deferred tax assets	-	-	-	-	-	-
Total assets	114,232	621	1,761	76,621	(56,689)	136,546
Total Segment liabilities	88,866	1,995	1,607	19,347	(106,797)	5,018
Unallocated liabilities:						
- Finance Lease Liability	17	-	264	1,387	(816)	852
- Bank overdraft	1,008	-	-	-	-	1,008
- Deferred tax liabilities	3,502	-	-	-	-	3,502
Total liabilities	93,393	1,995	1,871	20,734	(107,613)	10,380

A4. SEGMENTAL INFORMATION (Continued)

As at 30 September 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	112,865	733	2,955	64,997	(42,186)	139,364
Unallocated asset:						
- Deferred tax assets	-	-	-	-	-	-
Total assets	112,865	733	2,955	64,997	(42,186)	139,364
Total Segment liabilities	89,219	1,703	1,555	4,666	(92,965)	4,178
Unallocated liabilities:						
- Finance Lease Liability	27	-	69	1,632	(837)	891
- Bank overdraft	5	-	-	-	-	5
- Deferred tax liabilities	3,502	-	-	-	-	3,502
Total liabilities	92,753	1,703	1,624	6,298	(93,802)	8,576

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 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 September 2023. (30 September 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 30.09.23 RM'000	As at 30.09.22 RM'000
Rental of premises	193	193

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 (%)
	30.09.23 RM'000	30.09.22 RM'000		30.09.23 RM'000	30.09.22 RM'000	
Revenue	3,138	3,120	0.6	10,616	12,364	(14.1)
(Loss) before interest and tax (LBIT)	(1,031)	(1,675)	(38.4)	(4,675)	(4,785)	(6.2)
(Loss) before tax (LBT)	(1,052)	(1,691)	(37.8)	(4,721)	(4,835)	(2.4)
(Loss) after tax (LAT)	(1,052)	(1,586)	(33.7)	(4,721)	(4,738)	0.0
(Loss) attributable to ordinary equity holders of the parent	(1,052)	(1,586)	(33.7)	(4,721)	(4,738)	0.0

Review of results for the current quarter

For the third quarter ended 30 September 2023, the Group registered a revenue of RM3.14 million, LBIT of RM1.03 million and LBT of RM1.05 million as compared to a revenue of RM3.12 million, LBIT of RM1.68 million and LBT of RM1.69 million in the preceding year's corresponding quarter.

Commentary on revenue

The Group recorded a slight increase in revenue for the current quarter due to higher contributions from Project Management Consultancy and Investment Holding and Others segment, offsetting the drop in revenue from the trading segment. The Group's revenue increased marginally to RM3.14 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 due to lower administrative expenses from the PMC and property management segments as a result of the right sizing exercise undertaken by the Group.

Review of results for the financial period ended 30 September 2023

The Group recorded a revenue of RM10.62 million, LBIT of RM4.68 million and LBT of RM4.72 million for the financial period ended 30 September 2023 as compared to a revenue of RM12.36 million, LBIT of RM4.79 million and LBT of RM4.84 million in the financial period ended 30 September 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 14.1% to RM10.62 million as compared to the preceding financial period mainly due to the decrease in revenue from PMC and trading segments which decreased 39.9% and 40.1% respectively.

Commentary on LBIT/ LBT

The Group recorded a lower LBIT and LBT for the financial period ended 30 September 2023 compared to the preceding year's financial period ended 30 September 2022 LBIT and LBT due to lower administrative expenses from the PMC and property management segments as a result of the right sizing exercise undertaken by the Group.

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

	Current quarter 30.09.23 RM'000	Preceding quarter 30.06.23 RM'000	Changes (%)
Revenue	3,138	3,454	(9.1)
(Loss) before interest and tax (LBIT)	(1,031)	(1,865)	(44.7)
(Loss) before tax (LBT)	(1,052)	(1,872)	(43.8)
(Loss) after tax (LAT)	(1,052)	(1,872)	(43.8)
(Loss) attributable to ordinary equity holders of the parent	(1,052)	(1,872)	(43.8)

The Group recorded a decrease of 9.1% in revenue to RM3.14 million for the current quarter compared to RM3.45 million in the immediate preceding quarter ended 30 June 2023. The decrease in revenue was due to the lower contribution from property management segment which decreased 7.8% and zero contribution from trading segment. However, the PMC and investment holding and others segment revenue increased 70.4% and 14.7% respectively.

The Group recorded a LBT of RM1.05 million for the current quarter as compared to LBT of RM1.87 million in the immediate preceding quarter ended 30 June 2023 due to lower expenses for upkeep of investment property.

B3. COMMENTARY ON PROSPECTS

The mall's occupancy rate remained at 84.50% as at 30 September 2023 compared to Q2 2023 due to the deferment in the opening of a physiotherapy center to Q4. Going forward, a fashion outlet is expected to open in Q1 2024. Overall, this is expected to enhance the tenant mix as well as tenant yield.

F&B segment is facing headwinds due to significant cost increase and shifting customer demand, partly driven by the rising cost of living. The outlook is challenging given the current economic environment.

Trading business continues to be challenging as there are no new orders during the quarter. The outlook for this segment is clouded.

PMC operations has been furthered scaled down due to difficult market condition and hazy clarity. This will enable the Group to better focus on its core business functions.

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	
	30.09.23	30.09.22	30.09.23	30.09.22
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Provision for current year tax	-	-	-	-
(Over) provision for taxation	-	(105)	-	(97)
Total income tax expenses	-	(105)	-	(97)

B6. CORPORATE PROPOSALS

On 8 May 2023, the Company proposed to undertake the following 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.

On 12 September 2023, the company announce that the sealed copy of the order obtained from the High Court of Malaya at Kuala Lumpur confirming the Capital Reduction has been lodged with the Registrar pursuant to Section 116(6) of the Act on 12 September 2023 marking the effective date and completion of the Capital Reduction.

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

B8. BORROWINGS

	As at 30.09.2023 RM'000
Short-term borrowings: -	
-Secured	1,135
-Unsecured	-
	<u>1,135</u>
Long-term borrowings: -	
-Secured	725
-Unsecured	-
	<u>725</u>
Total Borrowings	<u><u>1,860</u></u>

	As at 30.09.2023 RM'000
Bank overdraft	1,008
Lease Liability	852
Total Borrowings	<u><u>1,860</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	
	30.09.23	30.09.22	30.09.23	30.09.22
(Loss) attributable to ordinary equity holders of the parent (RM'000)	(1,052)	(1,586)	(4,721)	(4,738)
Weighted average number of Ordinary Shares in issue ('000)	10,821,178	10,821,178	10,821,178	10,792,054
Basic (loss) per share (sen)	(0.01)	(0.01)	(0.04)	(0.04)

(b) Diluted EPS

	Individual quarter ended		Cumulative quarter ended	
	30.09.23	30.09.22	30.09.23	30.09.22
(Loss) attributable to ordinary equity holders of the parent (RM'000)	(1,052)	(1,586)	(4,721)	(4,738)
Weighted average number of Ordinary Shares in issue ('000)	10,821,178	10,845,048	10,821,178	10,952,634
Diluted (loss) per share (sen)	(0.01)	(0.01)	(0.04)	(0.04)

B11. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivative financial instruments

As at 30 September 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	
	30.09.23	30.09.22
	RM'000	RM'000
Interest income	(125)	(243)
Interest expenses	46	50
Impairment loss on trade receivables	93	1,194
Depreciation	453	483
Amortization of franchise license fee & deferred expenses	50	258
Amortization of right of use asset	341	456
Share Issuance Scheme Lapsed	-	(2)

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 28 November 2023