

MATRIX CONCEPTS HOLDINGS BERHAD
(Incorporated in Malaysia-Co. No. 414615-U)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER (1st QUARTER)				CUMULATIVE PERIOD			
	CURRENT YEAR QUARTER 30 June 2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 June 2016 RM'000	CHANGES		CURRENT YEAR TO DATE 30 June 2017 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 30 June 2016 RM'000	CHANGES	
			Amount RM'000	%			Amount RM'000	%
Revenue	172,858	196,227	(23,369)	(11.9)	172,858	196,227	(23,369)	(11.9)
Cost of Sales	(70,933)	(90,603)	19,670	(21.7)	(70,933)	(90,603)	19,670	(21.7)
Gross Profit	101,925	105,624	(3,699)	(3.5)	101,925	105,624	(3,699)	(3.5)
Other Income	781	803	(22)	(2.7)	781	803	(22)	(2.7)
Selling and Marketing Expenses	(9,195)	(5,634)	(3,561)	63.2	(9,195)	(5,634)	(3,561)	63.2
Administrative and general expenses	(29,330)	(29,614)	284	(1.0)	(29,330)	(29,614)	284	(1.0)
Operating Profit	64,181	71,179	(6,998)	(9.8)	64,181	71,179	(6,998)	(9.8)
Finance Costs	(2,190)	(740)	(1,450)	195.9	(2,190)	(740)	(1,450)	195.9
Profit Before Taxation	61,991	70,439	(8,448)	(12.0)	61,991	70,439	(8,448)	(12.0)
Income Tax Expenses	(16,439)	(18,515)	2,076	(11.2)	(16,439)	(18,515)	2,076	(11.2)
Profit After Taxation	45,552	51,924	(6,372)	(12.3)	45,552	51,924	(6,372)	(12.3)
Other Comprehensive Income								
- Foreign Currency Translation Differences	-	-	-	-	-	-	-	-
Total Comprehensive Income For The Period	45,552	51,924	(6,372)	(12.3)	45,552	51,924	(6,372)	(12.3)
Profit After Taxation attributable to :								
Equity Holders of the Company	45,552	51,924	(6,372)	(12.3)	45,552	51,924	(6,372)	(12.3)
Non-controlling Interest	-	-	-	-	-	-	-	-
	45,552	51,924	(6,372)	(12.3)	45,552	51,924	(6,372)	(12.3)
Total Comprehensive Income attributable to :								
Equity Holders of the Company	45,552	51,924	(6,372)	(12.3)	45,552	51,924	(6,372)	(12.3)
Non-controlling Interest	-	-	-	-	-	-	-	-
	45,552	51,924	(6,372)	(12.3)	45,552	51,924	(6,372)	(12.3)
Earnings Per Share Attributable To								
Equity Holders Of The Company								
- Basic (sen)	7.89	9.20	(1.31)	(14.2)	7.89	9.20	(1.31)	(14.2)
- Diluted (sen)	7.82	9.15	(1.33)	(14.6)	7.82	9.15	(1.33)	(14.6)

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 2017 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 June 2017 RM'000	(AUDITED) As at 31 March 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	239,688	234,776
Investment properties	919	919
Inventories	698,731	760,775
Deferred tax assets	11,919	10,134
Goodwill arising on consolidation	*	*
	951,257	1,006,604
Current assets		
Inventories	257,233	163,781
Trade and other receivables	200,585	266,818
Deposits, cash and bank balance	87,824	117,307
	545,642	547,906
TOTAL ASSETS	1,496,899	1,554,510
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	597,683	577,122
Share premium	43,405	43,405
Share option	9,286	12,574
Translation reserves	2,326	2,326
Retained profits	412,297	388,532
	1,064,997	1,023,959
Non-controlling interest	448	*
TOTAL EQUITY	1,065,445	1,023,959
Non-current liabilities		
Borrowings	176,230	181,265
Other payables	24,546	24,546
	200,776	205,811
Current liabilities		
Trade and other payables	133,849	194,205
Borrowings	81,542	92,906
Dividend payable	-	20,096
Current tax liabilities	15,287	17,533
	230,678	324,740
TOTAL LIABILITIES	431,454	530,551
TOTAL EQUITY AND LIABILITIES	1,496,899	1,554,510
Net Assets Per Share (RM) (Note 2)	1.83	1.78

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 2017 and the accompanying explanatory notes attached to this interim financial statements.
- Based on the issued and paid-up share of 581,867,047 (2017: 574,164,751) ordinary share in Matrix ("shares")

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Share Option RM'000	Translation Reserves RM'000	Retained Profits RM'000	Non-Controlling Interest RM'000	Total RM'000
<u>3 months ended 30 June 2016 (Unaudited)</u>							
As at 1 April 2016	563,957	31,944	4,657	(156)	284,792	*	885,194
Issuance of new ordinary shares pursuant to							
- Exercise of ESOS	1,340	1,822	(590)	-	-	-	2,572
- Exercise of Warrants	1	1	-	-	-	-	2
Profit after taxation/Total comprehensive income for the year	-	-	-	-	51,924	-	51,924
Dividend	-	-	-	-	(24,872)	-	(24,872)
Options granted under ESOS	-	-	200	-	-	-	200
ESOS lapsed/forfeited	-	-	-	-	-	-	-
As at 30 June 2016	<u>565,298</u>	<u>33,767</u>	<u>4,267</u>	<u>(156)</u>	<u>311,844</u>	<u>*</u>	<u>915,020</u>
<u>3 months ended 30 June 2017 (Unaudited)</u>							
As at 1 April 2017	577,122	43,405	12,574	2,326	388,532	*	1,023,959
Issuance of new ordinary shares pursuant to							
- Exercise of ESOS	20,559	-	(3,288)	-	-	-	17,271
- Exercise of Warrants	2	-	-	-	-	-	2
Profit after taxation/Total comprehensive income for the year	-	-	-	-	45,552	-	45,552
Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	-	448	448
Dividend	-	-	-	-	(21,787)	-	(21,787)
Options granted under ESOS	-	-	-	-	-	-	-
ESOS lapsed/forfeited	-	-	-	-	-	-	-
As at 30 June 2017	<u>597,683</u>	<u>43,405</u>	<u>9,286</u>	<u>2,326</u>	<u>412,297</u>	<u>448</u>	<u>1,065,445</u>

Notes:

* Represents RM1.00.

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 2017

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) FOR THE 3 MONTHS PERIOD ENDED 30 June 2017 RM'000	(Unaudited) FOR THE 3 MONTHS PERIOD ENDED 30 June 2016 RM'000
Cash Flow From Operating Activities		
Profit before income tax	61,991	70,439
Adjustments for :-		
ESOS expenses	-	200
Depreciation	2,190	2,032
Equipment written off	287	-
Interest income	(500)	(424)
Interest expenses	1,337	740
Gain on disposal of property, plant and equipment	(24)	(44)
Operating profit before working capital changes	65,281	72,943
Increase in inventories	(31,408)	(20,936)
Decrease/(Increase) in receivables	66,233	(51,586)
(Decrease)/Increase in payables	(60,356)	24,717
Cash generated from operations	39,750	25,138
Interest received	500	424
Interest paid	(1,337)	(740)
Tax paid	(20,469)	(10,442)
Net cash provided by operating activities	18,444	14,380
Cash Flow From Investing Activities		
Placement of pledged deposits with licensed bank	(413)	(923)
Purchase of property, plant and equipment	(7,428)	(12,925)
Proceed from disposal of property, plant and equipment	63	44
Net cash used in investing activities	(7,778)	(13,804)
Cash Flow From Financing Activities		
Proceed from issuance of share	17,273	2,576
Increase in investment of non controlling interest in a subsidiary	448	-
Dividend paid	(41,883)	(21,148)
Repayment of term loan	(6,738)	(3,807)
Hire purchase instalments paid	(78)	(20)
Net cash used in financing activities	(30,978)	(22,399)
Net changes in cash and cash equivalents	(20,312)	(21,823)
Effect of exchange rate fluctuations on cash held	-	-
Cash and cash equivalents at beginning of the period	63,866	39,611
Cash & cash equivalents at end of the period	43,554	17,788
Cash and cash equivalents comprise of :-		
Fixed deposit, cash and bank balance	87,824	71,490
Less : Fixed Deposit Pledged	(9,802)	(6,614)
	78,022	64,876
Bank overdrafts	(34,468)	(47,088)
	43,554	17,788

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 2017 and the accompanying explanatory notes attached to this interim financial statements.

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

A1. Accounting Policies and Basis of Preparation

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

The interim financial statements should be read in conjunction with the Audited Financial Statements of Matrix Concepts Holdings Berhad (“**Company**”) and its subsidiaries (“**Group**”) for the FYE 31 March 2017 and the explanatory notes attached therein. These explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2017.

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 March 2017.

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 101: Presentation of Financial Statements -Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Annual Improvements to MFRSs 2012 – 2014 Cycle

Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements

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

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

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

Effective Date

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

1 January 2018

MFRS 16 Leases

1 January 2019

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

1 January 2017

Amendments to MFRS 107: Disclosure Initiative

1 January 2017

The above mentioned accounting standards and interpretations (including the consequential amendments) are not expected to have any significant financial impact on the Group’s financial statements upon their initial application.

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A2. Seasonal or Cyclical Factors

The results for the current financial quarter ended 30 June 2017 under review and the financial period-to-date were not materially affected by seasonal or cyclical factors.

A3. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current financial quarter ended 30 June 2017 under review and the financial period-to-date.

A4. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial quarter ended 30 June 2017 under review and the financial period-to-date.

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

Save as disclosed below, there were no issuance, cancellations, repurchase, resale and repayments of debts and equity securities during the financial quarter ended 30 June 2017 under review:

- (i) 7,701,463 new ordinary shares in the Company (“**Matrix Concepts Shares**”) pursuant to the exercise of employee share options (“**ESOS Options**”); and
- (ii) 833 new Matrix Concepts Shares pursuant to the exercise of warrants in the Company.

In addition to the new Matrix Concepts Shares issued above and in compliance with the Companies Act 2016, the Company had consolidated the balance of RM3,288,788 in the Employee Share Option Reserve account with the paid-up capital of the Company.

Pursuant to the above, the issued and paid-up share capital of the Company had increased from RM577,121,532 comprising of 574,164,751 Matrix Concepts Shares to RM597,683,200, comprising of 581,867,047 Matrix Concepts Shares for the current financial quarter ended 30 June 2017 under review.

A6. Dividends Paid

During the financial quarter ended 30 June 2017 under review, the Company had paid its third and fourth interim single tier dividend of 3.5 sen and 3.75 sen per Matrix Concepts Share respectively for the financial year ending 31 March 2017. The third and fourth interim single tier dividend was paid on 12 April 2017 and 20 June 2017 respectively to all holders of ordinary shares whose names, appeared in the Record of Depositors at the close of business on 31 March 2017 and 6 June 2017 respectively.

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 period 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	164,575	-	-	-	-	164,575
Construction / Inter-segment sales	-	78,643	-	-	(78,643)	-
School fees received	-	-	4,172	-	-	4,172
Clubhouse operator	-	-	-	4,111	-	4,111
Total	164,575	78,643	4,172	4,111	(78,643)	172,858
Other income						
Rental income	95	-	-	-	-	95
Others	582	55	33	16	-	686
Total	677	55	33	16	-	781
Results						
Segment results	70,197	11,244	(3,978)	(413)	(12,869)	64,181
Finance costs						(2,190)
Profit before tax						61,991
Taxation						(16,439)
Net profit for the period						45,552

For comparison purposes, the segment revenue and segment results for business segments for the corresponding financial period ended 30 June 2016 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	189,802	-	-	-	-	189,802
Construction / Inter-segment sales	-	96,961	-	-	(96,961)	-
School fees received	-	-	3,146	-	-	3,146
Clubhouse operator	-	-	-	3,279	-	3,279
Total	189,802	96,961	3,146	3,279	(96,961)	196,227
Other income						
Rental income	62	-	-	-	-	62
Others	1,048	24	-	205	(536)	741
Total	1,110	24	-	205	(536)	803
Results						
Segment results	65,161	8,225	(4,162)	(399)	2,354	71,179
Finance costs						(740)
Profit before tax						70,439
Taxation						(18,515)
Net profit for the period						51,924

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

A8. Malaysian property sector

House prices in Malaysia continued to grow at a more moderate pace of about 7% during third quarter of 2016, while the preliminary growth figure for the Malaysian House Price Index was 5.5% for the final quarter. This was driven by gradual price adjustments in the higher-end segments. Correspondingly, total primary and secondary housing transactions declined further both in terms of volume and value. Demand for affordable housing remains strong, with about 60% of new housing loan approvals for the purchase of houses priced below RM500,000. Housing loan approval rates remain high at 74.2% (4Q 2016: 75.2%). The ongoing rebalancing of supply is expected to improve overall housing affordability, particularly for first-time buyers.

Risks of slower house price growth on bank exposures to the housing segment are assessed to be limited. About 72% of housing loan borrowers constituted first-time buyers of houses priced below RM500,000. Overall, about 84% of housing loan borrowers only have one outstanding housing loan. Such borrowers have strong incentives to maintain loan repayments in the event of financial stress or negative equity on their homes, compared to investment buyers. Speculative activity in the housing market remained subdued. The annual growth in the number of borrowers with three or more outstanding housing loans (a proxy for speculative buyers) remained stable at 1.4% (4Q 2016: +1.4%). The number of housing loans settled within three years (the typical duration required to complete construction after a property is acquired) - another indication of speculative purchases - eased to 9.2% (4Q 2016: 11.9%) of total settled housing loans.

Oversupply remains a concern in the office space and shopping complex segments. Vacancy and rental rates of these segments remained depressed in the final quarter of 2016, partly reflecting softer tenant demand and consolidation of some retailers. The glut in the commercial property segment may lead to deeper imbalances in the property market with spillovers to the other parts of the economy. Direct risks to banks from end-financing exposures to the office space and shopping complex segments remained small at 3.4% of total bank loans, supported by sound lending and valuation practices. The delinquency and impairment ratios for these exposures remained low at 0.8% and 1.1%, respectively (4Q 2016: 0.7% and 1%, respectively).

(Source: Bank Negara Malaysia Quarterly Bulletin for the first quarter of 2017.)

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 June 2017 under review.

A10. Commitments

The commitments of the Company as at the end of the financial quarter ended 30 June 2017 under review and the financial period-to-date are as follows:

	Current quarter ended 30.06.2017 RM'000	Cumulative period-to-date 30.06.2017 RM'000
Contracted but not provided for:		
- Land held for property development	-	19,058
Total	-	19,058

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A11. Material subsequent event

There were no material events subsequent to the end of the financial quarter ended 30 June 2017 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 June 2017 that have not been reflected in this interim financial statements.

A13. Changes in the Composition of the Group

Save for the changes in the composition of the Group as below, there were no changes in the composition of the Group during the financial quarter ended 30 June 2017 under review:

- (i) The Company had on 13 April 2017 entered into a Joint Venture cum Shareholders Agreement and Subscription Agreement with Nissin Ex. Co, Ltd (“NECL”) and Nihon House Corporation (“NHC”) to jointly venture into manufacturing of prefabricated building materials using the technology of Industrialised Building System to be undertaken via Matrix IBS Sdn Bhd (“MIBS”), the identified joint venture company. On 18 May 2017, the Company had announced that the total issued paid up capital in MIBS increased from RM2 to RM2,240,000 via the issuance of 2,239,998 new ordinary shares in MIBS at an issue price of RM1.00 each. The shareholdings in MIBS after the allotment of new shares are as follows:

Shareholder	%
Matrix Concepts	80
NECL	12
NHC	8
Total	<u>100</u>

A14. Contingent Liabilities and Contingent Assets

The Group does not have any material contingent liabilities and contingent assets to be disclosed as at 30 June 2017.

A15. Significant Related Party Disclosures

Save as disclosed below, there was no other significant related party transactions during the financial quarter ended 30 June 2017 under review and the financial period-to-date:

	Current quarter ended 30.06.2017 RM’000	Cumulative period-to-date 30.06.2017 RM’000
Purchase of building materials from related parties	8,487	8,487
Rental payments made to related parties	15	15
Consultancy fees paid to related parties	224	224
Sales of development properties to related parties	1,400	1,400

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of Performance

	Current quarter ended 30.06.2017 RM'000	Current quarter ended 30.06.2016 RM'000	Changes RM'000	%
Revenue	172,858	196,227	(23,369)	(11.9)
Gross profit	101,925	105,624	(3,699)	(3.5)
Profit before tax	61,991	70,439	(8,448)	(12.0)
Profit after tax	45,552	51,924	(6,372)	(12.3)

For the quarter ended 30 June 2017, the Group recorded revenue of RM172.9 million, a decrease of RM23.4 million or 11.9% from RM196.2 million in the previous year. The Group also recorded profit before tax of RM62.0 million, a decrease of RM8.4 million or 12.0% from RM70.4 million in the previous year.

The reduced financial performance was mainly attributed to slower stage of completion and thus lower billings from the Group’s development projects of residential and commercial properties. However, gross profit margin improved as a result of product mix of increased sales of higher-premium residential properties.

During the quarter under review, the Group’s investment properties comprising Matrix Global Schools and d’Tempat Country Club reported significant growth in aggregate revenue of RM8.3 million, 29.7% higher than RM6.4 million achieved in the previous year. The better performance was attributed to higher student enrolments and club memberships for Matrix Global Schools and d’Tempat Country Club respectively.

The decrease in the Group’s profit before tax by 12.0% from the previous year was due to the following operating factors:

- (i) selling and marketing expenses increased to RM9.2 million in the financial period under review from RM5.6 million incurred in the previous year; attributed to additional property roadshows and increased publicity and advertisement activities; and
- (ii) finance costs increased to RM2.2 million in the financial period under review from RM0.7 million in the previous year; attributed to higher utilization of banking facilities during the financial period.

As at 30 June 2017, the Group’s total undeveloped land bank is approximately 1,500 acres, while unbilled sales stood at RM933.3 million compared to RM690.6 million a year ago.

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B2. Comparison with preceding quarter’s results

	Current quarter ended 31.06.2017 RM’000	Preceding quarter ended 31.03.2017 RM’000	Changes	
			RM’000	%
Revenue	172,858	161,346	11,512	7.1
Gross profit	101,925	94,772	7,153	7.5
Profit before tax	61,991	55,100	6,891	12.5
Profit after tax	45,552	38,984	6,568	16.8

The Group achieved revenue of RM172.9 million for the quarter ended 30 June 2017, or 7.1% higher compared to RM161.3 million in the preceding quarter ended 31 March 2017. The increase in revenue was mainly attributed to higher revenue recognized from the sales of industrial properties.

Correspondingly, the Group recorded profit before tax of RM62.0 million for the quarter ended 30 June 2017, or 12.5% higher compared to RM55.1 million in the preceding quarter.

B3. Prospects

Matrix Concepts remains focused on enhancing its township developments of Bandar Sri Sendayan in Seremban, Negeri Sembilan and Bandar Seri Impian in Kluang, Johor. The Group is also engaged in other development projects in the vicinity of Seremban, Negeri Sembilan.

The Group maintains an optimistic outlook on demand for its properties, backed by its strong track record and sales performance despite ongoing challenges in the broader property market. The Group also closely monitors market requirements, and plans its launches accordingly to comprise an appropriate mix of both affordably-priced and higher-premium homes in line with market demand. The Group also continuously invests into improving township facilities, not only to appeal to potential buyers, but also to enhance the value of its townships and secure its spot as a leading developer of integrated townships.

During the quarter ended 30 June 2017, the Group continued to build earnings sustainability by launching more development projects with a total GDV of RM630.2 million. These mainly comprised new projects in Bandar Sri Sendayan with GDV of RM467.7 million, namely Suriaman 2, Hijayu Resorts Homes (Phase 2), and Ara Sendayan (Phase 1A). The Group also launched new projects in Bandar Seri Impian with GDV of RM162.5 million, namely Impiana Damai and Impiana Casa 3B.

The Group’s ongoing developments as at 30 June 2017 grew to a new watermark of RM2.42 billion in GDV, substantially higher than RM1.68 billion in the previous year. Additionally, the Group has upcoming launches with GDV of RM764.5 million for the remaining nine months of the current financial year ending 31 March 2018 (FY2018). This would amount to an estimated RM1.39 billion in total launches for FY2018. The Group is confident that its profitability will be sustained with the significant amount of new launches and sales progress of ongoing developments.

Additionally, the Group’s investment properties comprising Matrix Global Schools and d’Tempat Country Club have attracted increasing patronage, as reflected in its revenue uptrend since the previous financial year ended 31 March 2017 (FY2017). Together with the newly commenced 34-acre X Park and d’Sora Boutique Business Hotel, as well as potential future investments, these properties would position Bandar Sri Sendayan as a leading community-focused township that aims to provide wholesome living experience for everyone.

B4. Profit guarantee or profit forecast

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

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B5. Taxation

	Current quarter ended 30.06.2017 RM’000	Cumulative period-to-date 30.06.2017 RM’000
Current tax expenses	18,223	18,223
Deferred tax income	(1,784)	(1,784)
	16,439	16,439

The Group’s effective tax rate of 26.5% for the financial quarter ended 30 June 2017 under review was higher than the statutory corporate tax rate of 24.0% as certain subsidiaries incurred losses during the financial year-to-date and non-deductible expenses for tax purposes.

B6. Status of corporate proposals

(i) Proposed acquisition of vacant agriculture lands held under separate titles, located within Mukim Labu, Daerah Seremban, Negeri Sembilan Darul Khusus by BSS Development (“Proposed Labu Agricultural Lands Acquisition”)

The Company had on 12 March 2015 announced that BSS Development had between 18 June 2014 and 12 March 2015, entered into separate Sale and Purchase Agreements with individual land owners to acquire 15 parcels of vacant agriculture land located within Mukim Labu, Daerah Seremban, Negeri Sembilan Darul Khusus for an aggregate cash consideration of RM27,546,296.75. Please refer to the Company’s announcement dated 12 March 2015 for further details on the individual owners and the said lands being the subject matter of the Proposed Labu Agricultural Lands Acquisition.

Barring any unforeseen circumstances, the estimated time frame for the completion for the Proposed Labu Agricultural Lands Acquisition is 3 months calculated from the date of the receipt of the consent to transfer from the state authority favouring BSS Development.

(ii) Joint venture between Matrix Concepts, Nissin Ex. Co Ltd and Nihon House Corporation for the manufacturing of prefabricated building materials

The Company had on 13 April 2017 announced that it had entered into a Joint Venture Agreement cum Shareholders Agreement and Subscription Agreement with Nissin Ex. Co, Ltd and Nihon House Corporation to jointly venture into the manufacturing of prefabricated building materials using the technology of Industrialised Building Systems to be undertaken by the joint venture company, Matrix IBS Sdn Bhd. Please refer to the Company’s announcement dated 13 April 2017 and 18 May 2017 for further information on Nissin Ex. Co, Ltd. and Nihon House Corporation.

The adoption of this new technology is expected to bode well for the future earnings of the Company as the integration of this new construction methodologies with Matrix Concepts’s in house construction arm using IBS technologies will shorten the construction duration of the properties by up to 30% with better worksite efficiency.

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(iii) Memorandum of understanding between Matrix Concepts and Changhua Christian Hospital, Republic of China (Taiwan)

The Company had on 1 March 2017 announced that it had entered into a Memorandum of Understanding (“MOU”) with Changhua Christian Hospital, Republic of China (“Taiwan”) for the proposed establishment of a medical and specialist healthcare service provider in Bandar Sri Sendayan, Negeri Sembilan to be known as Matrix Global Specialist Centre. Please refer to the Company’s announcement dated 1 May 2017 for further information on Changhua Christian Hospital.

As at the date of this announcement, the relevant reviews and feasibility studies for the construction and development of Matrix Global Specialist Centre is being conducted. Upon establishment, Matrix Global Specialist Centre shall be the first hospital to be built in Bandar Sri Sendayan, to cater for the current population of more than 30,000 residents with a future target of more than 120,000 by 2022.

(iv) Proposed bonus issue of up to 163,941,084 new Matrix Concepts Shares (“Bonus Shares”) on the basis of 1 Bonus Share for every 4 existing Matrix Concepts Shares held on an entitlement date to be determined later (“Proposed Bonus Issue ”)

On 16 May 2017, on behalf of the Company, Maybank Investment Bank Berhad announced that the Company proposes to undertake a bonus issue of up to 163,941,084 new Matrix Concepts Shares (“Bonus Shares”) on the basis of one (1) Bonus Share for every four (4) existing Matrix Concepts Shares held on the entitlement date to be determined later.

On 24 July 2017, the circular to shareholders in relation to the Proposed Bonus Issue was issued along with the Notice of the corresponding resolution to approve the Proposed Bonus Issue which was approved by shareholders at the Company’s 20th Annual General Meeting held on 16 August 2017.

(v) Proposed issuance of Islamic Commercial Papers and/or Islamic Medium Term Notes (collectively referred to as Sukuk Wakalah) under the Sukuk Wakalah Programme with a combined programme limit of up to RM250.0 million in nominal value (“Sukuk Wakalah Programme”)

The Company had on 22 May 2017, lodged with the Securities Commission Malaysia to establish the Sukuk Wakalah Programme. The said programme will have a tenure of 7 years and its first issuance will be within 60 days from the date of lodgment. Proceeds from the Sukuk Wakalah Programme will be utilized to finance future investments, working capital requirements, capital expenditure, other general corporate purposes and/or to defray expenses arising from the said programme.

The Company had on 15 August 2017 further announced the maiden issuance of Sukuk Wakalah under the Sukuk Wakalah Programme, comprising RM50.0 million in nominal value of Islamic Commercial Papers and RM100.0 million in nominal value of Islamic Medium Term Notes. Please refer to the Company’s announcement on 15 August 2017 for further information.

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

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

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B7. Status of utilisation of proceeds raised from the exercise of ESOS Options and Warrants

As mentioned in Note A5 above, the Company had raised an aggregate of approximately RM17.27 million via the subscription of the following during the financial quarter ended 30 June 2017:

- (i) 7,701,463 new Matrix Concepts Shares pursuant to the exercise of the ESOS Options, whereby 13,994 ESOS Options were exercised at a subscription price of RM1.23 per new Matrix Concepts Share, 650,371 ESOS Options were exercised at a subscription price of RM1.83 per new Matrix Concepts Share, 1,551,230 ESOS Options were exercised at a subscription price of RM2.08 per new Matrix Concepts Shares and 5,485,868 ESOS Options were exercised at a subscription price of RM2.34 per new Matrix Concepts Share; and
- (ii) 833 new Matrix Concepts Shares pursuant to the exercise of Warrants at a subscription price of RM2.40 per new Matrix Concepts Share.

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

B8. Group borrowings and debt securities

The Group’s borrowings as at 30 June 2017 are as follows:

	Unaudited as at 30.06.2017 RM’000
Short term borrowings	
<u>Secured:</u>	
Hire purchase creditors	338
Term loans	46,736
Bank overdrafts	34,468
	<u>81,542</u>
Long term borrowings	
<u>Secured:</u>	
Hire purchase creditors	1,066
Term loans	175,164
	<u>176,230</u>
Total Borrowings	<u><u>257,772</u></u>

The Group’s borrowings are denominated in 2 currencies, namely Malaysian Ringgit and Australian Dollar, the breakdown of which are as follows:

	RM’000
Malaysian Ringgit	233,165
Australian Dollar	24,607
Total Borrowings	<u><u>257,772</u></u>

The Group’s borrowings denominated in Australian Dollar represent long term secured term loans of which as at 30 June 2017, AUD7.46 million remain outstanding. The foreign exchange rate recorded by the Group was RM3.30 : AUD1.00. The Group has not hedged its Australian Dollar denominated borrowings against the Malaysian Ringgit due to the immateriality of borrowings drawn down.

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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 24 August 2017, declared a first interim single tier dividend of 3.25 sen per Matrix Concepts Share held for the financial year ending 31 March 2018, to be paid on 11 October 2017 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 14 September 2017.

On 20 June 2017, a fourth interim single tier dividend of 3.75 sen per Matrix Concepts Share for the financial year ended 31 March 2017 was paid to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 6 June 2017.

B11. Realised and unrealised profits/losses disclosure

The breakdown of retained profits of the Group is as follows:

	Unaudited as at 30.06.2017 RM'000
Total retained profits of the Group	
- Realised	465,048
- Unrealised	1,498
	<hr/> 466,546
Less: Consolidation adjustments	(54,249)
Total Group retained profits as per Statement of Financial Position	<hr/> <hr/> 412,297

B12. 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	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Profit attributable to equity holders of the Company (RM'000)	45,552	51,924	45,552	51,924
Weighted average number of ordinary shares ('000)	577,106	564,538	577,106	564,538
Basic earnings per share (sen)	7.89	9.20	7.89	9.20

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(ii) Diluted earnings per share

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

	Current Quarter Ended		Cumulative Period-To-Date	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Profit attributable to equity holders of the Company (RM'000)	45,552	51,924	45,552	51,924
Weighted average number of ordinary shares for the quarter ended 31 March 2017 ('000)	577,106	564,538	577,106	564,538
Effect of potential exercise of Warrants	3,103	668	3,103	668
Effect of potential exercise of ESOS	2,539	2,059	2,539	2,059
Weighted enlarged average number of ordinary shares ('000)	582,748	567,265	582,748	567,265
Diluted earnings per share(sen)	7.82	9.15	7.82	9.15

B13. Notes to the Statement of Comprehensive Income

	Current Quarter Ended		Cumulative Period-To-Date	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Included in the profit for the period are:				
- Interest income	(500)	(424)	(500)	(424)
- Other income including investment income	(186)	(317)	(186)	(317)
- Interest expenses	2,190	740	2,190	740
- Depreciation of property, plant and equipment	2,123	2,032	2,123	2,032
- 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	-	-	-	-
- Rental income on properties	(95)	(62)	(95)	(62)

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

B14. Auditors' report

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

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B15. 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 24 August 2017.

By order of the Board of Directors

Dato’ Lee Tian Hock
Group Managing Director

Date: 24 August 2017