

MATRIX CONCEPTS HOLDINGS BERHAD
(Incorporated in Malaysia-Co. No. 199601042262)
**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**


UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited INDIVIDUAL QUARTER (3rd QUARTER)				Unaudited CUMULATIVE PERIOD			
	CURRENT YEAR QUARTER		PRECEDING YEAR CORRESPONDING QUARTER		CURRENT YEAR TO DATE		PRECEDING YEAR CORRESPONDING YEAR TO DATE	
	31 December 2019	31 December 2018	CHANGES		31 December 2019	31 December 2018	CHANGES	
	RM'000	RM'000	Amount RM'000	%	RM'000	RM'000	Amount RM'000	%
Revenue	278,962	285,650	(6,689)	(2.3)	810,192	769,004	41,188	5.4
Cost of Sales	(123,185)	(121,236)	(1,950)	1.6	(389,520)	(356,642)	(32,877)	9.2
Gross Profit	155,776	164,414	(8,638)	(5.3)	420,672	412,362	8,310	2.0
Other Income	3,025	2,674	351	13.1	8,805	6,786	2,019	29.7
Selling and Marketing Expenses	(20,931)	(30,187)	9,256	(30.7)	(75,302)	(75,368)	66	(0.1)
Administrative and general expenses	(46,018)	(64,369)	18,351	(28.5)	(108,870)	(126,956)	18,086	(14.2)
Operating Profit	91,853	72,533	19,320	26.6	245,305	216,825	28,481	13.1
Finance Costs	(494)	(779)	285	(36.6)	(1,424)	(2,696)	1,271	(47.2)
Profit Before Taxation	91,359	71,754	19,605	27.3	243,881	214,129	29,752	13.9
Income Tax Expenses	(26,026)	(23,149)	(2,877)	12.4	(65,160)	(62,429)	(2,731)	4.4
Profit After Taxation	65,332	48,605	16,727	34.4	178,721	151,700	27,021	17.8
Other Comprehensive Income								
- Foreign Currency Translation Differences	54	(3,101)	3,155	(101.7)	547	(2,643)	3,190	(120.7)
Total Comprehensive Income For The Period	65,386	45,504	19,882	43.7	179,268	149,057	30,211	20.3
Profit After Taxation attributable to :								
Equity Holders of the Company	65,332	48,605	16,727	34.4	178,721	151,700	27,021	17.8
Non-controlling Interest	-	-	-	-	-	-	-	-
	65,332	48,605	16,727	34.4	178,721	151,700	27,021	17.8
Total Comprehensive Income attributable to :								
Equity Holders of the Company	65,386	45,504	19,882	43.7	179,268	149,057	30,211	20.3
Non-controlling Interest	-	-	-	-	-	-	-	-
	65,386	45,504	19,882	43.7	179,268	149,057	30,211	20.3
Earnings Per Share Attributable To Equity Holders Of The Company								
- Basic (sen)	7.94	6.46	1.48	22.9	22.46	20.16	2.30	11.4
- Diluted (sen)	7.94	6.44	1.50	23.3	22.46	20.10	2.36	11.7

Note:

1. The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 March 2019 and the accompanying explanatory notes attached to this interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) As at 31 December 2019 RM'000	(AUDITED) As at 31 March 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	253,205	256,168
Right-of-use assets	892	-
Investment properties	204	243
Investment in joint venture company	130,500	-
Inventories	719,820	454,128
Deferred tax assets	28,184	25,702
Goodwill arising on consolidation	*	*
	1,132,805	736,241
Current assets		
Inventories	729,196	671,435
Trade and other receivables	173,299	425,046
Deposits, cash and bank balance	242,109	264,210
	1,144,604	1,360,691
TOTAL ASSETS	2,277,409	2,096,932
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	939,393	800,220
Translation reserves	(5,995)	(6,542)
Retained profits	637,218	533,437
	1,570,616	1,327,115
Non-controlling interest	831	831
TOTAL EQUITY	1,571,447	1,327,946
Non-current liabilities		
Borrowings	181,335	200,166
Lease liabilities	408	-
	181,743	200,166
Current liabilities		
Trade and other payables	294,064	359,048
Borrowings	163,145	162,137
Lease liabilities	192	-
Dividend payable	24,684	22,584
Current tax liabilities	42,134	25,051
	524,219	568,820
TOTAL LIABILITIES	705,962	768,986
TOTAL EQUITY AND LIABILITIES	2,277,409	2,096,932
Net Assets Per Share (RM) (Note 2)	1.91	1.76

Notes:

* Represents RM1.00.

- The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 March 2019 and the accompanying explanatory notes attached to this interim financial statements.
- Based on the issued and paid-up share of 822,814,695 (2019: 752,809,487) ordinary share in Matrix ("shares")

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Share Option RM'000	Translation Reserves RM'000	Retained Profits RM'000	Non-Controlling Interest RM'000	Total RM'000
<u>9 months ended 31 December 2018 (Unaudited)</u>							
As at 1 April 2018	796,217	-	6,489	(3,107)	406,892	501	1,206,992
Issuance of new ordinary shares pursuant to							
- Exercise of ESOS	3,187	-	(483)	-	-	-	2,704
- Exercise of Warrants	816	-	-	-	-	-	816
Profit after taxation for the period	-	-	-	-	151,700	-	151,700
Other comprehensive income for the period							
- Foreign currency translation differences	-	-	-	(2,643)	-	-	(2,643)
Total comprehensive income for the period	-	-	-	(2,643)	151,700	-	149,057
Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	-	-	-
Dividend	-	-	-	-	(75,266)	-	(75,266)
Options granted under ESOS	-	-	-	-	-	-	-
ESOS lapsed/forfeited	-	-	(6,006)	-	6,006	-	-
As at 31 December 2018	800,220	-	-	(5,750)	489,332	501	1,284,303
<u>9 months ended 31 December 2019 (Unaudited)</u>							
As at 1 April 2019	800,220	-	-	(6,542)	533,437	831	1,327,946
Issuance of new ordinary shares pursuant to							
- Exercise of Warrants	10	-	-	-	-	-	10
- Private placement	139,163	-	-	-	-	-	139,163
Profit after taxation for the year	-	-	-	-	178,721	-	178,721
Other comprehensive income for the year							
- Foreign currency translation differences	-	-	-	547	-	-	547
Total comprehensive income for the year	-	-	-	547	178,721	-	179,268
Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	-	*	-
Dividend	-	-	-	-	(74,940)	-	(74,940)
As at 31 December 2019	939,393	-	-	(5,995)	637,218	831	1,571,447

Notes:

* Represents RM300.00.

1. The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 March 2019

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) FOR THE 9 MONTHS PERIOD ENDED 31 December 2019 RM'000	(Unaudited) FOR THE 9 MONTHS PERIOD ENDED 31 December 2018 RM'000
Cash Flow From Operating Activities		
Profit before income tax	243,881	214,129
Adjustments for :-		
Depreciation of property, plant and equipment	7,897	7,745
Depreciation of investment property	4	-
Interest expenses	1,424	2,696
Interest income	(4,778)	(4,164)
Loss/(Gain) on disposal of property, plant and equipment	(76)	(498)
Operating profit before working capital changes	248,351	219,908
(Increase)/Decrease in inventories	(312,189)	(199,499)
Decrease in receivables	251,746	86,266
Decrease in payables	(64,984)	(20,861)
Cash generated from operations	122,924	85,814
Interest received	4,778	4,164
Interest paid	(12,689)	(10,398)
Tax paid	(50,558)	(54,118)
Net cash generated from operating activities	64,456	25,462
Cash Flow From Investing Activities		
Placement of pledged deposits with licensed bank	(1,679)	(1,651)
Withdrawal of deposits with licensed bank more than 3 months	26,405	53,901
Investment in joint venture company	(130,500)	-
Purchase of property, plant and equipment	(5,827)	(27,049)
Proceed from disposal of property, plant and equipment	112	1,140
Net cash used in investing activities	(111,489)	26,341
Cash Flow From Financing Activities		
Proceed from issuance of share	139,173	3,520
Increase in investment of non controlling interest in a subsidiary	*	-
Dividend paid	(72,840)	(77,080)
Drawdown of borrowings	38,000	100,000
Repayment of term loan	(65,325)	(61,961)
Repayment of lease liabilities	(248)	(240)
Net cash generated from/(used in) financing activities	38,760	(35,761)
Net changes in cash and cash equivalents	(8,273)	16,042
Effect of exchange rate fluctuations on cash held	547	(2,643)
Cash and cash equivalents at beginning of the period	180,267	187,395
Cash & cash equivalents at end of the period	172,541	200,794
Cash and cash equivalents comprise of :-		
Fixed deposit, cash and bank balance	242,109	234,784
Less : Fixed Deposit Pledged	(23,762)	(14,337)
	218,347	220,447
Bank overdrafts	(45,806)	(19,653)
	172,541	200,794

Note:

* Represents RM300.00.

1. The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 March 2019 and the accompanying explanatory notes attached to this interim financial statements.

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("FPE") 31 DECEMBER 2019**

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS 134):

A1. Accounting Policies and Basis of Preparation

The interim financial report is unaudited and is prepared in accordance with MFRS134 "Interim Financial Reporting" and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").

The interim financial statements should be read in conjunction with the Audited Financial Statements of Matrix Concepts Holdings Berhad ("**Company**") and its subsidiaries ("**Group**") for the FYE 31 March 2019 and the explanatory notes attached therein. These explanatory notes attached to these interim financial statements provide 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 March 2019.

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 March 2019.

During the interim financial statement, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial period :-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of MFRS 16: Leases did not have any material impact and the Group has adopted "Modified Retrospective Approach."

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A2. Seasonal or Cyclical Factors

The results for the current financial quarter ended 31 December 2019 under review and the financial period-to-date were not materially affected by seasonal or cyclical factors.

A3. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current financial quarter ended 31 December 2019 under review and the financial period-to-date.

A4. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial quarter ended 31 December 2019 under review and the financial period-to-date.

A5. Issuance, cancellations, repurchase, resale and repayments of debts and equity securities

Save as disclosed below, there were no issuance, cancellations, repurchase, resale and repayments of debts and equity securities during the financial quarter ended 31 December 2019 under review:

- (i) 5,208 new ordinary shares in the Company (“**Matrix Concepts Shares**”) pursuant to the exercise of warrants in the Company (“**Warrants**”) at an exercise price of RM1.92 per new Matrix Concepts Share.

Pursuant to the above, the issued and paid-up share capital of the Company had increased from RM939,383,106, comprising of 822,809,487 Matrix Concepts Shares to RM939,393,105 comprising of 822,814,695 Matrix Concepts Shares for the current financial quarter ended 31 December 2019 under review.

A6. Dividends Paid

During the financial quarter ended 31 December 2019 under review, the Company had closed its books for its second interim single tier dividend of 3.00 sen per Matrix Concepts Share for the financial year ended 31 March 2020. The second interim single tier dividend was paid on 8 January 2020 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 20 December 2019.

Please refer to Note B10 on dividends declared.

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A7. Segmental Information

The segment revenue and segment results for business segments for the current financial year to date are as follows:

	Property development	Construction	Education	Hospitality	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Sale of properties	781,241	-	-	-	-	781,241
Construction / Inter-segment sales	-	339,407	-	-	(339,407)	-
School fees	-	-	15,663	-	-	15,663
Clubhouse and hotel operator	-	-	-	13,288	-	13,288
Total	781,241	339,407	15,663	13,288	(339,407)	810,192
Other income						
Rental income	1,267	-	-	-	-	1,267
Others	6,702	325	472	39	-	7,538
Total	7,969	325	472	39	-	8,805
Results						
Segment results	232,492	23,158	(2,652)	2,417	(10,110)	245,305
Finance costs						(1,424)
Profit before tax						243,881
Taxation						(65,160)
Net profit for the year						178,721

For comparison purposes, the segment revenue and segment results for business segments for the corresponding FPE 31 December 2018 are as follows:

	Property development	Construction	Education	Hospitality	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Sale of properties	740,865	-	-	-	-	740,865
Construction / Inter-segment sales	-	255,528	-	-	(255,528)	-
School fees	-	-	16,312	-	-	16,312
Clubhouse and hotel operator	-	-	-	11,827	-	11,827
Total	740,865	255,528	16,312	11,827	(255,528)	769,004
Other income						
Rental income	369	11	-	-	-	380
Others	5,353	506	509	38	-	6,406
Total	5,722	517	509	38	-	6,786
Results						
Segment results	194,505	27,008	(7,822)	1,213	1,921	216,825
Finance costs						(2,696)
Profit before tax						214,129
Taxation						(62,429)
Net profit for the year						151,700

As the revenue of the Matrix Concepts Group for the FPE 31 December 2019 is solely derived from its operating activities in Malaysia, geographical segmentation is not prepared.

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A8. Industry outlook

(i) Malaysian property sector

The residential subsector is expected to grow at a slower pace, mainly due to the increased property overhang caused by the mismatch between supply and demand. However, various measures undertaken by the Government including the building of 60,000 units per year of affordable homes within 10 years and the reinvigorating of the National Housing Policy are expected to boost the growth of the subsector in 2020. In addition, the enhancement of the Fund for Affordable Homes by Bank Negara Malaysia will enable the first-time home buyers to enjoy lower monthly commitment up to 20%, which in turn will support the subsector.

Bank Negara Malaysia launched a Fund for Affordable Home earlier in January 2019 to help home buyers from the lower-income group to purchase their first homes, for property priced up to RM150,000 at a concessionary interest rate up to 3.5%. The qualifying criteria was expanded on 1 September 2019 to include property priced up to RM300,000 for households with maximum income of RM4,360, being the threshold income for B40. As of September 2019, 2,840 applications amounting to RM472.7 million have been received. The approval rate is 77.9%, with 982 applications amounting to RM156.2 million being approved.

In partnership with the private sector, the Government has launched the Home Ownership Campaign where developers providing at least a 10% discount for qualified properties will be matched with stamp duty exemptions. As many as 21,000 property units valued at RM13.44 billion under the Home Ownership Campaign have been successfully sold, exceeding the RM3 billion initial sales target. The Campaign deadline has been extended by 6 months from 30 June to 31 December 2019.

To address those who are unable to afford the initial 10% deposit and access to financing in purchasing their homes, the Government will collaborate with financial institution in introducing Rent To Own (RTO) financing scheme. Through this scheme, financing of up to RM10 billion will be provided by the financial institutions with the support from the Government via a 30% or RM3 billion guarantee. This RTO scheme is for purchase of first home up to RM500,000 property price. Under this scheme, the applicant will rent the property for up to 5 years and after the first year, the tenant will have the option to purchase the house based on the price fixed at the time the tenancy agreement is signed. The government will provide stamp duty exemptions on the instruments of transfer between the developer and financial institution, and between the financial institutions and the buyer in this scheme.

To reduce supply overhang of condominiums and apartments amounting to RM8.3 billion in the second quarter of 2019, the Government will lower the threshold on high rise property prices in urban areas for foreign ownership from RM1 million to RM600,000 in 2020.

To assist the youth in purchasing their first home, the Government will extend the Youth Housing Scheme administered by Bank Simpanan Nasional from 1 January 2020 until 31 December 2021. The scheme also offers a 10 percent loan guarantee through Cagamas to enable borrowers of full financing and RM200 monthly instalment assistance for the first two years limited to 10,000 home units.

In response to the public view regarding the Real Property Gain Tax (RPGT) imposed on disposal of properties after 5 years onwards, the Government will enhance RPGT treatment by revising the base year for asset acquisition at 1 January 2013 for asset acquired before 1 January 2013 as compared to the previous base year of 1 January 2000.

(Sources: Chapter 3 – Macroeconomic Outlook, Economic Outlook 2020, Ministry of Finance Malaysia and The 2020 Budget Speech Text, Ministry of Finance Malaysia)

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(ii) Australian residential property sector

In 2018, Australia’s largest residential markets, Sydney and Melbourne, moved from an unprecedented growth cycle into a period of correction. Most other capital cities have begun to follow suit, exceptions being Brisbane and Adelaide houses and Melbourne units, all of which are at historically high prices and have upward momentum. In Brisbane, Perth and Adelaide price corrections will be most severe in unit markets on account of high levels of supply. House prices have proven more resilient in Brisbane and Adelaide and are still trending upwards. Queensland is receiving high levels of interstate migration and this will continue to support Brisbane house values.

There are significant uncertainties this year that could profoundly impact the residential sector:

1. The findings of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and, more importantly, how banks and other lenders react to these findings in terms of lending policy and therefore credit availability. Credit availability has emerged as the biggest headwind impacting Australia’s residential markets. Banks are responding to preliminary findings in the Royal Commission and are imposing more stringent lending standards. The scale of price correction now underway in the Sydney and Melbourne markets has been largely driven by tightening credit availability and the impact on market confidence.
2. The looming federal election, and with a change of government appearing possible, how proposed changes to negative gearing and capital gains tax concessions will impact. Depending on the outcome of the elections, it could result in significant changes to negative gearing and capital gains tax discounts on investment property.
3. Changes in Australia’s overseas migration intake and related policy. Recent years have seen Australia’s net migration intake at record levels, topping 263,000 in 2016-17 before pulling back to 237,000 in 2017-18. A majority of the net intake settle in New South Wales (38%) and Victoria (36%). It is expected that the 2019-20 financial year migrant intake will be reduced from 190,000 to 160,000. If this occurs and proves permanent, 10,000 to 15,000 less new dwellings (predominantly inner-city units) would be required every year. Significant changes in immigration policy would likely be an added drag on markets already facing a period of price correction.

(Source: Australia Real Estate Market Outlook 2019, CBRE Australia.)

A9. Valuation of property, plant and equipment

There were no valuations carried out on property, plant and equipment of the Group during the financial quarter ended 31 December 2019 under review.

A10. Commitments

The commitments of the Company as at the end of the financial quarter ended 31 December 2019 under review and the financial period-to-date are as follows:

	Cumulative year-to-date 31.12.2019 RM’000
Contracted but not provided for:	
- Land held for property development	236,718

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A11. Material subsequent event

There were no material events subsequent to the end of the financial quarter ended 31 December 2019 under review up to the date of this report which is likely to substantially affect the results of the operations of the Group.

A12. Significant event during the period

There were no significant events outside the ordinary course of business during the financial quarter ended 31 December 2019 that have not been reflected in these interim financial statements.

A13. Changes in the Composition of the Group

Save as disclosed below, there were no changes to the composition of the Group during the financial quarter ended 31 December 2019 under review:

- (i) On 9 October 2019, Matrix Development (Australia) Pty Ltd, a wholly-owned subsidiary of the Company, had incorporated a new subsidiary, namely Matrix Property Management (Australia) Pty Ltd (“**MPMAPL**”) with a paid-up capital of AUD1,200 comprising of 1,200 ordinary shares. The intended principal activity of MPMAPL is property management.

A14. Contingent Liabilities and Contingent Assets

The Group does not have any material contingent liabilities and contingent assets to be disclosed as at 31 December 2019.

A15. Significant Related Party Disclosures

Save as disclosed below, there were no other significant related party transactions during the financial quarter ended 31 December 2019 under review and the financial year-to-date:

	Current quarter ended 31.12.2019 RM'000	Cumulative year-to-date 31.12.2019 RM'000
Purchase of building materials from related parties	14,420	40,546
Agency fees and purchase of marketing material from related parties	78	255
Purchase of sundries from related parties	92	263
Rental payments made to related parties	77	230
Consultancy fees paid to related parties	349	1,054

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of Performance

	Current quarter ended 31.12.2019 RM'000	Corresponding quarter ended 31.12.2018 RM'000	Changes RM'000	%
Revenue	278,962	285,650	(6,688)	(2.3)
Gross profit	155,776	164,414	(8,638)	(5.3)
Profit before tax	91,359	71,754	19,605	27.3
Profit after tax	65,332	48,605	16,727	34.4

For the quarter ended 31 December 2019, the Group recorded revenue of RM279.0 million, a decrease of RM6.7 million or 2.3% from RM285.7 million in the previous year's corresponding quarter. The slight decrease in revenue was largely attributed to lower revenue recognition from residential properties in the Group's property development segment, offset by an increase in revenue recognized from commercial and industrial properties during the period under review.

Meanwhile, revenue recognition from the Group's investment properties, comprising Matrix Global Schools, d'Tempat Country Club, and d'Sora Business Boutique Hotel, improved further to RM9.5 million in the quarter under review from RM9.1 million in the previous corresponding quarter.

Notwithstanding the decline in revenue, the Group achieved higher profit before tax of RM91.4 million in the quarter under review, an increase of RM19.6 million or 27.3% from RM71.8 million previously. The improved profitability was mainly attributable to the Group reduced selling and marketing expenses as well as administrative and general expenses in line with the lower revenue recognition from residential properties and one-off expenses incurred in the previous corresponding quarter.

Backed by healthy number of new launches and commendable sales performance, the Group's unbilled sales stood at RM1.2 billion as at 31 December 2019, to be recognized over the next 15 month

B2. Comparison with preceding quarter's results

	Current quarter ended 31.12.2019 RM'000	Preceding quarter ended 30.09.2019 RM'000	Changes RM'000	%
Revenue	278,962	282,728	(3,766)	(1.3)
Gross profit	155,776	138,938	16,838	12.1
Profit before tax	91,359	79,460	11,899	15.0
Profit after tax	65,332	58,740	6,592	11.2

For the third quarter ended 31 December 2019, the Group recorded revenue of RM279.0 million, a slight decrease of RM3.8 million or 1.3% from the preceding quarter ended 30 September 2019. The minor decline was due to lower revenue recognition from the Group's residential properties, which was offset by the increased revenue recognition from its commercial and industrial properties.

The Group's profit before tax stood at RM91.4 million compared to RM79.5 million in the preceding quarter, an increase of RM11.9 million or 15.0%, attributed to higher sales of industrial properties.

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B3. Prospects

The Group’s core objective remains on enhancing its township developments of Bandar Sri Sendayan, Ara Sendayan and Tiara Sendayan (Sendayan Development) in Negeri Sembilan and Bandar Seri Impian (BSI) in Kluang, Johor. This includes improving available facilities and infrastructure as well as enriching the living experience at the townships towards supporting a vibrant and bustling community. This is coupled with the Group’s continuous efforts to expand our landbank in the vicinity of these townships.

To strengthen our long term sustainability in the property development segment, the Group has also expanded its project profile to include more developments in Seremban, Kuala Lumpur and Australia, effectively widening our geographical footprint to capture more growth opportunities. Total ongoing developments stands at RM2.6 billion in gross development value as at 31 December 2019.

In terms of our foreign projects, the Group continues to make strides in Australia, following the success and commendable sales performance of its M.Carnegie boutique apartment project in Melbourne launched in 2016. In this regard, the Group has soft launched, in April, 2019, its second development in Melbourne, M.Greenvale, featuring 70 residential lots situated on a 9.7-acre land with GDV of RM79.0 million.

Underpinned by the successful expansions, we continue to reinforce our international reach towards strengthening our brand as a premier developer of choice. The Group also announced the ground breaking of the Islamic Financial Towers development in the up-and-coming suburb of Pantai Indah Kapuk 2 in Jakarta, Indonesia, undertaken together with Indonesian conglomerates Agung Sedayu Group and Salim Group, and investment banking firm PT Nikko Securitas Indonesia.

During the nine months ended 31 December 2019, the Group launched RM867.4 million worth of projects, comprising mainly of 2-storey terrace residences in Sendayan Development, in response to the strong market demand for our properties in Seremban.

For the remaining three months of the financial year ending 31 March 2020, the Group has lined-up close to RM255.7 million worth of new property launches, comprising mainly affordable and affordable-premium residential properties in Sendayan Development. Total launches for FY2020 is targeted at RM1.1 billion.

The Group looks forward to charting a stronger performance in FY2020, to be supported by our healthy lineup of launches and encouraging demand recorded for our ongoing developments as well as recent launches. Furthermore, with Bank Negara Malaysia reducing the overnight policy rate by 25 basis points in January 2020, the Group is expecting demand for residential properties to remain resilient going forward.

Despite the cautious sentiment of the property industry, the Group is optimistic of positive uptake of its properties due to the carefully tailored property launches aligned to the requirements of our target market.

B4. Profit guarantee or profit forecast

No profit guarantee or profit forecast has been issued by the Group previously in any public document.

B5. Taxation

	Current quarter ended 31.12.2019 RM’000	Cumulative period-to-date 31.12.2019 RM’000
Current tax expenses	27,289	67,697
Deferred tax income	(1,263)	(2,537)
	26,026	65,160

The Group’s effective tax rate of 26.7% for the financial quarter ended 31 December 2019 under review was higher than the statutory corporate tax rate of 24.0% as certain subsidiaries incurring losses during the financial year-to-date and non-deductible expenses for tax purposes.

B6. Status of corporate proposals

- (i) **Proposed acquisition of vacant agriculture land held under separate individual titles, located within Mukim Jimah, Daerah Port Dickson, Negeri Sembilan Darul Khusus by BSS Development Sdn Bhd (“Proposed PD Acquisition”)**

The Company had on 4 August 2017 announced that its wholly-owned subsidiary, BSS Development Sdn Bhd, had between the period of 28 June 2017 and 4 August 2017, entered into separate Sale and Purchase Agreements with individual land owners or their administrators to acquire 21 parcels of vacant agriculture land held under separate titles situated in Mukim Jimah, Daerah Port Dickson, Negeri Sembilan Darul Khusus measuring in total, approximately 53.43 hectares for an aggregate cash consideration of RM56,993,678.

On 19 October 2017, the Company had announced that BSS Development Sdn Bhd had further entered into separate Sales and Purchase Agreements for the acquisition of a further 10 parcels of vacant agriculture land under separate titles located within Mukim Jimah, Daerah Port Dickson, Negeri Sembilan Darul Khusus. Following thereto, the total aggregate parcels of lands to be acquired is 31 parcels measuring 76.57 hectares with an aggregate cash consideration of RM84,052,319.

Please refer to the Company’s announcement dated 4 August 2017 and 19 October 2017 for further information on the Proposed PD Acquisition.

- (ii) **Joint Venture Agreement between Matrix Concepts Holdings Berhad, PT Bangun Kosambi Sukses and PT Nikko Securitas Indonesia**

The Company had on 15 May 2018, announced that the Company had entered into a Memorandum of Understanding with PT Bangun Kosambi Sukses and PT Nikko Securitas Indonesia for the joint development of an Islamic Financial District in Pantai Indah Kapuk 2, Jakarta, Indonesia (“**MOU**”). The purpose of the MOU is to create a platform for the parties to commit their intention and to strengthen the mutual understanding to set up a collaboration for a proposed joint venture for the said development. It is anticipated that the definitive joint venture agreement will be executed within 6 months from the date of the MOU. In the event the parties are unable to execute the definitive joint venture agreement at the expiry of 6 months, the MOU shall be terminated by mutual consent of all parties.

Further to the above, the Company had on 2 October 2018, announced that it had entered into a Joint Venture Agreement (“**JVA**”) with PT Bangun Kosambi Sukses and PT Nikko Securitas Indonesia to jointly venture into the construction and development of an Islamic Financial District in Indonesia.

On 2 April 2019, the Company together with PT Bangun Kosambi Sukses and PT Nikko Securitas Indonesia had entered into a supplemental agreement to extend the period for the capital injection by the respective parties (“**Supplemental Agreement**”).

On 12 February 2020, the Company had announced that all parties to the JVA have completed their respective capital injection in respect of Phase 2 into the joint venture company. Following thereto, the financial obligations pursuant to the JVA have been fulfilled.

Please refer to the Company’s announcement dated 15 May 2018, 2 October 2018, 2 April 2019, 3 October 2019 and 12 February 2020 for further information on the MOU, JVA and Supplemental Agreement.

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- (iii) **Proposed acquisition of vacant agriculture and held under separate individual titles, located within Bandar Sri Sendayan, Negeri Sembilan Darul Khusus by Matrix Concepts (NS) Sdn Bhd (“MCNS”) (“Proposed BSS Acquisition”)**

The Company had on 22 November 2019 announced that MCNS, a wholly-owned subsidiary of Matrix Concepts has between the period of 28 September 2018 to 22 November 2019, entered into separate Sale and Purchase Agreements with the individual land owners or their Administrators to acquire 86 parcels of vacant agriculture land of various sizes held under separate land titles situated in Bandar Sri Sendayan, Negeri Sembilan Darul Khusus measuring altogether approximately 68.24 hectares for an aggregate cash consideration of approximately RM73.4 million.

Please refer to the Company’s announcements dated 22 November 2019 and 27 November 2019 for further information on the Proposed BSS Acquisition.

B7. Status of utilisation of proceeds raised

As mentioned in Note A5 above, the Company had raised an aggregate of approximately RM10,000 via the subscription of the following during the financial quarter ended 31 December 2019:

- (i) 5,208 new Matrix Concepts Shares pursuant to the exercise of Warrants, raising an aggregate of approximately RM10,000.

The Company has since fully utilised the proceeds raised as working capital.

B8. Group borrowings and debt securities

The Group’s borrowings as at 31 December 2019 are as follows:

	Unaudited as at 31.12.2019 RM’000
Short term borrowings	
<u>Secured:</u>	
Term loans	27,339
Bank overdrafts	45,806
	<u>73,145</u>
<u>Unsecured:</u>	
Commercial papers	50,000
Medium term notes	40,000
	<u>90,000</u>
Total short-term borrowings	<u>163,145</u>
Long term borrowings	
<u>Secured:</u>	
Term loans	81,335
<u>Unsecured:</u>	
Medium term notes	100,000
Total long-term borrowings	<u>181,335</u>
Total Borrowings	<u>344,480</u>

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The Group’s borrowings are denominated in Malaysian Ringgit and Australian Dollar, the breakdown of which is as follows:

	Unaudited
	as at
	31.12.2019
	RM’000
Malaysian Ringgit	335,870
Australian Dollar	8,610
Total	<u>344,480</u>

B9. Changes in Material Litigation

There was no material litigation involving the Group as at the date of this report.

B10. Dividends

The Board of Directors of the Company has on 20 February 2020, declared a third interim single tier dividend of 3.00 sen per Matrix Concepts Share held for the financial year ending 31 March 2020, to be paid on 15 April 2020 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 27 March 2020.

On 8 January 2020, a second interim single tier dividend of 3.00 sen per Matrix Concepts Share for the financial year ended 31 March 2020 was paid to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 20 December 2019.

B11. Earnings Per Share

(i) Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to equity holders of the Company and divided by the weighted average number of ordinary shares in issue during the period under review.

	Current Quarter Ended		Cumulative Period-To-Date	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Profit attributable to equity holders of the Company (RM’000)	65,332	48,605	178,721	151,700
Weighted average number of ordinary shares (‘000)	822,806	752,803	795,721	752,457
Earnings per share (sen)	7.94	6.46	22.46	20.16

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(ii) Diluted earnings per share

The calculation of diluted earnings per share was based on the profit attributable to equity holders of the Company and divided by the weighted average number of ordinary shares that would have been in issue upon full exercise of the Warrants in issue, adjusted for the number of such shares that would have been issued at fair value during the period under review.

	Current Quarter Ended		Cumulative Period-To-Date	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Profit attributable to equity holders of the Company (RM'000)	65,332	48,605	178,721	151,700
Weighted average number of ordinary shares for the quarter ended 31 December 2019 ('000)	822,806	752,803	795,721	752,457
Effect of potential exercise of Warrants ('000)	-	2,197	-	2,197
Weighted enlarged average number of ordinary shares ('000)	822,806	755,000	795,721	754,654
Diluted earnings per share(sen)	7.94	6.44	22.46	20.10

The diluted earnings per share is equal to basic earnings per share for the financial period ended 31 December 2019 as there is anti-dilutive effect arising from the assumed conversion of Warrants.

B12. Notes to the Statement of Comprehensive Income

	Current Quarter Ended		Cumulative Period-To-Date	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Included in the profit for the period are:				
- Interest income	(1,756)	(1,265)	(4,778)	(4,164)
- Other income including investment income	(782)	(1,237)	(2,760)	(2,242)
- Interest expenses	494	779	1,424	2,696
- Depreciation of property, plant and equipment	2,682	2,792	7,897	7,745
- Receivables written off	-	-	-	-
- Inventories written off	-	-	-	-
- Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
- Impairment of assets	-	-	-	-
- Realised gain/(loss) on foreign exchange	-	-	-	(43)
- Realised gain/(loss) on derivatives	-	-	-	-
- (Reversal of)/allowance for expected credit losses on receivables	-	-	-	(351)
- Rental income on properties	(487)	(173)	(1,267)	(380)

There were no exceptional items for the current quarter under review.

B13. Auditors' report

The auditors' report for the preceding audited financial statements was not subject to any qualification.

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B14. Authority For Issue

The interim financial statements were reviewed by the Audit Committee of the Company and duly authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 20 February 2020.

By order of the Board of Directors

Ho Kong Soon
Group Managing Director

Date: 20 February 2020