

MATRIX CONCEPTS HOLDINGS BERHAD
(Incorporated in Malaysia-Co. No. 199601042262)
**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited		Unaudited		Unaudited		Audited	
	INDIVIDUAL QUARTER (4TH QUARTER)				CUMULATIVE PERIOD			
	CURRENT YEAR QUARTER 31 March 2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 March 2020 RM'000	CHANGES		CURRENT YEAR TO DATE 31 March 2021 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31 March 2020 RM'000	CHANGES	
			Amount RM'000	%			Amount RM'000	%
Revenue	388,249	472,143	(83,894)	(17.8)	1,127,693	1,283,406	(155,713)	(12.1)
Cost of Sales	(182,537)	(302,850)	120,313	(39.7)	(544,258)	(715,314)	171,056	(23.9)
Gross Profit	205,712	169,293	36,419	21.5	583,435	568,092	15,343	2.7
Other Income	1,935	811	1,124	138.6	9,869	10,045	(176)	(1.8)
Selling and Marketing Expense	(33,414)	(47,478)	14,064	(29.6)	(88,247)	(101,544)	13,297	(13.1)
Administrative and general expenses	(55,176)	(26,921)	(28,255)	105.0	(149,878)	(136,712)	(13,166)	9.6
Operating Profit	119,057	95,705	23,352	24.4	355,179	339,881	15,298	4.5
Finance Costs	(24,375)	(483)	(23,892)	4,946.6	(24,651)	(2,145)	(22,506)	1,049.2
Share of results in joint venture, net of tax	522	-	522	-	4,522	(126)	4,648	-
Profit Before Taxation	95,204	95,222	(18)	(0.0)	335,050	337,610	(2,560)	(0.8)
Income Tax Expenses	(21,772)	(42,307)	20,535	(48.5)	(84,257)	(103,157)	18,900	(18.3)
Profit After Taxation	73,432	52,915	20,517	38.8	250,793	234,453	16,340	7.0
Other Comprehensive Income								
- Foreign Currency Translation Differences	(1,663)	(8,077)	6,414	(79.4)	27,330	(20,465)	47,795	(233.5)
Total Comprehensive Income For The Period	71,769	44,838	26,931	60.1	278,123	213,988	64,135	30.0
Profit After Taxation attributable to :								
Equity Holders of the Company	78,473	55,579	22,894	41.2	259,930	237,386	22,544	9.5
Non-controlling Interest	(5,041)	(2,664)	(2,377)	-	(9,137)	(2,933)	(6,204)	-
	73,432	52,915	20,517	38.8	250,793	234,453	16,340	7.0
Total Comprehensive Income attributable to :								
Equity Holders of the Company	76,810	47,502	29,308	61.7	287,260	216,921	70,339	32.4
Non-controlling Interest	(5,041)	(2,664)	(2,377)	-	(9,137)	(2,933)	(6,204)	-
	71,769	44,838	26,931	60.1	278,123	213,988	64,135	30.0
Earnings Per Share Attributable To Equity Holders Of The Company								
- Basic (sen)	9.41	6.74	2.67	39.7	31.16	29.56	1.60	5.4
- Diluted (sen)	9.41	6.74	2.67	39.7	31.16	29.56	1.60	5.4

Note:

- 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 March 2021 RM'000	(AUDITED) As at 31 March 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	239,997	248,680
Right-of-use assets	1,910	3,032
Investment properties	132	152
Investment in joint venture company	132,496	118,687
Inventories	743,816	661,836
Other receivables, deposits and prepayments	34,105	34,880
Deferred tax assets	39,921	36,045
Goodwill arising on consolidation	*	*
	1,192,377	1,103,312
Current assets		
Inventories	539,051	624,102
Trade and other receivables	564,861	533,031
Deposits, cash and bank balance	223,654	316,111
	1,327,566	1,473,244
TOTAL ASSETS	2,519,943	2,576,556
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	961,315	961,280
Translation reserves	323	(27,007)
Retained profits	843,191	670,857
	1,804,829	1,605,130
Non-controlling interest	(11,239)	(2,102)
TOTAL EQUITY	1,793,590	1,603,028
Non-current liabilities		
Borrowings	214,928	239,420
Lease liabilities	1,003	1,682
Other payables, deposits, accruals and provision	23,024	17,582
	238,955	258,684
Current liabilities		
Trade and other payables	344,055	459,502
Borrowings	115,184	188,140
Lease liabilities	1,236	1,152
Dividend payable	25,027	25,026
Current tax liabilities	1,896	41,024
	487,398	714,844
TOTAL LIABILITIES	726,353	973,528
TOTAL EQUITY AND LIABILITIES	2,519,943	2,576,556
Net Assets Per Share (RM) (Note 2)	2.15	1.92

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 2020 and the accompanying explanatory notes attached to this interim financial statements.
- 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>12 months ended 31 March 2020 (Audited)</u>						
As at 1 April 2019	800,220	(6,542)	533,437	1,327,115	831	1,327,946
Profit after taxation for the year	-	-	237,386	237,386	(2,933)	234,453
Other comprehensive income for the period - Foreign currency translation differences	-	(20,465)	-	(20,465)	-	(20,465)
Total comprehensive income for the period	-	(20,465)	237,386	216,921	(2,933)	213,988
Contribution by and distribution to owners of the Company						
- Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	*	-
- Dividends	-	-	(99,966)	(99,966)	-	(99,966)
- Exercise of Warrants	21,897	-	-	21,897	-	21,897
- Private Placement	139,163	-	-	139,163	-	139,163
Total transactions with owners	161,060	-	(99,966)	61,094	-	61,094
As at 31 March 2020	961,280	(27,007)	670,857	1,605,130	(2,102)	1,603,028
<u>12 months ended 31 March 2021 (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 year	-	-	259,930	259,930	(9,137)	250,793
Other comprehensive income for the year - Foreign currency translation differences	-	27,330	-	27,330	-	27,330
Total comprehensive income for the year	-	27,330	259,930	287,260	(9,137)	278,123
Contribution by and distribution to owners of the Company						
- Dividends	-	-	(87,596)	(87,596)	-	(87,596)
- Exercise of Warrants	35	-	-	35	-	35
Total transactions with owners	35	-	(87,596)	(87,561)	-	(87,561)
As at 31 March 2021	961,315	323	843,191	1,804,829	(11,239)	1,793,590

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 2020

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) FOR THE FINANCIAL YEAR ENDED 31 March 2021 RM'000	(Audited) FOR THE FINANCIAL YEAR ENDED 31 March 2020 RM'000
Cash Flow From Operating Activities		
Profit before income tax	335,050	337,610
Adjustments for :-		
Bad debts written off	-	6
Depreciation of property, plant and equipment and right of use assets	12,091	11,650
Depreciation of investment property	4	4
Equipment Written Off	-	41
Impairment loss on Asset	8,443	2,878
Interest expenses	22,634	7,919
Notional interest	11,847	-
Interest income	(3,865)	(6,804)
Gain on disposal of investment property	(17)	(2)
Gain on disposal of property, plant and equipment	(12)	(68)
Share of results in joint venture, net of tax	(4,522)	126
Operating profit before working capital changes	381,653	353,360
Increase in inventories	(1,097)	(142,391)
Increase in receivables	(38,973)	(142,871)
(Decrease)/Increase in payables	(115,447)	100,454
Cash generated from operations	226,136	168,552
Interest received	3,865	2,587
Tax paid	(127,262)	(97,527)
Interest paid	(18,466)	(21,232)
Net cash generated from operating activities	84,273	52,380
Cash Flow From Investing Activities		
Placement of pledged deposits with licensed bank	(523)	(2,230)
Withdrawal of deposits with licensed bank more than 3 months	7,117	19,288
Investment in joint venture company	-	(118,800)
Increase in other receivable	(12,373)	-
Purchase of property, plant and equipment	(2,478)	(6,957)
Proceed from disposal of investment property	33	155
Proceed from disposal of property, plant and equipment	204	26
Net cash generated from/(used in) investing activities	(8,020)	(108,518)
Cash Flow From Financing Activities		
Proceed from issuance of share	35	161,060
Advance from non-controlling interest shareholders	5,442	17,200
Dividend paid	(87,596)	(97,524)
Drawdown of borrowings	26,302	128,640
Repayment of term loan	(80,529)	(69,637)
Repayment of lease liabilities	(593)	(1,216)
Net cash (used in)/generated from financing activities	(136,939)	138,523
Net changes in cash and cash equivalents	(60,686)	82,385
Effect of exchange rate fluctuations on cash held	18,043	(21,190)
Cash and cash equivalents at beginning of the year	241,462	180,267
Cash & cash equivalents at end of the year	198,819	241,462
Cash and cash equivalents comprise of :-		
Fixed deposit, cash and bank balance	223,654	316,111
Less : Fixed Deposit Pledged	(24,835)	(24,312)
Less : Fixed Deposit more than 3 months	-	(7,117)
	198,819	284,682
Bank overdrafts	-	(43,220)
	198,819	241,462

Note:

* Represents RM300.00.

- 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)

Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 16: COVID-19-Related Rent Concessions
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

MFRS 123 : Borrowing Costs relating to over time transfer of constructed Good (Agenda Decision 4 (“AD4”))

In March 2019, IFRS Interpretations Committee (“IFRS”) concluded that interest cost should not be capitalised for assets created under the percentage-of-completion method ie receivables, contract assets and inventories as these assets do not meet the definition of qualifying assets. On 20 March 2019, the Malaysian Accounting Standards Board allowed the affected entities to apply changes in accounting policies to their financial statements in relation to AD4 beginning on or after 1 July 2020.

The Group opts for early adoption of AD4 during the financial year and has assessed and concluded that the early adoption does not have any significant impact to the financial performance or position of the Group that required retrospective adjustments.

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 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

A2. Seasonal or Cyclical Factors

The results for the current financial quarter ended 31 March 2021 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 2021 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 2021 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 March 2021 under review.

A6. Dividends Paid

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

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	1,095,688	-	-	-	-	1,095,688
Construction / Inter-segment sales	-	451,108	-	-	(451,108)	-
School fees	-	-	13,020	-	-	13,020
Clubhouse and hotel operator	-	-	-	16,552	-	16,552
Others	2,432	-	-	-	-	2,432
Total	1,098,121	451,108	13,020	16,552	(451,108)	1,127,693
Other income						
Rental income	2,445	-	144	-	-	2,589
Others	3,952	2,076	512	740	-	7,280
Total	6,397	2,076	656	740	-	9,869
Results						
Segment results	287,762	79,648	(7,602)	4,845	(9,474)	355,179
Finance costs						(24,651)
Share of results in Joint venture, net of tax						4,522
Profit before tax						335,050
Taxation						(84,257)
Net profit for the year						250,793

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A7. Segmental Information (Cont.)

For comparison purposes, the segment revenue and segment results for business segments for the corresponding FYE 31 March 2020 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	1,243,989	-	-	-	-	1,243,989
Construction / Inter-segment sales	-	460,990	-	-	(460,990)	-
School fees	-	-	19,741	-	-	19,741
Clubhouse and hotel operator	-	-	-	17,066	-	17,066
Others	2,610	-	-	-	-	2,610
Total	1,246,599	460,990	19,741	17,066	(460,990)	1,283,406
Other income						
Rental income	1,578	-	-	-	-	1,578
Others	6,289	1,454	645	79	-	8,467
Total	7,867	1,454	645	79	-	10,045
Results						
Segment results	317,776	31,655	(3,426)	3,402	(9,526)	339,881
Finance costs						(2,145)
Share of results in joint venture, net of tax						(126)
Profit before taxation						337,610
Taxation						(103,157)
Net profit for the year						234,453

As the revenue of the Matrix Concepts Group for the FYE 31 March 2021 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 3.4% in Q4 2020 as compared to the 2.6% and 17.1% contraction in Q3 2020 and Q2 2020 respectively, attributed to the implementation of Movement Control Order (MCO) in the country since 18 March 2020 and the imposition of Conditional Movement Control Order (CMCO) on several states with red zones since mid-October following a spike in the number of Covid-19 cases in these areas. For 2020 as a whole, the economy contracted by 5.6% as compared to a positive growth of 4.3% in 2019. The economic performance for 2020 was the lowest recorded after 1998 (-7.4%).

According to Department of Statistics Malaysia (DOSM), the Malaysia's Industrial Production Index (IPI) for the year of 2020 recorded a decline of 4.2% as compared to the previous year. The drop was influenced by all indices: Mining index (-9.7%), Electricity Index (-3.7%) and Manufacturing index (-2.6%).

Foreign Direct Investment (FDI) in Malaysia switched to an outflow of RM0.8 billion in Q3 2020 after recording continuous inflow since 2010, due to trade credits and loans extension provided by multinational manufacturing companies. In terms of position, FDI decreased to RM689.1 billion as at the end of September 2020.

The impact of Covid-19 pandemic was detrimental on the country's tourism sector in 2020. Based on the records released by Tourism Malaysia, the country recorded about 4.3 million tourists between January and September 2020, a mark decline of 78.6% compared to 2019. Correspondingly, the country received a total of RM12.63 billion in tourism receipts, a decrease of 80.9% compared to RM66.14 billion received last year.

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Similarly, the per capita expenditure showed a decline of 10.7% from RM3,289.30 in 2019 to RM2,938.40 this year.

In the property segment, there were two main measures initiated by the government aim to improve property market activities under Budget 2020:

1. The revision of the base year for Real Property Gains Tax (RPGT) to 1 January 2013 (initially 1 January 2000) for property purchased before the date.
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.

Not only has the Covid-19 pandemic taken its toll on various sectors of the economy, but also on the property market activity, which saw volume and value of transactions contracted sharply in Q2 2020. The property market showed signs of recovery in Q3 2020 following the implementation of Recovery Movement Control Order (RMCO) by 10 June 2020 and various stimulus provided by the government, namely Prihatin Rakyat Economic Stimulus Package (PRIHATIN) and Short-term Economic Recovery Plan (PENJANA).

For PRIHATIN, the financial initiatives introduced by the government which have helped soften the impact on property market included:

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

For PENJANA, a recovery plan which is related to property included:

1. Reintroduction of Home Ownership Campaign (HOC) – Stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 to RM2.5 million subject to at least 10% discounts provided by the developer. The exemption on the instrument of transfer is limited to the first RM1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements, signed between 1st June 2020 to 31st May 2021.
2. FPRGT exemption for disposal of residential homes from 1st June 2020 to 31st December 2021 (This exemption is limited to the disposal of three (3) units of residential homes per individual).
3. The uplifting of the current 70 percent margin of financing limit applicable for the third housing loan onwards for property valued at RM600,000 and above, during the period of the HOC, subject to internal risk management practices of financial institutions.

On the demand-side, the amount of loan application for residential property purchase increased by 2.2% in 2020 while the total loan approval decreased by 17.3%. For the non-residential property, the amount of loan application and total loan approval decreased by 30.0% and 37.3% respectively. The Ratio of loans approvals against loans applications for the purchase of residential property and non-residential property stood at 35.0% and 33.6% in 2020 versus 43.2% and 37.5% in 2019.

The property market performance recorded a significant decline in 2020 compared to 2019. A total of 295,968 transactions worth RM119.08 billion were recorded, showing a decrease of 9.9% in volume and 15.8% in value compared to 2019, which recorded 328,647 transactions worth RM141.40 billion.

Volume of transactions across the sub-sectors contracted sharply in 2020. The residential, commercial, industrial, agricultural and development land sub-sectors recorded contraction of 8.6%, 21.0%, 24.0%, 10.7% and 2.6% respectively.

In terms of value of transactions, residential, commercial, industrial and development land sub-sectors recorded sharp decline of 9.0%, 32.6%, 14.0% and 34.0% respectively, whereas agriculture recorded otherwise, increased by 0.6%.

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The residential sub-sector led the overall property market, with 64.7% contribution in volume. This was followed by agriculture (20.7%), commercial (6.8%), development land and others (6.2%) and industrial (1.6%). In terms of value, residential took the lead with 55.3% share, followed by commercial (16.4%), industrial (10.7%), agriculture (10.5%) and development land and others (7.1%).

(Source: Property Market Report 2020, Valuation & Property Services Department, Ministry of Finance.)

(ii) Australian residential property sector

After a challenging year, the Australian property sector is expected to rebound in 2021.

The Australian property sector experienced significant uncertainty and transformation in 2020. COVID-19 saw the acceleration of trends including employees choosing to work flexibly and increasing consumer demand for e-commerce. This has disrupted the market and created a number of opportunities for investors, landlords and occupiers alike.

Australia’s response to the pandemic has set the market up to rebound strongly in 2021. Solid underlying demand and favourable economic conditions should support a recovery in enquiry and more economic stability in the year ahead.

(Source: Australia Real Estate Market Outlook 2021, 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 2021 under review.

A10. Commitments

The commitments of the Company as at the end of the financial quarter ended 31 March 2021 under review and the financial year-to-date are as follows:

	Cumulative year-to-date 31.03.2021 RM’000
<hr/>	
Contracted but not provided for:	
- Land held for property development	192,170

A11. Material subsequent event

There were no material events subsequent to the end of the financial quarter ended 31 March 2021 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 2021 that have not been reflected in these interim financial statements.

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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 2021 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 March 2021.

A15. Significant Related Party Disclosures

Save as disclosed below, there were no other significant related party transactions during the financial quarter ended 31 March 2021 under review and the financial year-to-date:

	Current quarter ended 31.03.2021 RM'000	Cumulative year-to-date 31.03.2021 RM'000
Purchase of building materials from related parties	10,654	41,679
Agency fees and purchase of marketing material from related parties	23	349
Purchase of sundries from related parties	1	170
Rental payments made to related parties	71	289
Consultancy fees paid to related parties	142	1,238
Sales of property to related party	(2,432)	-

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of Performance

	Current quarter ended 31.03.2021 RM'000	Corresponding quarter ended 31.03.2020 RM'000	Changes RM'000	%
Revenue	388,249	472,143	(83,894)	(17.8)
Gross profit	205,712	169,293	36,419	21.5
Profit before tax	95,204	95,222	(18)	(0.02)
Profit after tax	73,432	52,915	20,517	38.8

For the fourth quarter ended 31 March 2021, the Group recorded revenue of RM388.2 million, a decrease of 17.8% from RM472.1 million in the previous year’s corresponding quarter. The lower revenue was mainly attributable to reduced revenue recognition from the Group’s property development division, particularly from residential properties which declined 25.9% to RM340.0 million from RM458.7 million previously. However, this was partially cushioned by revenue from the sales of industrial development properties during the quarter under review of RM33.3 million, which was absent in the previous year’s corresponding quarter.

Revenue contribution from the Group's investment properties, comprising Matrix Global Schools, d'Tempat Country Club and d'Sora Business Boutique Hotel declined to RM7.4 million in the quarter under review from RM8.9 million in the previous corresponding quarter.

Meanwhile, the Group’s property sales and marketing activities remained robust, recording new property sales of RM342.23 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.

The Group recorded gross profit of RM205.7 million for the quarter, an increase of 21.5% from RM169.3 million previously, on favourable product mix from its property development division, further enhanced by revenue recognition from industrial development properties which carry higher profit margin.

Group profit after tax rose to RM73.4 million, up 38.8% from RM52.9 million previously, as the Group registered its third consecutive quarter of robust double-digit growth, as well as maintained profit at 5-year high levels. The improved profit after tax was supported by reduced sales and marketing expenses as well as 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 9 new development projects during the financial year ended 31 March 2021 with total GDV of RM1.02 billion. In addition, the Group’s unbilled sales of RM1.02 billion as at 31 March 2021 provides earnings visibility over the next 12 months.

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B2. Comparison with preceding quarter’s results

	Current quarter ended 31.03.2021 RM’000	Preceding quarter ended 31.12.2020 RM’000	Changes RM’000	%
Revenue	388,249	315,408	72,841	23.1
Gross profit	205,712	149,165	56,547	37.9
Profit before tax	95,204	94,513	691	0.7
Profit after tax	73,432	73,982	(550)	(0.7)

The Group recorded revenue of RM388.2 million for the fourth quarter ended 31 March 2021, increasing 23.1% from RM315.4 million in the preceding quarter ended 31 December 2020. The revenue growth was attributable to the continued recovery of the Group’s operations following the commencement of the RMCO period from 7 June 2020. This follows the upliftment of the MCO and CMCO period spanning March to May 2020, and May 2020 to June 2020 respectively, with the Group’s construction schedule returning to normalcy.

The Group’s profit before tax stood at RM95.2 million, largely unchanged from RM94.5 million in the preceding quarter. Profit after tax stood at RM73.4 million, remaining at similar levels to the preceding quarter’s 5-year high record of RM74.0 million.

B3. Prospects

Since the beginning of the Financial Year 2021, Matrix Concepts has navigated unprecedented market challenges due to the ongoing Covid-19 pandemic. Businesses and society at large have been impacted significantly as we continue to grapple with the fast-changing nature of restrictions to curb the spread of the virus, with varying success. The property sector has also been affected as consumer sentiment took a hit while property developers were forced to depart from conventional sales and marketing methods.

Despite the challenges, the Group continued to chart commendable growth in the financial year under review, with earnings reaching a five-year record high. This noteworthy milestone was attributed to the Group’s swift return to normal operations as it expedited construction activities to catch up on its development schedule.

Furthermore, the Group successfully broadened its sales channel through the use of digital solutions including social media platforms, offering more convenience and improved engagement throughout the process of purchasing a property. Underpinned by new launches priced below the RM500,000 threshold where demand remains unabated, the Group saw improvement in new property sales for the current financial year despite the weaker property market sentiment.

Going forward, the Group’s objective remains focused on improving its 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 vibrant community living, as well as landbanking efforts to expand future launch pipeline.

To enhance long-term sustainability and brand visibility in the property development segment, the Group has embarked on steady diversification of its revenue stream beyond Negeri Sembilan and Johor by expanding its domestic project portfolio to include developments in Klang Valley and internationally, in Melbourne, Australia and Jakarta, Indonesia. Total gross development value (GDV) for ongoing developments in Malaysia stood at RM2.34 billion, while international projects amounted to RM2.14 billion as at 31 March 2021

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, which launched in 2020 featuring residential lots situated on a 9.7-acre land with GDV of RM79.0 million, was fully sold as at 31 March 2021.

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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 its 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.

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 31.03.2021 RM’000	Cumulative period-to-date 31.03.2021 RM’000
Current tax expenses	24,756	89,468
Under provision of income tax in prior years	-	-
Deferred tax income	(2,984)	(5,211)
	21,772	84,257

The Group’s effective tax rate of 25.1% for the financial period ended 31 March 2021 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.

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.

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

On 23 April 2021, the Company had announced that MGE had fully settled the balance purchase consideration marking the completion of the Labu Acquisition.

Please refer to the Company’s announcements dated 29 January 2021 and 23 April 2021 for further information on the 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 March 2021.

B8. Group borrowings and debt securities

The Group’s borrowings as at 31 March 2021 are as follows:

	Unaudited as at 31.03.2021 RM’000
Short term borrowings	
<u>Secured:</u>	
Term loans	25,184
Bank overdrafts	-
	<u>25,184</u>
<u>Unsecured:</u>	
Commercial papers	50,000
Medium term notes	40,000
	<u>90,000</u>
Total short-term borrowings	<u>115,184</u>
Long term borrowings	
<u>Secured:</u>	
Term loans	104,928
<u>Unsecured:</u>	
Medium term notes	110,000
Total long-term borrowings	<u>214,928</u>
Total Borrowings	<u>330,112</u>

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

	Unaudited
	as at
	31.03.2021
	RM’000
Malaysian Ringgit	320,642
Australian Dollar	9,470
Total	<u>330,112</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 May 2021, declared a fourth interim single tier dividend of 4.00 sen per Matrix Concepts Share held for the financial year ended 31 March 2021, to be paid on 8 July 2021 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 24 June 2021.

On 8 April 2021, a third 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 25 March 2021.

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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Profit attributable to equity holders of the Company (RM’000)	78,473	55,579	259,930	237,386
Weighted average number of ordinary shares (‘000)	834,232	825,189	834,227	803,048
Earnings per share (sen)	9.41	6.74	31.16	29.56

(ii) Diluted earnings per share

The diluted earnings per share is equal to basic earnings per share for the financial period ended 31 March 2021 and 31 March 2020 as the Company does not have any convertible securities.

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B12. Notes to the Statement of Comprehensive Income

	Current Quarter Ended		Cumulative Period-To-Date	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Included in the profit for the period are:				
- Interest income	(727)	(715)	(3,865)	(5,493)
- Other income including investment income	(312)	215	(3,415)	(2,974)
- Interest expenses	12,528	483	12,804	2,145
- Notional interest	11,847	-	11,847	-
- Depreciation of property, plant and equipment and right of use assets	4,190	2,818	12,091	10,715
- Receivables written off	-	-	-	-
- Inventories written off	-	-	-	-
- Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
- Impairment of assets	8,443	2,878	8,443	2,878
- Realised gain/(loss) on foreign exchange	-	-	-	-
- Realised gain/(loss) on derivatives	-	-	-	-
- (Reversal of)/allowance for expected credit losses on receivables	-	-	-	-
- Rental income on properties	(896)	(311)	(2,589)	(1,578)

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 25 May 2021.

By order of the Board of Directors

Ho Kong Soon
Group Managing Director

Date: 25 May 2021