

MATRIX INTERNATIONAL BERHAD
(COMPANY NO: 3907-W)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 JULY 2008

<u>Table of Contents</u>	Page
Condensed Consolidated Balance Sheet	1
Condensed Consolidated Income Statement	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Cash Flow Statement	4
Notes to the Unaudited Interim Financial Report	5 - 6
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	7 - 9

MATRIX INTERNATIONAL BERHAD
(COMPANY NO : 3907-W)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 JULY 2008
CONDENSED CONSOLIDATED BALANCE SHEET**

	Note	<u>Group</u>	
		As at 31/07/08	As at 30/04/08 (Audited)
		RM'000	RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		207,836	210,925
Investment properties		1,314,491	1,314,491
Jointly controlled entity		7,515	7,149
Investments	B7	48,803	47,485
Intangible assets		163,589	163,865
		<u>1,742,234</u>	<u>1,743,915</u>
CURRENT ASSETS			
Inventories		183,557	183,492
Receivables		15,253	20,019
Deposits with licensed banks		34,278	34,829
Cash and bank balances		5,166	6,636
		<u>238,254</u>	<u>244,976</u>
TOTAL ASSETS		<u>1,980,488</u>	<u>1,988,891</u>
EQUITY			
Share capital		1,113,042	1,113,042
Share premium		258,985	258,985
Accumulated losses		(141,402)	(138,340)
Equity attributable to equity holders of the parent		<u>1,230,625</u>	<u>1,233,687</u>
Minority interests		3,240	3,078
Total equity		<u>1,233,865</u>	<u>1,236,765</u>
NON-CURRENT LIABILITIES			
Long term bank borrowings		458,389	459,739
Other long term liabilities		123	130
Deferred tax liabilities		92,769	92,812
		<u>551,281</u>	<u>552,681</u>
CURRENT LIABILITIES			
Payables		121,132	125,358
Short term borrowings		73,400	73,485
Tax payable		810	602
		<u>195,342</u>	<u>199,445</u>
Total liabilities		<u>746,623</u>	<u>752,126</u>
TOTAL EQUITY AND LIABILITIES		<u>1,980,488</u>	<u>1,988,891</u>
<i>Net assets per share attributable to ordinary equity holders of the parent (sen)</i>		<i>111</i>	<i>111</i>

The annexed notes form an integral part of this interim financial report.

MATRIX INTERNATIONAL BERHAD
(COMPANY NO : 3907-W)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 JULY 2008
CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 MONTHS ENDED	
		31/07/08	31/07/07
		RM'000	RM'000
Revenue		72,024	74,856
Operating expenses		(63,229)	(64,412)
Profit from operations		8,795	10,444
Other income		1,587	5,338
Other expenses		(318)	(275)
Share of results from jointly controlled entity		366	380
Finance costs		(11,335)	(12,406)
(Loss) / profit before tax		(905)	3,481
Income tax expense	B5	(1,208)	(1,377)
(Loss) / profit for the quarter		(2,113)	2,104
Attributable to:			
- Equity holders of the Parent		(3,062)	888
- Minority interests		949	1,216
		(2,113)	2,104
(Loss) / earnings per share (sen):			
Basic, for the quarter	B13	(0.28)	0.10

The annexed notes form an integral part of this interim financial report.

MATRIX INTERNATIONAL BERHAD
(COMPANY NO : 3907-W)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 JULY 2008
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	----- Attributable to the equity holders of the Parent -----					
	Share Capital RM '000	Share Premium RM '000	Accumulated Losses RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 May 2007	905,050	312,621	(136,290)	1,081,381	440	1,081,821
Profit for the period, representing total recognised income and expense for the period	-	-	888	888	1,216	2,104
At 31 July 2007	905,050	312,621	(135,402)	1,082,269	1,656	1,083,925
At 1 May 2008	1,113,042	258,985	(138,340)	1,233,687	3,078	1,236,765
(Loss) / profit for the period, representing total recognised income and expense for the period	-	-	(3,062)	(3,062)	949	(2,113)
Dividend paid to minority interest of a subsidiary	-	-	-	-	(787)	(787)
At 31 July 2008	1,113,042	258,985	(141,402)	1,230,625	3,240	1,233,865

The annexed notes form an integral part of this interim financial report.

MATRIX INTERNATIONAL BERHAD

(COMPANY NO : 3907-W)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 JULY 2008
CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	3 MONTHS ENDED	
	31/07/08	31/07/07
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	70,109	74,125
Payments for operating expenses (including taxes)	(57,191)	(57,686)
Other (payments)/receipts	(38)	695
Net cash generated from operating activities	<u>12,880</u>	<u>17,134</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Sales of plant and machinery	16	-
Acquisition of plant and machinery	(237)	(260)
Acquisition of other investments	(1,360)	(10,813)
Interest received	235	268
Dividend received	41	745
Net cash used in investing activities	<u>(1,305)</u>	<u>(10,060)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Rights Issue expenses	(35)	-
Dividend paid to minority shareholders	(787)	(637)
Repayment of borrowings and loan	(1,350)	(1,024)
Interest paid	(11,319)	(12,405)
Other (payments)/receipts	(20)	54
Net cash used in financing activities	<u>(13,511)</u>	<u>(14,012)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,936)	(6,938)
OPENING CASH AND CASH EQUIVALENTS	41,380	42,011
CLOSING CASH AND CASH EQUIVALENTS	<u>39,444</u>	<u>35,073</u>
The closing cash and cash equivalents comprise the following:		
Deposits with licensed banks	34,278	28,681
Cash and bank balances	5,166	6,392
	<u>39,444</u>	<u>35,073</u>

The annexed notes form an integral part of this interim financial report.

NOTES:

- A1 The interim financial report is not audited and has been prepared in compliance with Financial Reporting Standards (FRS) 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 30 April 2008.

The same accounting policies and methods of computation used in the preparation of the financial statements for the year ended 30 April 2008 have been applied in the preparation of the interim financial report under review except for the adoption of the new/revised Financial Reporting Standards ("FRS"), amendments to FRSs and Interpretations, as listed in the audited financial statements for year ended 30 April 2008, which are effective for financial periods beginning on or after 1 July 2007. These FRSs have no significant impact on the financial statements of the Group upon their initial application.

- A2 Our principal business operations are not significantly affected by any seasonal or cyclical factors except for the gaming and recreation businesses that may be favourably impacted by the festive seasons.

- A3 a) There were no other unusual items as a result of their nature, size or incidence that had affected the financial statements for the financial period ended 31 July 2008 except for the following:

	Current Quarter 31/07/2008 RM'000
Amortisation of intangible assets	(276)
Impairment in value of quoted investments	(42)
	<u>(318)</u>

- b) There were no material changes in estimates during the financial period ended 31 July 2008.
- A4 There were no issuance and repayment of debts and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the financial period ended 31 July 2008. In addition, none of the outstanding Warrants 2008/2018 were exercised in the period ended 31 July 2008.
- A5 The Company did not pay any dividend in the current quarter ended 31 July 2008.

NOTES (CONTINUED)

A6 Segmental information for the financial period ended 31 July 2008:

<u>REVENUE</u>	External RM '000	Inter - segment RM '000	Total RM '000
Property development and investment	19,388	-	19,388
Gaming and related activities	48,958	931	49,889
Recreation	3,678	-	3,678
Elimination : Intersegment revenue	-	(931)	(931)
Total revenue	<u>72,024</u>	<u>-</u>	<u>72,024</u>
			Total RM '000
Property development and investment			5,684
Gaming and related activities			4,390
Recreation			<u>(1,074)</u>
			9,000
Unallocated corporate expenses			<u>(205)</u>
Profit from operations			8,795
Other income			
- property development and investment			1,307
- recreation			24
- gaming and related activities			233
- others			23
			1,587
Other expenses			
- gaming and related activities			<u>(276)</u>
- others			<u>(42)</u>
			<u>(318)</u>
			10,064
Share of results after tax from jointly controlled entity			366
Finance costs			<u>(11,335)</u>
Loss before tax			(905)
Income tax expense			<u>(1,208)</u>
Loss for the period			<u>(2,113)</u>

A7 There were no material events subsequent to the end of this current quarter that have not been reflected in the financial statements for this period.

A8 There were no material changes in the composition of the Group up to the date of this announcement including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A9 There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD****B1 For the Quarter**

The Group registered a revenue of RM72.02 million and pre-tax loss of RM0.91 million in the current quarter ended 31 July 2008 as compared to a revenue of RM74.86 million and pre-tax profit of RM3.48 million reported in the previous year corresponding quarter. The drop in revenue was mainly due to lower revenue reported by the gaming business operated by Natural Avenue Sdn Bhd ("NASB"). NASB recorded a drop of 7% in revenue mainly due to having four draws less as compared to the previous year corresponding quarter.

The pre-tax loss incurred in the current quarter under review was mainly due to a drop of 23% in pre-tax profit by NASB as a result of lower revenue as explained above coupled with higher prize payout in the current quarter as compared to the previous year corresponding quarter. In addition, the Group recorded a writeback of impairment in value of certain quoted investments amounted to RM4.4 million in the previous year corresponding quarter.

B2 First Quarter vs Fourth Quarter of preceding financial year

As compared to the preceding quarter ended 30 April 2008, the Group reported a marginal drop of 1% in revenue from RM72.79 million to RM72.02 million. It reported a pre-tax loss of RM0.91 million as compared to a pre-tax profit of RM29.03 million in the preceding quarter. The drop in revenue was mainly due to NASB registering a drop in revenue of 5% in spite of having the same number of draws as compared to the preceding quarter (which had the benefit of the Chinese Lunar New Year festive period). NASB reported an increase of 71% in pre-tax profit in the current quarter as compared to the preceding quarter mainly due to lower prize payout that help to set off the losses incurred by the property development and investment division. In the preceding quarter, the pre-tax profit reported was mainly attributed to the recognition of a favourable fair value adjustment on investment properties amounting to RM21.3 million as well as higher dividend income received.

B3 Future Prospects

Barring any unforeseen circumstances, the Directors envisage that the overall performance of the Group for the remaining financial quarters will be satisfactory. The Directors also expect the gaming business in Sarawak operated by NASB to show favourable results in the forthcoming financial quarters in view of its ongoing promotional activities.

B4 There is no profit forecast or profit guarantee for the financial period ended 31 July 2008.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

B5 The income tax expense for the financial period ended 31 July 2008 are detailed as follows:

	Current Quarter 31/07/08 RM'000
Malaysian taxation:	
Current quarter provision	1,251
Deferred	(43)
	<u>1,208</u>

The disproportionate tax charge of the Group for the quarter ended 31 July 2008 was mainly due to the chargeable income of certain subsidiaries and non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

B6 For the financial period ended 31 July 2008, there are no gains on disposal of properties and unquoted investments except for the subsidiary company with principal activity of property development.

B7 (a) The acquisition of quoted securities during the current quarter ended 31 July 2008 were as follows:

	Current Quarter 31/07/08 RM'000
Cost of purchase of quoted securities	<u>1,360</u>

(b) Investment in quoted securities as at 31 July 2008 are as follows:

	RM'000
Quoted investment in Malaysia at cost	48,679
Quoted investment in Malaysia at carrying value	<u>47,803</u>
Quoted investment in Malaysia at market value	<u>128,017</u>

(c) Investment in quoted Malaysian Government Securities as at 31 July 2008 are as follows:

	RM'000
Total quoted investment in Malaysia at cost	1,000
Total quoted investment in Malaysia at carrying value	<u>1,000</u>
Total quoted investment in Malaysia at market value	<u>1,047</u>

B8 The Company does not have any outstanding corporate proposals at the date of this announcement.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

B9 There were no debt securities and the group borrowings as at 31 July 2008 are as follows:

Secured:	RM'000
Short term borrowings	73,400
Long term borrowings	<u>458,389</u>
Total borrowings	<u><u>531,789</u></u>

B10 There were no off balance sheet financial instruments as at the date of this announcement except for 415,982,348 Warrants 2008/2018 issued pursuant to a rights issue in the previous financial year.

B11 There was no pending material litigation since the last annual balance sheet date to the date of this announcement.

B12 The Board does not recommend any dividend in the current quarter (previous year corresponding quarter ended 31 July 2007 : RMNil).

B13 The (loss)/earnings per share is calculated by dividing (loss)/profit attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue.

	3 Months Ended	
	31/07/08	31/07/07
	RM'000	RM'000
(Loss)/profit for the quarter	<u>(3,062)</u>	<u>888</u>
Weighted average number of ordinary shares ('000)	<u>1,113,042</u>	<u>905,050</u>
Basic (loss)/earnings per share (sen):	<u>(0.28)</u>	<u>0.10</u>

No diluted (loss)/earnings per share is presented for the current quarter as the computation based on the outstanding warrants would have an antidilutive effect.

cc: Securities Commission