

MATRIX CONCEPTS HOLDINGS BERHAD
(Incorporated in Malaysia-Co. No. 199601042262)
**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited INDIVIDUAL QUARTER (2ND QUARTER)				Unaudited CUMULATIVE PERIOD			
	CURRENT YEAR QUARTER 30 September 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 September 2019 RM'000	CHANGES		CURRENT YEAR TO DATE 30 September 2020 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 30 September 2019 RM'000	CHANGES	
			Amount RM'000	%			Amount RM'000	%
Revenue	262,012	282,728	(20,716)	(7.3)	424,036	531,230	(107,194)	(20.2)
Cost of Sales	(118,492)	(143,790)	25,298	(17.6)	(195,478)	(266,334)	70,856	(26.6)
Gross Profit	143,520	138,938	4,582	3.3	228,558	264,896	(36,338)	(13.7)
Other Income	2,536	2,477	59	2.4	4,470	5,780	(1,310)	(22.7)
Selling and Marketing Expense:	(15,943)	(31,285)	15,342	(49.0)	(34,124)	(54,372)	20,248	(37.2)
Administrative and general expenses	(27,469)	(30,770)	3,301	(10.7)	(53,382)	(62,852)	9,470	(15.1)
Operating Profit	102,644	79,360	23,284	29.3	145,522	153,452	(7,930)	(5.2)
Finance Costs	(40)	100	(140)	(139.9)	(190)	(930)	740	(79.6)
Profit Before Taxation	102,604	79,460	23,144	29.1	145,332	152,522	(7,190)	(4.7)
Income Tax Expenses	(29,126)	(20,720)	(8,406)	40.6	(41,953)	(39,133)	(2,820)	7.2
Profit After Taxation	73,478	58,740	14,738	25.1	103,379	113,389	(10,010)	(8.8)
Other Comprehensive Income								
- Foreign Currency Translation Differences	(8,817)	26	(8,843)	(34,011.5)	18,148	493	17,655	3,581.1
Total Comprehensive Income For The Period	64,661	58,766	5,895	10.0	121,527	113,882	7,645	6.7
Profit After Taxation attributable to :								
Equity Holders of the Company	75,063	58,740	16,323	27.8	106,118	113,389	(7,271)	(6.4)
Non-controlling Interest	(1,585)	-	(1,585)	-	(2,739)	-	(2,739)	-
	73,478	58,740	14,738	25.1	103,379	113,389	(10,010)	(8.8)
Total Comprehensive Income attributable to :								
Equity Holders of the Company	66,246	58,766	7,480	12.7	124,266	113,882	10,384	9.1
Non-controlling Interest	(1,585)	-	(1,585)	-	(2,739)	-	(2,739)	-
	64,661	58,766	5,895	10.0	121,527	113,882	7,645	6.7
Earnings Per Share Attributable To Equity Holders Of The Company								
- Basic (sen)	9.00	7.39	1.61	21.7	12.72	12.81	(0.09)	(0.7)
- Diluted (sen)	9.00	7.39	1.61	21.7	12.72	12.81	(0.09)	(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 2020 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 30 September 2020 RM'000	(AUDITED) As at 31 March 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	244,943	248,680
Right-of-use assets	2,880	3,032
Investment properties	134	152
Investment in joint venture company	125,571	118,687
Inventories	666,772	661,836
Other receivables, deposits and prepayments	40,496	34,880
Deferred tax assets	37,734	36,045
Goodwill arising on consolidation	*	*
	1,118,530	1,103,312
Current assets		
Inventories	761,826	624,102
Trade and other receivables	340,860	533,031
Deposits, cash and bank balance	261,305	316,111
	1,363,991	1,473,244
TOTAL ASSETS	2,482,521	2,576,556
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	961,315	961,280
Translation reserves	(8,859)	(27,007)
Retained profits	739,434	670,857
	1,691,890	1,605,130
Non-controlling interest	(4,841)	(2,102)
TOTAL EQUITY	1,687,049	1,603,028
Non-current liabilities		
Borrowings	227,517	239,420
Lease liabilities	1,683	1,682
Other payables, deposits, accruals and provision	19,091	17,582
	248,291	258,684
Current liabilities		
Trade and other payables	344,926	459,502
Borrowings	142,581	188,140
Lease liabilities	963	1,152
Dividend payable	16,685	25,026
Current tax liabilities	42,026	41,024
	547,181	714,844
TOTAL LIABILITIES	795,472	973,528
TOTAL EQUITY AND LIABILITIES	2,482,521	2,576,556
Net Assets Per Share (RM) (Note 2)	2.02	1.92

Notes:

* Represents RM1.00.

1. 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 2020 and the accompanying explanatory notes attached to this interim financial statements.
2. Based on the issued and paid-up share of 834,232,356 (FYE2020: 834,214,272) ordinary share in Matrix ("shares")

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital 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>6 months ended 30 September 2019 (Unaudited)</u>						
As at 1 April 2019	800,220	(6,542)	533,436	1,327,114	831	1,327,945
Profit after taxation for the period	-	-	113,389	113,389	-	113,389
Other comprehensive income for the period - Foreign currency translation differences	-	493	-	493	-	493
Total comprehensive income for the period	-	493	113,389	113,882	-	113,882
Contribution by and distribution to owners of the Company						
- Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	*	-
- Dividends	-	-	(50,256)	(50,256)	-	(50,256)
- Exercise of Warrants	-	-	-	-	-	-
- Private Placement	139,163	-	-	139,163	-	139,163
Total transactions with owners	139,163	-	(50,256)	88,907	-	88,907
As at 30 September 2019	939,383	(6,049)	596,569	1,529,903	831	1,530,734

6 months ended 30 September 2020 (Unaudited)

As at 1 April 2020	961,280	(27,007)	670,857	1,605,130	(2,102)	1,603,028
Profit after taxation for the period	-	-	106,118	106,118	(2,739)	103,379
Other comprehensive income for the period - Foreign currency translation differences	-	18,148	-	18,148	-	18,148
Total comprehensive income for the period	-	18,148	106,118	124,266	(2,739)	121,527
Contribution by and distribution to owners of the Company						
- Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	-	-
- Dividends	-	-	(37,541)	(37,541)	-	(37,541)
- Exercise of Warrants	35	-	-	35	-	35
- Private Placement	-	-	-	-	-	-
Total transactions with owners	35	-	(37,541)	(37,506)	-	(37,506)
As at 30 September 2020	961,315	(8,859)	739,434	1,691,890	(4,841)	1,687,049

Notes:

* Represents RM300.00.

2. The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 March 2020

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) FOR THE FINANCIAL PERIOD ENDED 30 September 2020 RM'000	(Unaudited) FOR THE FINANCIAL PERIOD ENDED 30 September 2019 RM'000
Cash Flow From Operating Activities		
Profit before income tax	145,332	152,522
Adjustments for :-		
Depreciation of property, plant and equipment and right of use assets	5,651	5,211
Depreciation of investment property	2	4
Interest expenses	3,255	930
Interest income	(2,114)	(3,022)
Gain on disposal of investment property	(17)	(16)
Gain on disposal of property, plant and equipment	-	-
Operating profit before working capital changes	152,109	155,629
Increase in inventories	(136,566)	(170,002)
Decrease/(Increase) in receivables	186,555	87,784
(Decrease)/Increase in payables	(114,576)	52,917
Cash generated from operations	87,522	126,327
Interest received	2,114	3,022
Interest paid	(9,350)	(7,623)
Tax paid	(42,640)	(30,846)
Net cash (used)/generated from operating activities	37,646	90,880
Cash Flow From Investing Activities		
Placement of pledged deposits with licensed bank	(244)	(1,679)
Withdrawal of deposits with licensed bank more than 3 months	7,117	26,405
Investment in joint venture company	-	(116,580)
Purchase of property, plant and equipment	(1,763)	(5,293)
Proceed from disposal of investment property	33	-
Proceed from disposal of property, plant and equipment	-	16
Net cash used in investing activities	5,143	(97,131)
Cash Flow From Financing Activities		
Proceed from issuance of share	35	139,163
Advance from non-controlling interest shareholders	1,510	-
Dividend paid	(45,882)	(48,156)
Drawdown of borrowings	6,302	-
Repayment of term loan	(31,022)	(58,729)
Repayment of lease liabilities	(188)	(163)
Net cash (used in)/generated from financing activities	(69,245)	32,115
Net changes in cash and cash equivalents	(26,456)	25,864
Effect of exchange rate fluctuations on cash held	11,264	493
Cash and cash equivalents at beginning of the year	241,462	180,267
Cash & cash equivalents at end of the period	226,270	206,624
Cash and cash equivalents comprise of :-		
Fixed deposit, cash and bank balance	261,305	259,851
Less : Fixed Deposit Pledged	(24,556)	(23,762)
	236,749	236,089
Bank overdrafts	(10,479)	(29,465)
	226,270	206,624

Note:

- 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 2020 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 financial year ended (“**FYE**”) 31 March 2020 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 FYE 31 March 2020.

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 FYE 31 March 2020.

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 30 September 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 30 September 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 30 September 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 30 September 2020 under review:

- (i) 18,084 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 RM961,280,293, comprising of 834,214,272 Matrix Concepts Shares to RM961,315,014 comprising of 834,232,356 Matrix Concepts Shares for the current financial quarter ended 30 September 2020 under review.

A6. Dividends Paid

During the financial quarter ended 30 September 2020 under review, the Company had closed its books for its first interim single tier dividend of 2.00 sen per Matrix Concepts Share for the FYE 31 March 2021. The first interim single tier dividend was paid on 8 October 2020 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 24 September 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	409,549	-	-	-	-	409,549
Construction / Inter-segment sales	-	201,390	-	-	(201,390)	-
School fees	-	-	6,456	-	-	6,456
Clubhouse and hotel operator	-	-	-	8,031	-	8,031
Total	409,549	201,390	6,456	8,031	(201,390)	424,036
Other income						
Rental income	866	18	67	-	-	951
Others	2,518	247	138	616	-	3,519
Total	3,384	265	205	616	-	4,470
Results						
Segment results	115,634	31,751	(3,738)	2,703	(828)	145,522
Finance costs						(190)
Profit before tax						145,332
Taxation						(41,953)
Net profit for the period						103,379

For comparison purposes, the segment revenue and segment results for business segments for the corresponding FPE 30 September 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	511,767	-	-	-	-	511,767
Construction / Inter-segment sales	-	220,911	-	-	(220,911)	-
School fees	-	-	10,757	-	-	10,757
Clubhouse and hotel operator	-	-	-	8,706	-	8,706
Total	511,767	220,911	10,757	8,706	(220,911)	531,230
Other income						
Rental income	774	-	-	-	-	774
Others	4,454	261	264	27	-	5,006
Total	5,228	261	264	27	-	5,780
Results						
Segment results	139,672	14,352	(1,524)	1,382	(430)	153,452
Finance costs						(930)
Profit before tax						152,522
Taxation						(39,133)
Net profit for the year						113,389

As the revenue of the Matrix Concepts Group for the FPE 30 September 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.

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Malaysian real estate industry expects a strong market rebound in 2022 after prolonged sluggish growth in 2020 and 2021, according to Juvai IQI’s research. According to its “Property Survey and Index Q3 2020” research report which was released in September 2020, the research company sees the National Price Expectations Index remains its downwards trend with a 4.8% fall over the next 12 months, before climbing again to post a cumulative growth rate of 10.6% over the next two years.

The states with the strongest forecast growth over the next two years are Penang and Perak, with price growth of 15.9% and 14.3% respectively. Kuala Lumpur and Selangor have the lowest forecast price growth over the next two years with a lower but still impressive rate of 8.5%. Meanwhile, the industry outlook is for rental rates to follow a similar trajectory as residential prices, by first falling substantially before recovering strongly. However, in the case of rental rates, the swings look less extreme.

(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>

<https://www.edgeprop.my/content/1751070/malaysia-property-market-will-rebound-2021-research>

(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 30 September 2020 under review.

A10. Commitments

The commitments of the Company as at the end of the financial quarter ended 30 September 2020 under review and the financial year-to-date are as follows:

	Cumulative year-to-date 30.09.2020 RM’000
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Contracted but not provided for:	
- Land held for property development	211,846

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A11. Material subsequent event

There were no material events subsequent to the end of the financial quarter ended 30 September 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 30 September 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 30 September 2020 under review.

A14. Contingent Liabilities and Contingent Assets

The Group does not have any material contingent liabilities and contingent assets to be disclosed as at 30 September 2020.

A15. Significant Related Party Disclosures

Save as disclosed below, there were no other significant related party transactions during the financial quarter ended 30 September 2020 under review and the financial year-to-date:

	Current quarter ended 30.09.2020 RM'000	Cumulative year-to-date 30.09.2020 RM'000
Purchase of building materials from related parties	13,010	20,055
Agency fees and purchase of marketing material from related parties	42	173
Purchase of sundries from related parties	87	104
Rental payments made to related parties	77	152
Consultancy fees paid to related parties	359	717

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of Performance

	Current quarter ended 30.09.2020 RM'000	Corresponding quarter ended 30.09.2019 RM'000	Changes RM'000	%
Revenue	262,012	282,728	(20,716)	(7.3)
Gross profit	143,520	138,938	4,582	3.3
Profit before tax	102,604	79,460	23,144	29.1
Profit after tax	73,478	58,740	14,738	25.1

For the second quarter ended 30 September 2020, the Group recorded revenue of RM262.0 million, a decrease of 7.3% from RM282.7 million reported in the previous year’s corresponding quarter. The decrease in revenue was mainly attributed to slower revenue recognition from our property development segment during the Recovery Movement Control Order (“**RMCO**”) period implemented since 10th June 2020, as businesses enter a recovery phase subsequent to the previously imposed Movement Control Order (“**MCO**”) and Conditional Movement Control Order (“**CMCO**”). The Government mandated restrictions resulted in temporary disruptions to construction activity at our development projects, and delays to new product launches.

Following the introduction of the RMCO, the Group had focused on expediting construction activity to regain lost productivity on our development schedule. This allowed the Group to record robust revenue contribution of RM254.3 million from the property development segment, a decline of 6.9% from RM273.2 million in the previous quarter, as it restores performance close to pre-pandemic levels.

Sales and marketing activities remained active as the Group recorded new property sales of RM251.8 million during the quarter, aided by virtual communication tools as well as online sales and marketing channels, effectively overcoming numerous restrictions on physical sales and marketing activities.

Revenue contribution from the Group's investment properties, comprising Matrix Global Schools, d'Tempat Country Club and d'Sora Business Boutique Hotel declined by RM1.8 million in the quarter under review to RM7.8 million from RM9.5 million in the previous corresponding quarter.

Notwithstanding the decreased revenue, the Group’s profit after tax increased to RM73.5 million for the quarter under review, up 25.1% from RM58.7 million previously. The enhanced performance was largely contributed by the property development segment which saw favourable product mix. Profit after tax was further boosted by lower selling and marketing expenses as the Group enjoyed cost savings from moving the majority of the selling and marketing activities online, and the absence of physical marketing events in compliance with RMCO Standard Operating Procedures (SOPs), as well as reduced direct selling and distribution expenses

Driven by the commendable sales performance of above RM1.0 billion in the financial year ended 31 March 2020, the Group launched 3 new development projects with a combined GDV of RM353.2 million during the six months ended 30 September 2020 with 80.7% take-up rate so far. In addition, the Group’s unbilled sales of RM1.1 billion as at 30 September 2020, will provide earnings visibility over the next 15 months.

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B2. Comparison with preceding quarter’s results

	Current quarter ended 30.09.2020 RM’000	Preceding quarter ended 30.06.2020 RM’000	Changes RM’000	%
Revenue	262,012	162,024	99,988	61.7
Gross profit	143,520	85,038	58,482	68.8
Profit before tax	102,604	42,728	59,876	140.1
Profit after tax	73,478	29,901	43,577	145.7

The Group recorded revenue of RM262.0 million for the second quarter ended 30 September 2020, increasing 61.7% from RM162.0 million in the preceding quarter ended 30 June 2020. The revenue growth was attributable to the recovery of the Group’s operations during the RMCO after the upliftment of the MCO and CMCO, as construction schedule gradually return to normalcy, while sales and marketing activities shifted its focus towards greater online presence and engagement.

In the preceding quarter, the Group’s operations were impacted as construction activities were halted during the MCO period, and subsequent challenges to comply with Covid-19 SOPs before the eventual return to full operations.

The Group’s profit before tax stood at RM102.6 million, up 140.1% compared to RM42.7 million in the preceding quarter, while profit after tax also rose 145.7% to RM73.5 million from RM29.9 million in the preceding quarter. The enhanced performance was a result of higher revenue recognition and favourable product mix mainly from Sendayan Developments, as well as reduction in selling and marketing expenses.

B3. Prospects

As the Covid-19 pandemic continues to pose uncertainties and disruptions across many sectors, Matrix Concepts implemented comprehensive measures to adapt to the ‘new normal’ in the operating environment since the initial MCO period in early-2020. Our efforts included the use of more virtual solutions across our operations to ensure business continuity and operational uptime amidst an uncertain external environment. We also broadened our sales channels through the use of digital solutions including social media platforms to reach more potential customers, offering convenience in the entire process of purchasing a property.

The initiatives undertaken had led to positive achievements as the Group attained healthy financial performance for the first half ended 30 September 2020, and recorded significant number of new property sales. The Group would continue to assess our sales and marketing strategies to maintain consistent sales performance, in addition to targeting to achieve higher efficiency in our construction operations.

Going forward, our core objective remains focused on improving our township developments of Sendayan Development, comprising Bandar Sri Sendayan, Ara Sendayan and Tiara Sendayan in Negeri Sembilan, and Bandar Seri Impian (BSI) in Kluang, Johor. This includes improvement to amenities and infrastructure to support better and more vibrant community living, as well as landbanking efforts to cater to the greater demand for our properties.

To continuously enhance our long-term sustainability and brand visibility in the property development segment, the Group has embarked on a steady diversification of its revenue stream beyond 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 widened the Group’s geographical footprint to capture more growth opportunities. Total gross development value (GDV) for ongoing developments in Malaysia stood at RM2.35 billion while international projects amounted to RM1.08 billion as at 30 September 2020.

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Following the successful expansions outside Seremban, the Group continues to reinforce its international reach and further strengthen its brand as a premier developer. The Group’s second development in Australia – M. Greenvale in Melbourne, featuring residential lots situated on a 9.7-acre land with GDV of RM79.0 million, has recorded take up of 62.0% as at 30 September 2020.

In the international markets, the Group had also, on 8 December 2019 announced the groundbreaking of the Islamic Financial Towers development in Pantai Indah Kapuk 2 in Jakarta, Indonesia, undertaken together with Indonesian conglomerates Agung Sedayu Group and Salim Group. Due to the Covid-19 situation in Jakarta, the completion of Menara Syariah is expected to take longer than expected. The joint venture company undertaking the development, PT Fin Centerindo Satu, has a healthy financial position with no borrowings.

In response to the positive market demand for our properties in Sendayan Developments, Seremban, the Group launched RM353.2 million worth of projects during the six months ended 30 September 2020, which have garnered a take-up rate of 80.7% for the same period. For the remaining six months of the financial year ending 31 March 2021, the Group has lined-up an additional RM750 million worth of new property launches, comprising mainly affordable and affordable-premium residential properties in Sendayan Developments.

Despite the cautious sentiment of the property industry, the Group’s commendable 1H21 performance represents a positive signal towards a return to pre-pandemic operations level and drives the optimism towards sustaining positive uptake of our products in FY2021. We adopt a cautiously optimistic outlook, backed by encouraging demand recorded for our ongoing developments, the reimplementation of Home Ownership Campaign by the Housing and Local Government Ministry, and Bank Negara Malaysia’s announcement on reducing the overnight policy rate by 125 basis points to date since January 2020.

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 30.09.2020 RM’000	Cumulative period-to-date 30.09.2020 RM’000
Current tax expenses	29,254	43,641
Under provision of income tax in prior years	-	-
Deferred tax income	(128)	(1,688)
	29,126	41,953

The Group’s effective tax rate of 28.9% for the financial period ended 30 September 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.

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B6. Status of corporate proposals

- (i) **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 RM35,000 via the subscription of the following during the financial quarter ended 30 September 2020:

- (i) 18,084 new Matrix Concepts Shares pursuant to the exercise of Warrants, raising an aggregate of approximately RM35,000.

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

B8. Group borrowings and debt securities

The Group's borrowings as at 30 September 2020 are as follows:

	Unaudited as at 30.09.2020 RM'000
Short term borrowings	
<u>Secured:</u>	
Term loans	42,102
Bank overdrafts	10,479
	<hr/> 52,581 <hr/>
<u>Unsecured:</u>	
Commercial papers	50,000
Medium term notes	40,000
	<hr/> 90,000 <hr/>
Total short-term borrowings	<hr/> 142,581 <hr/>

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	Unaudited as at 30.09.2020
Long term borrowings	
<u>Secured:</u>	
Term loans	97,517
<u>Unsecured:</u>	
Medium term notes	130,000
Total long-term borrowings	227,517
Total Borrowings	370,098

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

	Unaudited as at 30.09.2020 RM’000
Malaysian Ringgit	361,224
Australian Dollar	8,874
Total	370,098

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 18 November 2020, declared a second interim single tier dividend of 3.00 sen per Matrix Concepts Share held for the financial year ending 31 March 2021, to be paid on 8 January 2021 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 24 December 2020.

On 8 October 2020, a first interim single tier dividend of 2.00 sen per Matrix Concepts Share for the financial year ending 31 March 2021 was paid to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 24 September 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	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Profit attributable to equity holders of the Company (RM'000)	75,063	58,740	106,118	113,389
Weighted average number of ordinary shares ('000)	834,230	794,641	834,222	885,291
Earnings per share (sen)	9.00	7.39	12.72	12.81

(ii) Diluted earnings per share

The diluted earnings per share is equal to basic earnings per share for the financial period ended 30 September 2020 and 30 September 2019 as the Company does not have in issue any convertible securities following the expiry of the Warrants on 20 July 2020.

B12. Notes to the Statement of Comprehensive Income

	Current Quarter Ended		Cumulative Period-To-Date	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Included in the profit for the period are:				
- Interest income	(1,014)	(1,686)	(2,114)	(3,022)
- Other income including investment income	(735)	(372)	(1,405)	(1,978)
- Interest expenses	40	(100)	190	930
- Depreciation of property, plant and equipment	2,881	2,651	5,653	5,215
- 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	-	-	-	-
- Realised gain/(loss) on derivatives	-	-	-	-
- (Reversal of)/allowance for expected credit losses on receivables	-	-	-	-
- Rental income on properties	(787)	(419)	(951)	(780)

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 18 November 2020.

By order of the Board of Directors

Ho Kong Soon
Group Managing Director

Date: 18 November 2020