

MATRIX CONCEPTS HOLDINGS BERHAD
(Incorporated in Malaysia-Co. No. 199601042262)
**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited INDIVIDUAL QUARTER (4TH QUARTER)				Unaudited Audited CUMULATIVE PERIOD			
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CHANGES		CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE	CHANGES	
	31 March 2020	31 March 2019	Amount	%	31 March 2020	31 March 2019	Amount	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	472,143	278,945	193,198	69.3	1,282,335	1,045,531	236,804	22.6
Cost of Sales	(302,850)	(132,668)	(170,182)	128.3	(692,370)	(523,314)	(169,056)	32.3
Gross Profit	169,293	146,277	23,016	15.7	589,965	522,217	67,748	13.0
Other Income	811	6,047	(5,236)	(86.6)	9,616	15,883	(6,267)	(39.5)
Selling and Marketing Expense:	(47,478)	(38,040)	(9,438)	24.8	(122,780)	(83,431)	(39,349)	47.2
Administrative and general expenses	(26,921)	(31,769)	4,848	(15.3)	(135,791)	(153,606)	17,815	(11.6)
Operating Profit	95,705	82,515	13,190	16.0	341,010	301,063	39,947	13.3
Finance Costs	(483)	971	(1,454)	(149.7)	(1,907)	(3,296)	1,389	(42.1)
Profit Before Taxation	95,222	83,486	11,736	14.1	339,103	297,767	41,336	13.9
Income Tax Expenses	(42,307)	(17,621)	(24,686)	140.1	(107,467)	(79,538)	(27,929)	35.1
Profit After Taxation	52,915	65,865	(12,950)	(19.7)	231,636	218,229	13,407	6.1
Other Comprehensive Income								
- Foreign Currency Translation Differences	(8,077)	(855)	(7,222)	844.7	(7,530)	(3,435)	(4,095)	119.2
Total Comprehensive Income For The Period	44,838	65,010	(20,172)	(31.0)	224,106	214,794	9,312	4.3
Profit After Taxation attributable to :								
Equity Holders of the Company	55,579	65,865	(10,286)	(15.6)	234,300	218,389	15,911	7.3
Non-controlling Interest	(2,664)	-	(2,664)	-	(2,664)	(160)	(2,504)	-
	52,915	65,865	(12,950)	(19.7)	231,636	218,229	13,407	6.1
Total Comprehensive Income attributable to :								
Equity Holders of the Company	47,502	65,010	(17,508)	(26.9)	226,770	214,954	11,816	5.5
Non-controlling Interest	(2,664)	-	(2,664)	-	(2,664)	(160)	(2,504)	-
	44,838	65,010	(20,172)	(31.0)	224,106	214,794	9,312	4.3
Earnings Per Share Attributable To								
Equity Holders Of The Company								
- Basic (sen)	6.74	8.75	(2.01)	(23.0)	29.18	29.02	0.16	0.5
- Diluted (sen)	6.74	8.73	(2.00)	(22.9)	29.18	28.96	0.22	0.7

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 March 2020 RM'000	(AUDITED) As at 31 March 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	248,570	256,168
Right-of-use assets	892	-
Investment properties	152	243
Investment in joint venture company	130,500	-
Inventories	766,666	454,128
Deferred tax assets	19,355	25,702
Goodwill arising on consolidation	*	*
	1,166,135	736,241
Current assets		
Inventories	581,996	671,435
Trade and other receivables	372,839	425,046
Deposits, cash and bank balance	281,340	264,210
	1,236,175	1,360,691
TOTAL ASSETS	2,402,310	2,096,932
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	961,280	800,220
Translation reserves	(14,072)	(6,542)
Retained profits	667,770	533,437
	1,614,978	1,327,115
Non-controlling interest	(1,833)	831
TOTAL EQUITY	1,613,145	1,327,946
Non-current liabilities		
Borrowings	263,432	200,166
Lease liabilities	188	-
	263,620	200,166
Current liabilities		
Trade and other payables	337,642	359,048
Borrowings	135,042	161,809
Lease liabilities	334	328
Dividend payable	25,026	22,584
Current tax liabilities	27,501	25,051
	525,545	568,820
TOTAL LIABILITIES	789,165	768,986
TOTAL EQUITY AND LIABILITIES	2,402,310	2,096,932
Net Assets Per Share (RM) (Note 2)	1.93	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 834,214,272 (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 Option RM'000	Translation Reserves RM'000	Retained Profits RM'000	Attributable To Owner of The Company RM'000	Non-Controlling Interest RM'000	Total RM'000
<u>12 months ended 31 March 2019 (Audited)</u>							
As at 1 April 2018	796,217	6,489	(3,107)	406,892	1,206,491	501	1,206,992
Profit after taxation for the financial year	-	-	-	218,389	218,389	(160)	218,229
Other comprehensive income for the period - Foreign currency translation differences	-	-	(3,435)	-	(3,435)	-	(3,435)
Total comprehensive income for the financial year	-	-	(3,435)	218,389	214,954	(160)	214,794
Contribution by and distribution to owners of the Company							
- Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	-	490	490
- Dividends	-	-	-	(97,850)	(97,850)	-	(97,850)
- Exercise of ESOS	3,187	(483)	-	-	2,704	-	2,704
- ESOS lapsed/forfeited	-	(6,006)	-	6,006	-	-	-
- Exercise of Warrants	816	-	-	-	816	-	816
Total transactions with owners	4,003	(6,489)	-	(91,844)	(94,330)	490	(93,840)
As at 31 March 2019	800,220	-	(6,542)	533,437	1,327,115	831	1,327,946
<u>12 months ended 31 March 2020 (Unaudited)</u>							
As at 1 April 2019	800,220	-	(6,542)	533,437	1,327,115	831	1,327,946
Profit after taxation for the financial year	-	-	-	234,300	234,300	(2,664)	231,636
Other comprehensive income for the period - Foreign currency translation differences	-	-	(7,530)	-	(7,530)	-	(7,530)
Total comprehensive income for the financial year	-	-	(7,530)	234,300	226,770	(2,664)	224,106
Contribution by and distribution to owners of the Company							
- Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	-	*	-
- Dividends	-	-	-	(99,967)	(99,967)	-	(99,967)
- Exercise of Warrants	21,897	-	-	-	21,897	-	21,897
- Private Placement	139,163	-	-	-	139,163	-	139,163
Total transactions with owners	161,060	-	-	(99,967)	61,093	-	61,093
As at 31 March 2020	961,280	-	(14,072)	667,770	1,614,978	(1,833)	1,613,145

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 FINANCIAL YEAR ENDED 31 March 2020 RM'000	(Audited) FOR THE FINANCIAL YEAR ENDED 31 March 2019 RM'000
Cash Flow From Operating Activities		
Profit before income tax	339,103	297,767
Adjustments for :-		
Depreciation of property, plant and equipment	10,715	10,539
Depreciation of investment property	5	7
Impairment loss on asset	2,878	-
Interest expenses	1,907	5,595
Interest income	(5,493)	(6,383)
Gain on disposal of investment property	(79)	(247)
Gain on disposal of property, plant and equipment	(12)	(221)
Operating profit before working capital changes	349,024	307,057
Increase in inventories	(203,746)	(89,124)
Decrease/(Increase) in receivables	52,207	(114,881)
(Decrease)/Increase in payables	(21,406)	63,042
Cash generated from operations	176,079	166,094
Interest received	5,493	5,611
Interest paid	(21,260)	(15,978)
Tax paid	(98,671)	(87,353)
Net cash generated from operating activities	61,641	68,374
Cash Flow From Investing Activities		
Placement of pledged deposits with licensed bank	(1,679)	(9,396)
Withdrawal of deposits with licensed bank more than 3 months	26,405	27,496
Investment in joint venture company	(130,500)	-
Purchase of property, plant and equipment	(6,887)	(32,117)
Proceed from disposal of investment property	166	587
Proceed from disposal of property, plant and equipment	12	677
Net cash used in investing activities	(112,483)	(12,753)
Cash Flow From Financing Activities		
Proceed from issuance of share	161,060	3,520
Increase in investment of non controlling interest in a subsidiary	*	490
Dividend paid	(97,524)	(101,546)
Drawdown of borrowings	128,000	109,909
Repayment of term loan	(69,862)	(71,368)
Repayment of lease liabilities	(328)	(319)
Net cash generated from/(used in) financing activities	121,346	(59,314)
Net changes in cash and cash equivalents	70,504	(3,693)
Effect of exchange rate fluctuations on cash held	(7,529)	(3,435)
Cash and cash equivalents at beginning of the year	180,267	187,395
Cash & cash equivalents at end of the year	243,242	180,267
Cash and cash equivalents comprise of :-		
Fixed deposit, cash and bank balance	281,340	264,210
Less : Fixed Deposit Pledged	(23,761)	(22,082)
Less : Fixed Deposit more than 3 months	-	(26,405)
	257,579	215,723
Bank overdrafts	(14,337)	(35,456)
	243,242	180,267

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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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 MFRS 16: Leases did not have any material impact and the Group has adopted “Modified Retrospective Approach.”

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 MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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A2. Seasonal or Cyclical Factors

The results for the current financial quarter ended 31 March 2020 under review and the financial year-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 March 2020 under review and the financial year-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 March 2020 under review and the financial year-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 March 2020 under review:

- (i) 11,399,577 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 RM939,393,105, comprising of 822,814,695 Matrix Concepts Shares to RM961,280,293 comprising of 834,214,272 Matrix Concepts Shares for the current financial quarter ended 31 March 2020 under review.

A6. Dividends Paid

During the financial quarter ended 31 March 2020 under review, the Company had closed its books for its third interim single tier dividend of 3.00 sen per Matrix Concepts Share for the financial year ended 31 March 2020. The third interim single tier dividend was 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.

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	1,244,448	-	-	-	-	1,244,448
Construction / Inter-segment sales	-	460,439	-	-	(460,439)	-
School fees	-	-	20,527	-	-	20,527
Clubhouse and hotel operator	-	-	-	17,360	-	17,360
Total	1,244,448	460,439	20,527	17,360	(460,439)	1,282,335
Other income						
Rental income	1,578	-	-	-	-	1,578
Others	5,860	1,454	645	79	-	8,038
Total	7,438	1,454	645	79	-	9,616
Results						
Segment results	318,905	31,665	(3,426)	3,402	(9,526)	341,010
Finance costs						(1,907)
Profit before tax						339,103
Taxation						(107,467)
Net profit for the year						231,636

For comparison purposes, the segment revenue and segment results for business segments for the corresponding FYE 31 March 2019 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	1,012,364	-	-	-	-	1,012,364
Construction / Inter-segment sales	-	374,677	-	-	(374,677)	-
School fees	-	-	19,821	-	-	19,821
Clubhouse and hotel operator	-	-	-	13,346	-	13,346
Total	1,012,364	374,677	19,821	13,346	(374,677)	1,045,531
Other income						
Rental income	977	12	-	-	-	989
Others	7,320	3,991	3,441	142	-	14,894
Total	8,297	4,003	3,441	142	-	15,883
Results						
Segment results	269,242	42,067	(8,541)	2,428	(4,133)	301,063
Finance costs						(3,296)
Profit before tax						297,767
Taxation						(79,538)
Net profit for the year						218,229

As the revenue of the Matrix Concepts Group for the FYE 31 March 2020 is solely derived from its operating activities in Malaysia, geographical segmentation is not prepared.

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 had reinstated the Home Ownership Campaign in June 2020 where developers providing at least a 10% discount for properties within the RM300,000 – RM2,500,000 price range will be matched with stamp duty exemptions. This move is to support homebuyers looking to purchase property in Malaysia.

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 foreign ownership threshold on high rise property prices in urban areas 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. Furthermore, from June 2020 till December 2021, the Government had announced RPGT exemptions for Malaysians disposing of up to three properties in Malaysia.

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

<https://www.thestar.com.my/business/business-news/2020/06/05/property-tax-exemption-for-malaysians-for-disposal-of-up-to-three-properties>

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(ii) Australian residential property sector

A year on from the clouds of uncertainty which welcomed 2019, the start of 2020 presents a much more positive outlook for Australia’s residential markets. Strong price growth has returned to Sydney and Melbourne and is expected to spread to more affordable markets, Brisbane in particular.

Apartment supply cycles in the major capitals are past their peak and vacancy levels are well controlled. With cost of debt low and lending volumes starting to turn, investors should gradually return. This should encourage well placed developers to begin marketing larger projects again so they are at the forefront of the next development cycle post 2021.

(Source: Australia Real Estate Market Outlook 2020, 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 March 2020 under review.

A10. Commitments

The commitments of the Company as at the end of the financial quarter ended 31 March 2020 under review and the financial year-to-date are as follows:

	Cumulative year-to-date 31.03.2020 RM’000
<hr/>	
Contracted but not provided for:	
- Land held for property development	214,599

A11. Material subsequent event

There were no material events subsequent to the end of the financial quarter ended 31 March 2020 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 March 2020 that have not been reflected in these interim financial statements.

A13. Changes in the Composition of the Group

There were no changes to the composition of the Group during the financial quarter ended 31 March 2020 under review.

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A14. Contingent Liabilities and Contingent Assets

The Group does not have any material contingent liabilities and contingent assets to be disclosed as at 31 March 2020.

A15. Significant Related Party Disclosures

Save as disclosed below, there were no other significant related party transactions during the financial quarter ended 31 March 2020 under review and the financial year-to-date:

	Current quarter ended 31.03.2020 RM'000	Cumulative year-to-date 31.03.2020 RM'000
Purchase of building materials from related parties	11,489	52,036
Agency fees and purchase of marketing material from related parties	-	255
Purchase of sundries from related parties	58	321
Rental payments made to related parties	77	307
Consultancy fees paid to related parties	322	1,435

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of Performance

	Current quarter ended 31.03.2020 RM'000	Corresponding quarter ended 31.03.2019 RM'000	Changes RM'000	%
Revenue	472,143	278,945	193,198	69.3
Gross profit	169,293	146,277	23,016	15.7
Profit before tax	95,222	83,486	11,736	14.1
Profit after tax	52,915	65,865	(12,950)	(19.7)

For the quarter ended 31 March 2020, the Group recorded revenue of RM472.1 million, an increase of RM193.2 million or 69.3% from RM278.9 million in the previous year’s corresponding quarter. The increase in revenue was attributed to the higher revenue recognition from the sales of Sendayan Development residential properties.

Meanwhile, revenue contribution from the Group's investment properties, comprising Matrix Global Schools, d'Tempat Country Club and d'Sora Business Boutique Hotel decreased slightly to RM8.9 million in the quarter under review from RM9.2 million in the previous corresponding quarter.

The Group's gross profit and profit before tax rose by 15.7% and 14.1% respectively. However, the Group’s profit margins for the quarter under review declined due to the product mix comprising more affordably-priced range residential properties, as compared to the previous corresponding quarter which consisted of a higher portion of commercial and industrial properties.

Profit after tax recorded for the quarter under review moderated by RM12.9 million or 19.7% to RM52.9 million from RM65.9 million previously. This was largely due to product mix coupled with increased income tax expenses recorded in the quarter under review, stemming from non-recognition of deferred tax assets for certain temporary differences and non-deductible expenses for tax purposes.

Backed by healthy number of new launches and commendable sales performance of above RM1.0 billion in the financial year ended 31 March 2020, the Group’s unbilled sales stood at RM1.0 billion as at 31 March 2020, to be recognized over the next 15 months.

B2. Comparison with preceding quarter’s results

	Current quarter ended 31.03.2020 RM'000	Preceding quarter ended 31.12.2019 RM'000	Changes RM'000	%
Revenue	472,143	278,962	193,181	69.3
Gross profit	169,293	155,776	13,517	8.7
Profit before tax	95,222	91,359	3,863	4.2
Profit after tax	52,915	65,332	(12,417)	(19.0)

For the fourth quarter ended 31 March 2020, the Group recorded revenue of RM472.1 million, an increase of 193.2 million or 69.3% from the preceding quarter ended 31 December 2019. The increase in revenue was due to higher revenue recognition from the Group’s sale of residential properties at Sendayan Development

The Group’s profit before tax stood at RM95.2 million compared to RM91.4 million in the preceding quarter, an increase of RM3.9 million or 4.2%. The weaker profit margins posted in the quarter under review was mainly due to the product mix comprising mainly residential properties, as compared to the preceding quarter which consisted of a higher portion of commercial and industrial properties.

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B3. Prospects

In light of the current Covid-19 pandemic, the Government of Malaysia had implemented a Movement Control Order in mid-March, which temporarily disrupted the Group’s business operations. In early-May, we were able to resume operations in compliance with the Ministry of International Trade and Industry guidelines. Matrix Concepts has taken comprehensive measures to protect the health and safety of its workers and also implemented virtual solutions to broaden our sales avenues.

The Group’s core objective remains on enhancing the revenue stream from its townships by capitalizing on the growing acceptance of its Sendayan Developments and Bandar Sri Impian (BSI) in Kluang, Johor. To this, the Group will continue improving available amenities and infrastructure as well as stimulate the communal living at the townships towards supporting a vibrant and bustling community. This is coupled with the Group’s continuing efforts of enlarging landbank around these townships to cater to future demand.

The Group has embarked on a steady diversification of its revenue stream beyond its traditional stronghold in Negeri Sembilan and Johor by expanding its domestic project portfolio to include developments in Klang Valley as well as internationally, in Melbourne, Australia and Jakarta, Indonesia. These efforts have effectively widened the Group’s geographical footprint to capture more growth opportunities. Total ongoing developments stands at RM2.4 billion in gross development value as at 31 March 2020.

Following its successful expansions outside Seremban, the Group continue to reinforce its international reach towards strengthening its brand as a premier developer. The Group continues to make strides in Australia, with M.Greenvale, which was soft launched in April 2019, featuring 79 residential lots situated on a 9.7-acre land with GDV of RM79.0 million. To date, the development has sold 34 units with GDV of RM34.1 million.

The Group had 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. Due to the ongoing Covid-19 situation in Jakarta, the completion of Menara Syariah is expected to be delayed by 6 months, subject to the health advisory and travel restrictions by the Indonesian authorities. Prior to the halt in operations, construction works at Menara Syariah was ahead of schedule with piling works completed.

During the twelve months ended 31 March 2020, the Group launched RM939.5 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 financial year ending 31 March 2021, the Group has lined up RM1,041.7 million worth of new property launches, comprising mainly affordable and affordable-premium residential properties in Sendayan Development.

Despite the cautious sentiment of the property industry, the Group is hopeful of sustaining positive uptake of its properties in FY2021, with encouraging demand recorded for our ongoing developments and the reimplementation of Home Ownership Campaign by the Housing and Local Government Ministry. Furthermore, with Bank Negara Malaysia reducing the overnight policy rate by 100 basis points since January 2020, the Group is expecting demand for residential properties to remain resilient going forward.

B4. Profit guarantee or profit forecast

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

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B5. Taxation

	Current quarter ended 31.03.2020 RM’000	Cumulative period-to-date 31.03.2020 RM’000
Current tax expenses	47,314	115,011
Under provision of income tax in prior years	3,103	3,103
Deferred tax income	(8,110)	(10,647)
	42,307	107,467

The Group’s effective tax rate of 31.7% for the financial year ended 31 March 2020 under review was higher than the statutory corporate tax rate of 24.0% due to the non-recognition of deferred tax assets for certain temporary differences 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.

On 27 February 2020, the Company had announced that the Proposed PD Acquisition is completed following the registration of the Memorandum of Transfer for all lands.

Please refer to the Company’s announcement dated 4 August 2017, 19 October 2017 and 27 February 2020 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.

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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 Sekuritas 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 Sekuritas 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.

(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.

The Company had on 26 February 2020 announced that MCNS has entered into separate Sale and Purchase Agreements with the individual land owners or their Administrators to acquire 84 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 67.94 hectares for an aggregate cash consideration of approximately RM73.1 million.

Please refer to the Company’s announcements dated 22 November 2019, 27 November 2019 and 26 February 2020 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 RM21.9 million via the subscription of 11,399,577 new Matrix Concepts Shares pursuant to the exercise of Warrants during the financial quarter ended 31 March 2020

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 March 2020 are as follows:

	Unaudited as at 31.03.2020 RM’000
Short term borrowings	
<u>Secured:</u>	
Term loans	30,705
Bank overdrafts	14,337
	<hr/> 45,042 <hr/>

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	Unaudited as at 31.03.2020
<u>Unsecured:</u>	
Commercial papers	50,000
Medium term notes	40,000
	<u>90,000</u>
Total short-term borrowings	<u>135,042</u>
Long term borrowings	
<u>Secured:</u>	
Term loans	113,432
<u>Unsecured:</u>	
Medium term notes	150,000
	<u>263,432</u>
Total long-term borrowings	<u>263,432</u>
Total Borrowings	<u>398,474</u>

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

	Unaudited as at 31.03.2020 RM’000
Malaysian Ringgit	390,524
Australian Dollar	7,950
Total	<u>398,474</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 9 July, 2020, declared a fourth interim single tier dividend of 2.50 sen per Matrix Concepts Share held for the financial year ending 31 March 2020, to be paid on 7 August 2020 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 24 July 2020.

On 15 April 2020, a third 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 27 March 2020.

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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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit attributable to equity holders of the Company (RM'000)	55,579	65,865	234,300	218,389
Weighted average number of ordinary shares ('000)	825,189	752,804	803,048	752,554
Earnings per share (sen)	6.74	8.75	29.18	29.02

(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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit attributable to equity holders of the Company (RM'000)	55,579	65,865	234,300	218,389
Weighted average number of ordinary shares for the quarter ended 31 March 2020 ('000)	825,189	752,804	803,048	752,554
Effect of potential exercise of Warrants ('000)	-	1,623	-	1,623
Weighted enlarged average number of ordinary shares ('000)	825,189	754,427	803,048	754,177
Diluted earnings per share(sen)	6.74	8.73	29.18	28.96

The diluted earnings per share is equal to basic earnings per share for the financial year ended 31 March 2020 as there is anti-dilutive effect arising from the assumed conversion of Warrants.

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B12. Notes to the Statement of Comprehensive Income

	Current Quarter Ended		Cumulative Period-To-Date	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Included in the profit for the period are:				
- Interest income	(715)	(1,358)	(5,493)	(6,383)
- Other income including investment income	215	(4,220)	(2,545)	(8,511)
- Interest expenses	483	(971)	1,907	3,296
- Depreciation of property, plant and equipment	2,818	2,721	10,715	10,539
- Receivables written off	-	-	-	-
- Inventories written off	-	-	-	-
- Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
- Impairment of assets	2,878	-	2,878	-
- Realised gain/(loss) on foreign exchange	-	-	-	43
- Realised gain/(loss) on derivatives	-	-	-	-
- (Reversal of)/allowance for expected credit losses on receivables	-	-	-	-
- Rental income on properties	(311)	(469)	(1,578)	(989)

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.

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 9 July 2020.

By order of the Board of Directors

Ho Kong Soon
Group Managing Director

Date: 9 July 2020