

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited INDIVIDUAL QUARTER (3RD QUARTER)				Unaudited CUMULATIVE PERIOD			
	CURRENT YEAR QUARTER 31 December 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 December 2019 RM'000	CHANGES		CURRENT YEAR TO DATE 31 December 2020 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31 December 2019 RM'000	CHANGES	
			Amount RM'000	%			Amount RM'000	%
Revenue	315,408	278,962	36,447	13.1	739,444	810,192	(70,748)	(8.7)
Cost of Sales	(166,243)	(123,185)	(43,058)	35.0	(361,721)	(389,520)	27,799	(7.1)
Gross Profit	149,165	155,776	(6,611)	(4.2)	377,723	420,672	(42,949)	(10.2)
Other Income	3,464	3,025	439	14.5	7,934	8,805	(871)	(9.9)
Selling and Marketing Expense:	(20,709)	(20,931)	222	(1.1)	(54,833)	(75,302)	20,469	(27.2)
Administrative and general expenses	(41,320)	(46,018)	4,698	(10.2)	(94,702)	(108,870)	14,167	(13.0)
Operating Profit	90,599	91,853	(1,253)	(1.4)	236,121	245,305	(9,184)	(3.7)
Finance Costs	(86)	(494)	407	(82.5)	(276)	(1,424)	1,148	(80.6)
Share of results in joint venture, net of tax	4,000	-	4,000	-	4,000	-	4,000	-
Profit Before Taxation	94,513	91,359	3,155	3.5	239,845	243,881	(4,035)	(1.7)
Income Tax Expenses	(20,532)	(26,026)	5,495	(21.1)	(62,485)	(65,160)	2,675	(4.1)
Profit After Taxation	73,982	65,332	8,649	13.2	177,361	178,721	(1,360)	(0.8)
Other Comprehensive Income								
- Foreign Currency Translation Differences	10,845	54	10,791	19,983.0	28,993	547	28,446	5,200.3
Total Comprehensive Income For The Period	84,827	65,386	19,440	29.7	206,354	179,268	27,086	15.1
Profit After Taxation attributable to :								
Equity Holders of the Company	75,339	65,332	10,007	15.3	181,457	178,721	2,736	1.5
Non-controlling Interest	(1,357)	-	(1,357)	-	(4,096)	-	(4,096)	-
	73,982	65,332	8,650	13.2	177,361	178,721	(1,360)	(0.8)
Total Comprehensive Income attributable to :								
Equity Holders of the Company	86,184	65,386	20,798	31.8	210,450	179,268	31,182	17.4
Non-controlling Interest	(1,357)	-	(1,357)	-	(4,096)	-	(4,096)	-
	84,827	65,386	19,441	29.7	206,354	179,268	27,086	15.1
Earnings Per Share Attributable To								
Equity Holders Of The Company								
- Basic (sen)	9.03	7.94	1.09	13.7	21.75	22.46	(0.71)	(3.2)
- Diluted (sen)	9.03	7.94	1.09	13.7	21.75	22.46	(0.71)	(3.2)

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 31 December 2020 RM'000	(AUDITED) As at 31 March 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	242,847	248,680
Right-of-use assets	2,737	3,032
Investment properties	133	152
Investment in joint venture company	134,462	118,687
Inventories	681,149	661,836
Other receivables, deposits and prepayments	44,228	34,880
Deferred tax assets	38,272	36,045
Goodwill arising on consolidation	*	*
	1,143,828	1,103,312
Current assets		
Inventories	710,916	624,102
Trade and other receivables	354,772	533,031
Deposits, cash and bank balance	281,042	316,111
	1,346,730	1,473,244
TOTAL ASSETS	2,490,558	2,576,556
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	961,315	961,280
Translation reserves	1,986	(27,007)
Retained profits	789,747	670,857
	1,753,048	1,605,130
Non-controlling interest	(6,198)	(2,102)
TOTAL EQUITY	1,746,850	1,603,028
Non-current liabilities		
Borrowings	185,802	239,420
Lease liabilities	1,641	1,682
Other payables, deposits, accruals and provision	20,722	17,582
	208,165	258,684
Current liabilities		
Trade and other payables	323,964	459,502
Borrowings	169,708	188,140
Lease liabilities	836	1,152
Dividend payable	25,027	25,026
Current tax liabilities	16,008	41,024
	535,543	714,844
TOTAL LIABILITIES	743,708	973,528
TOTAL EQUITY AND LIABILITIES	2,490,558	2,576,556
Net Assets Per Share (RM) (Note 2)	2.09	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>9 months ended 31 December 2019 (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 period	-	-	178,721	178,721	-	178,721
Other comprehensive income for the period - Foreign currency translation differences	-	547	-	547	-	547
Total comprehensive income for the period	-	547	178,721	179,268	-	179,268
Contribution by and distribution to owners of the Company						
- Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	*	-
- Dividends	-	-	(74,940)	(74,940)	-	(74,940)
- Exercise of Warrants	10	-	-	10	-	10
- Private Placement	139,163	-	-	139,163	-	139,163
Total transactions with owners	139,173	-	(74,940)	64,233	-	64,233
As at 31 December 2019	939,393	(5,995)	637,218	1,570,616	831	1,571,447
<u>9 months ended 31 December 2020 (Unaudited)</u>						
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	-	-	181,457	181,457	(4,096)	177,361
Other comprehensive income for the period - Foreign currency translation differences	-	28,993	-	28,993	-	28,993
Total comprehensive income for the period	-	28,993	181,457	210,450	(4,096)	206,354
Contribution by and distribution to owners of the Company						
- Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	-	-
- Dividends	-	-	(62,567)	(62,567)	-	(62,567)
- Exercise of Warrants	35	-	-	35	-	35
- Private Placement	-	-	-	-	-	-
Total transactions with owners	35	-	(62,567)	(62,532)	-	(62,532)
As at 31 December 2020	961,315	1,986	789,747	1,753,048	(6,198)	1,746,850

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 31 December 2020 RM'000	(Unaudited) FOR THE FINANCIAL PERIOD ENDED 31 December 2019 RM'000
Cash Flow From Operating Activities		
Profit before income tax	239,845	243,881
Adjustments for :-		
Depreciation of property, plant and equipment and right of use assets	8,470	7,897
Depreciation of investment property	3	4
Interest expenses	6,517	1,424
Interest income	(3,138)	(4,778)
Gain on disposal of investment property	(19)	-
Gain on disposal of property, plant and equipment	-	(76)
Share of results in joint venture, net of tax	(4,000)	-
Operating profit before working capital changes	247,678	248,351
Increase in inventories	(97,349)	(312,189)
Decrease/(Increase) in receivables	168,910	251,746
(Decrease)/Increase in payables	(135,538)	(64,984)
Cash generated from operations	183,701	122,924
Interest received	3,138	4,778
Interest paid	(15,293)	(12,689)
Tax paid	(89,728)	(50,558)
Net cash generated from operating activities	81,818	64,456
Cash Flow From Investing Activities		
Placement of pledged deposits with licensed bank	(523)	(1,679)
Withdrawal of deposits with licensed bank more than 3 months	7,117	26,405
Investment in joint venture company	-	(130,500)
Purchase of property, plant and equipment	(2,342)	(5,827)
Proceed from disposal of investment property	35	-
Proceed from disposal of property, plant and equipment	-	112
Net cash generated from/(used in) investing activities	4,287	(111,489)
Cash Flow From Financing Activities		
Proceed from issuance of share	35	139,173
Advance from non-controlling interest shareholders	3,140	*
Dividend paid	(62,567)	(72,840)
Drawdown of borrowings	26,302	38,000
Repayment of term loan	(90,786)	(65,325)
Repayment of lease liabilities	(356)	(249)
Net cash (used in)/generated from financing activities	(124,232)	38,759
Net changes in cash and cash equivalents	(38,127)	(8,273)
Effect of exchange rate fluctuations on cash held	17,218	547
Cash and cash equivalents at beginning of the year	241,462	180,267
Cash & cash equivalents at end of the period	220,553	172,541
Cash and cash equivalents comprise of :-		
Fixed deposit, cash and bank balance	281,042	242,109
Less : Fixed Deposit Pledged	(24,835)	(23,762)
	256,207	218,347
Bank overdrafts	(35,654)	(45,806)
	220,553	172,541

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 2020 and the accompanying explanatory notes attached to this interim financial statements.

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("FPE") 31 DECEMBER 2020**

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

A2. Seasonal or Cyclical Factors

The results for the current financial quarter ended 31 December 2020 under review and the financial year-to-date were not materially affected by seasonal or cyclical factors.

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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 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 December 2020 under review and the financial year-to-date.

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

There were no issuance, cancellations, repurchase, resale and repayments of debts and equity securities during the financial quarter ended 31 December 2020 under review.

A6. Dividends Paid

During the financial quarter ended 31 December 2020 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 FYE 31 March 2021. The second interim single tier dividend was 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.

Please refer to Note B10 on dividends declared.

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	717,246	-	-	-	-	717,246
Construction / Inter-segment sales	-	317,056	-	-	(317,056)	-
School fees	-	-	9,903	-	-	9,903
Clubhouse and hotel operator	-	-	-	12,295	-	12,295
Total	717,246	317,056	9,903	12,295	(317,056)	739,444
Other income						
Rental income	1,561	28	104	-	-	1,693
Others	3,722	1,466	333	720	-	6,241
Total	5,283	1,494	437	720	-	7,934
Results						
Segment results	176,720	47,719	(5,239)	4,012	16,910	240,122
Finance costs						(276)
Profit before tax						239,846
Taxation						(62,485)
Net profit for the period						177,361

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For comparison purposes, the segment revenue and segment results for business segments for the corresponding FPE 31 December 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	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

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

A8. Industry outlook

(i) Malaysian property sector

The Malaysian economy contracted by 17.1% in Q2 2020 (Q1 2020: 0.7%). The performance for Q2 2020 was the lowest recorded since Q4 1998 (-11.2%). On the production side, all sectors recorded negative growth in Q2 2020 with the exception of agriculture (1.0%) – services (-16.2%), manufacturing (-18.3%), mining & quarrying (-20%), construction (-44.5%). On the demand side, all final demand components declined except for Government expenditure which recorded a positive growth of 2.3 %, according to the Department of Statistics Malaysia.

Under budget 2020, the Government introduced several measures aimed to improve property market activities:-

1. The revision of the base year for real property gain tax (RPGT) to 1 January 2013 (initially 1 January 2000) for property purchased before the date; and
2. The reduction of price threshold for foreign purchase from RM1 million to RM600,000 for unsold completed high-rise properties in urban areas. Consequently, several states have revised the minimum price for foreign purchase.

The positive signs in the 2019 property market are seen to have been diluted due the aftermath of COVID-19 pandemic. The pandemic has immensely taken its toll on the world economies and the Malaysian economy, in particular tourism-related sectors such as airlines, retail, food and beverage and hospitality as well as the manufacturing and selected services sector.

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To stimulate Malaysia's economy and mitigate the impact of COVID-19 and the MCO, the Government introduced the Prihatin Rakyat Economic Stimulus Package or PRIHATIN. The financial initiatives introduced by the Government which have helped soften the impact on property market include:-

1. An automatic six-month loan moratorium for individual borrowers and SMEs from 1 April 2020 ending on 30 September 2020; and
2. The Overnight Policy Rate (OPR) cut with a cumulative 125 basis points would help lower the borrowing cost; thus, lower the monthly repayment amount.

On the demand-side, the amount of loan application and total loan approval for the purchase of residential property in H1 2020 decreased by 24.1% and 39.1% respectively. For the non-residential property, the amount of loan application and total loan approval saw similar pattern, decreased by 36.3% and 46.9% respectively. The ratio of loans approvals against loans applications for the purchase of residential property and non-residential property stood at 34.1% and 33.0% respectively in H1 2020 as against 42.4% and 39.6% in H1 2019.

The property market performance recorded a sharp decline in the first half of 2020 (H1 2020) compared to the same period last year (H1 2019). A total of 115,476 transactions worth RM46.94 billion were recorded, showing a decrease of 27.9% in volume and 31.5% in value compared to the same period last year, which recorded 160,165 transactions worth RM68.53 billion.

The residential sub-sector led the overall property market, with 65.2% contribution. This was followed by agriculture sub-sector (20.1%), commercial (7.0%), development land and others (5.9%) and Industrial (1.7%). In terms of transaction value, residential took the led with 54.6% share, followed by commercial (18.1%), industrial (11.5%), agriculture (8.8%) and development land and others (7.0%).

Volume of transactions across the sub-sectors contracted sharply in H1 2020. The residential, commercial industrial, agriculture and development land sub-sectors recorded contraction of 24.6%, 37.4%, 36.9%, 32.8% and 28.6% respectively. Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded contraction of 26.1%, 33.2%, 23.0%, 39.1% and 55.3% respectively.

(Source: Property Market Report, First Half 2020, Valuation & Property Services Department, National Property Information Centre.)

(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 December 2020 under review.

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A10. Commitments

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

	Cumulative year-to-date 31.12.2020 RM'000
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Contracted but not provided for:	
- Land held for property development	194,292

A11. Material subsequent event

There were no material events subsequent to the end of the financial quarter ended 31 December 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 December 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 December 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 31 December 2020.

A15. Significant Related Party Disclosures

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

	Current quarter ended 31.12.2020 RM'000	Cumulative year-to-date 31.12.2020 RM'000
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Purchase of building materials from related parties	10,970	31,025
Agency fees and purchase of marketing material from related parties	153	326
Purchase of sundries from related parties	65	169
Rental payments made to related parties	67	218
Consultancy fees paid to related parties	379	1,096

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of Performance

	Current quarter ended 31.12.2020 RM'000	Corresponding quarter ended 31.12.2019 RM'000	Changes RM'000	%
Revenue	315,408	278,962	36,447	13.1
Gross profit	149,165	155,776	(6,611)	(4.2)
Profit before tax	94,513	91,359	3,155	3.5
Profit after tax	73,982	65,332	8,649	13.2

For the third quarter ended 31 December 2020, the Group recorded revenue of RM315.4 million, an increase of 13.1% from RM279.0 million in the previous year’s corresponding quarter. The revenue growth represents a recovery in performance to surpass pre-pandemic levels, mainly attributed to the Group’s increased property development activity, and expedited construction progress to regain the temporary loss of productivity in development schedule caused by the Movement Control Order (MCO) period from March to May 2020.

While the previous MCO period caused temporary disruptions to construction activity and delays to new product launches, the Group had swiftly returned to full activity during the recovery phases in line with the easing of government mandated restrictions. The Group’s property development segment contributed RM307.7 million in revenue for the quarter, an increase of 14.2% from RM269.5 million previously.

The Group’s property sales and marketing activities remained robust, recording new property sales of RM263.2 million during the quarter, assisted by virtual communication tools as well as online sales and marketing channels, effectively overcoming restrictions associated to physical sales and marketing activities.

Meanwhile, 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 RM7.7 million from RM9.5 million in the previous corresponding quarter.

The Group recorded gross profit of RM149.2 million for the quarter, a decrease of 4.2% from RM155.8 million previously, due mainly to lower recognition from industrial properties. The lower gross margin for the quarter was also attributed to an increase in revenue recognition from the Chambers Kuala Lumpur development.

Group profit after tax rose to RM74.0 million, up 13.2% from RM65.3 million previously as the Group surpassed its record to achieve a new high in quarterly profit after tax in the past five years. The improvement in profit after tax was mainly attributable to reduced administrative and general expenses, higher share of results from the Group’s joint venture company in Indonesia, and adjustment in tax provision.

Underpinned by the commendable sales performance of RM1.0 billion in the preceding financial year ended 31 March 2020, the Group continued to launch 7 new development projects during the nine months ended 31 December 2020 with total GDV of RM773.2 million. In addition, the Group’s unbilled sales of RM963.0 million as at 31 December 2020 provides earnings visibility over the next 12 months.

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B2. Comparison with preceding quarter’s results

	Current quarter ended 31.12.2020 RM’000	Preceding quarter ended 30.09.2020 RM’000	Changes RM’000	%
Revenue	315,408	262,012	53,396	20.4
Gross profit	149,165	143,520	5,645	3.9
Profit before tax	94,513	102,604	(8,091)	(7.9)
Profit after tax	73,982	73,478	504	0.7

The Group recorded revenue of RM315.4 million for the third quarter ended 31 December 2020, increasing 20.4% from RM262.0 million in the preceding quarter ended 30 September 2020. The revenue growth was attributable to the continued recovery of the Group’s operations following the upliftment of the MCO period spanning March to May 2020, as construction schedule return to normalcy, in addition to a shift in sales and marketing activities towards greater online presence and engagement.

The Group’s profit before tax stood at RM94.5 million, a decrease of 7.9% compared to RM102.6 million in the preceding quarter. Profit after tax increased marginally by 0.7% to RM74.0 million, surpassing the RM73.5 million registered in the preceding quarter which represented a five-year high in quarterly profit after tax. The enhanced performance was a result of higher revenue recognition mainly from Sendayan Developments, as well as reduction in selling and marketing expenses with increased online engagement.

B3. Prospects

As the Covid-19 pandemic continues to pose uncertainties and disruptions across many sectors, Matrix Concepts continues to implement 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. 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.

These initiatives enabled the Group to achieve commendable financial performance for the nine months ended 31 December 2020 towards surpassing pre-pandemic profit track record, backed by increased contribution from the property development segment, and lower sales and marketing expenses with more online engagement. We also registered healthy new sales even amidst the ongoing pandemic situation, as we swiftly tailored new launches within our township to cater to the high demand for attractively priced landed properties.

Going forward, our core objective remains focused on improving our township developments of Sendayan Developments, 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 expand our future pipeline.

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 RM2.41 billion while international projects amounted to RM1.04 billion as at 31 December 2020.

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 82.3% as at 31 December 2020.

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In the international markets, the completion of the Group’s investment into the Islamic Financial Towers development in Pantai Indah Kapuk 2 in Jakarta, Indonesia, undertaken together with Indonesian conglomerates Agung Sedayu Group and Salim Group, is expected to take longer than expected due to the serious Covid-19 situation in Jakarta pending the mass rollout of vaccinations. The joint venture company undertaking the development, PT Fin Centerindo Satu, has a healthy financial position with no borrowings.

The Group will continue to adopt a cautiously optimistic outlook, backed by encouraging demand recorded for our ongoing developments, the reimplementation of Home Ownership Campaign until 31 May 2021 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.

In response to the positive market demand for our properties in Sendayan Developments, Seremban, the Group launched RM773.2 million worth of new projects in the nine months ended 31 December 2020, which garnered a take-up rate of 51.8% for the same period. For the remaining three months of the financial year ending 31 March 2021 (FY2021), the Group has lined up an additional RM250.0 million worth of new launches. Total launches for FY2021 would amount to RM1.0 billion, sustaining the Group’s profitability until FY2023.

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 31.12.2020 RM’000	Cumulative period-to-date 31.12.2020 RM’000
Current tax expenses	21,071	64,712
Under provision of income tax in prior years	-	-
Deferred tax income	(539)	(2,227)
	20,532	62,485

The Group’s effective tax rate of 26.5% for the financial period ended 31 December 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 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.

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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.

(ii) Proposed acquisition of 4 individual parcels of adjoining vacant agriculture lands, located within Mukim Labu, Daerah Seremban by MGE Development Sdn Bhd (“MGE”) (“Proposed Labu Acquisition”)

The Company had on 29 January 2021 announced that MGE, a wholly-owned subsidiary of Matrix Concepts had on even date entered into a Sale and Purchase Agreement with Fortune Accurate Sdn Bhd to acquire 4 individual parcels of adjoining vacant freehold agriculture land in Mukim Labu, Daerah Seremban, Negeri Sembilan Darul Khusus measuring altogether approximately 1,073,807 sq ft for an aggregate cash consideration of approximately RM10.7 million.

Please refer to the Company’s announcement dated 29 January 2021 for further information on the Proposed Labu Acquisition.

B7. Status of utilisation of proceeds raised

The Company did not raise any proceeds from the issuance of new securities during the financial quarter ended 31 December 2020:

B8. Group borrowings and debt securities

The Group’s borrowings as at 31 December 2020 are as follows:

	Unaudited as at 31.12.2020 RM’000
Short term borrowings	
<u>Secured:</u>	
Term loans	44,054
Bank overdrafts	35,654
	<u>79,708</u>
<u>Unsecured:</u>	
Commercial papers	50,000
Medium term notes	40,000
	<u>90,000</u>
Total short-term borrowings	<u>169,708</u>

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	Unaudited as at 31.12.2020
Long term borrowings	
<u>Secured:</u>	
Term loans	75,802
<u>Unsecured:</u>	
Medium term notes	110,000
Total long-term borrowings	<u>185,802</u>
Total Borrowings	<u>355,510</u>

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

	Unaudited as at 31.12.2020 RM’000
Malaysian Ringgit	346,155
Australian Dollar	9,356
Total	<u>355,510</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 25 February 2021, declared a third 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 April 2021 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 25 March 2021.

On 8 January 2021, a second interim single tier dividend of 3.00 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 December 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit attributable to equity holders of the Company (RM'000)	75,339	65,332	181,457	178,721
Weighted average number of ordinary shares ('000)	834,232	822,806	834,225	795,721
Earnings per share (sen)	9.03	7.94	21.75	22.46

(ii) Diluted earnings per share

The diluted earnings per share is equal to basic earnings per share for the financial period ended 31 December 2020 and 31 December 2019 as the Company does not have in issue any convertible securities.

B12. Notes to the Statement of Comprehensive Income

	Current Quarter Ended		Cumulative Period-To-Date	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Included in the profit for the period are:				
- Interest income	(1,024)	(1,756)	(3,138)	(4,778)
- Other income including investment income	(1,698)	(782)	(3,103)	(2,760)
- Interest expenses	86	494	276	1,424
- Depreciation of property, plant and equipment	2,248	2,682	7,901	7,897
- 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	(742)	(487)	(1,693)	(1,267)

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 25 February 2021.

By order of the Board of Directors

Ho Kong Soon
Group Managing Director

Date: 25 February 2021