

MATRIX CONCEPTS HOLDINGS BERHAD
(Incorporated in Malaysia-Co. No. 414615-U)
**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited INDIVIDUAL QUARTER (1st QUARTER)				Unaudited CUMULATIVE PERIOD			
	CURRENT YEAR QUARTER 30 June 2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 June 2018 RM'000	CHANGES		CURRENT YEAR TO DATE 30 June 2019 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 30 June 2018 RM'000	CHANGES	
			Amount	%			Amount	%
			RM'000	%			RM'000	%
Revenue	248,503	230,042	18,460	8.0	248,503	230,042	18,460	8.0
Cost of Sales	(122,544)	(109,550)	(12,995)	11.9	(122,544)	(109,550)	(12,995)	11.9
Gross Profit	125,958	120,493	5,465	4.5	125,958	120,493	5,465	4.5
Other Income	3,303	1,691	1,612	95.3	3,303	1,691	1,612	95.3
Selling and Marketing Expenses	(23,086)	(18,196)	(4,891)	26.9	(23,086)	(18,196)	(4,891)	26.9
Administrative and general expenses	(32,183)	(35,103)	2,920	(8.3)	(32,183)	(35,103)	2,920	(8.3)
Operating Profit	73,992	68,886	5,106	7.4	73,992	68,886	5,106	7.4
Finance Costs	(1,031)	(936)	(95)	10.2	(1,031)	(936)	(95)	10.2
Profit Before Taxation	72,961	67,950	5,011	7.4	72,961	67,950	5,011	7.4
Income Tax Expenses	(18,414)	(17,798)	(616)	3.5	(18,414)	(17,798)	(616)	3.5
Profit After Taxation	54,548	50,152	4,395	8.8	54,548	50,152	4,395	8.8
Other Comprehensive Income								
- Foreign Currency Translation Differences	467	(10)	477	(4,770.0)	467	(10)	477	(4,770.0)
Total Comprehensive Income For The Period	55,015	50,142	4,872	9.7	55,015	50,142	4,872	9.7
Profit After Taxation attributable to :								
Equity Holders of the Company	54,548	50,152	4,395	8.8	54,548	50,151	4,396	8.8
Non-controlling Interest	-	-	-	-	-	-	-	-
	54,548	50,152	4,395	8.8	54,548	50,151	4,396	8.8
Total Comprehensive Income attributable to :								
Equity Holders of the Company	55,015	50,142	4,872	9.7	55,015	50,141	4,873	9.7
Non-controlling Interest	-	-	-	-	-	-	-	-
	55,015	50,142	4,872	9.7	55,015	50,141	4,873	9.7
Earnings Per Share Attributable To								
Equity Holders Of The Company								
- Basic (sen)	7.09	6.67	0.42	6.3	7.09	6.67	0.42	6.3
- Diluted (sen)	7.08	6.62	0.46	6.9	7.08	6.62	0.46	6.9

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 2019 and the accompanying explanatory notes attached to this interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) As at 30 June 2019 RM'000	(AUDITED) As at 31 March 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	255,943	256,168
Right-of-use assets	892	-
Investment properties	242	243
Investment in joint venture company	67,374	-
Inventories	505,408	454,128
Deferred tax assets	26,513	25,702
Goodwill arising on consolidation	*	*
	856,371	736,241
Current assets		
Inventories	774,055	671,435
Trade and other receivables	246,189	425,046
Deposits, cash and bank balance	247,387	264,210
	1,267,630	1,360,691
TOTAL ASSETS	2,124,002	2,096,932
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	867,926	800,220
Translation reserves	(6,075)	(6,542)
Retained profits	562,413	533,437
	1,424,264	1,327,115
Non-controlling interest	831	831
TOTAL EQUITY	1,425,095	1,327,946
Non-current liabilities		
Borrowings	193,407	200,166
Lease liabilities	486	-
	193,892	200,166
Current liabilities		
Trade and other payables	292,913	359,048
Borrowings	158,102	162,137
Lease liabilities	281	-
Dividend payable	25,571	22,584
Current tax liabilities	28,148	25,051
	505,015	568,820
TOTAL LIABILITIES	698,907	768,986
TOTAL EQUITY AND LIABILITIES	2,124,002	2,096,932
Net Assets Per Share (RM) (Note 2)	1.81	1.76

Notes:

* Represents RM1.00.

- The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 March 2019 and the accompanying explanatory notes attached to this interim financial statements.
- Based on the issued and paid-up share of 786,809,487 (2019: 752,809,487) ordinary share in Matrix ("shares")

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share 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 2018 (Unaudited)</u>							
As at 1 April 2018	796,217	-	6,489	(3,107)	406,892	501	1,206,992
Issuance of new ordinary shares pursuant to - Exercise of ESOS	3,187	-	(483)	-	-	-	2,704
Profit after taxation for the period	-	-	-	-	50,152	-	50,152
Other comprehensive income for the period - Foreign currency translation differences	-	-	-	(10)	-	-	(10)
Total comprehensive income for the period	-	-	-	(10)	50,152	-	50,142
Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	-	-	-
Dividend	-	-	-	-	(26,334)	-	(26,334)
Options granted under ESOS	-	-	-	-	-	-	-
ESOS lapsed/forfeited	-	-	(6,006)	-	6,006	-	-
As at 30 June 2018	799,404	-	-	(3,117)	436,716	501	1,233,504
<u>3 months ended 30 June 2019 (Unaudited)</u>							
As at 1 April 2019	800,220	-	-	(6,542)	533,436	831	1,327,945
Issuance of new ordinary shares pursuant to - Private placement	67,706	-	-	-	-	-	67,706
Profit after taxation for the year	-	-	-	-	54,548	-	54,548
Other comprehensive income for the year - Foreign currency translation differences	-	-	-	467	-	-	467
Total comprehensive income for the year	-	-	-	467	54,548	-	55,015
Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	-	-	-
Dividend	-	-	-	-	(25,571)	-	(25,571)
As at 30 June 2019	867,926	-	-	(6,075)	562,413	831	1,425,095

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 2019

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) FOR THE 3 MONTHS PERIOD ENDED 30 June 2019 RM'000	(Unaudited) FOR THE 3 MONTHS PERIOD ENDED 30 June 2018 RM'000
Cash Flow From Operating Activities		
Profit before income tax	72,961	67,950
Adjustments for :-		
Depreciation of property, plant and equipment	2,562	2,380
Depreciation of investment property	2	-
Interest expenses	1,031	936
Interest income	(1,336)	(1,120)
Loss/(Gain) on disposal of property, plant and equipment	15	(146)
Operating profit before working capital changes	75,235	70,000
(Increase)/Decrease in inventories	(150,358)	3,455
Decrease in receivables	178,857	8,487
Decrease in payables	(66,134)	(78,241)
Cash generated from operations	37,600	3,701
Interest received	1,336	1,120
Interest paid	(4,574)	(3,903)
Tax paid	(16,127)	(14,316)
Net cash generated from operating activities	18,235	(13,398)
Cash Flow From Investing Activities		
Placement of pledged deposits with licensed bank	(469)	(1,651)
Investment in joint venture company	(67,374)	-
Purchase of property, plant and equipment	(3,230)	(3,097)
Proceed from disposal of property, plant and equipment	(15)	362
Net cash used in investing activities	(71,088)	(4,386)
Cash Flow From Financing Activities		
Proceed from issuance of share	67,706	2,704
Dividend paid	(22,584)	(26,280)
Repayment of term loan	(12,118)	(22,823)
Repayment of lease liabilities	(82)	(80)
Net cash generated from/(used in) financing activities	32,922	(46,479)
Net changes in cash and cash equivalents	(19,931)	(64,263)
Effect of exchange rate fluctuations on cash held	467	(10)
Cash and cash equivalents at beginning of the period	180,267	187,395
Cash & cash equivalents at end of the period	160,803	123,122
Cash and cash equivalents comprise of :-		
Fixed deposit, cash and bank balance	247,387	229,881
Less : Fixed Deposit Pledged	(22,551)	(14,337)
Less : Fixed Deposit more than 3 months	(26,405)	(53,901)
	198,431	161,643
Bank overdrafts	(37,628)	(38,521)
	160,803	123,122

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 2019 and the accompanying explanatory notes attached to this interim financial statements.

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("FPE") 30 JUNE 2019**

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

A1. Accounting Policies and Basis of Preparation

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

The interim financial statements should be read in conjunction with the Audited Financial Statements of Matrix Concepts Holdings Berhad ("**Company**") and its subsidiaries ("**Group**") for the FYE 31 March 2019 and the explanatory notes attached therein. These explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2019.

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 March 2019.

During the interim financial statement, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

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

MFRS 9 Financial Instruments
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140 – Transfers of Investment Property
Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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 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 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 References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of MFRS 16 : Leases did not have any material impact and the Group has adopted "Modified Retrospective Approach."

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A2. Seasonal or Cyclical Factors

The results for the current financial quarter ended 30 June 2019 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 2019 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 2019 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 2019 under review:

- (i) 34,000,000 new ordinary shares in the Company (“**Matrix Concepts Shares**”) pursuant to a private placement exercise undertaken by the Company of which 21,000,000 Matrix Concepts Shares were issued at an issue price of RM1.986 per Matrix Concepts Shares while 13,000,000 Matrix Concepts Shares were issued at an issue price of RM2.00 per Matrix Concepts Shares.

Pursuant to the above, the issued and paid-up share capital of the Company had increased from RM800,219,906, comprising of 752,809,487 Matrix Concepts Shares to RM867,925,906 comprising of 786,809,487 Matrix Concepts Shares for the current financial quarter ended 30 June 2019 under review.

A6. Dividends Paid

During the financial quarter ended 30 June 2019 under review, the Company had closed its books for its fourth interim single tier dividend of 3.00 sen as well as a special single tier dividend of 0.25 sen per Matrix Concepts Share for the financial year ended 31 March 2019. The fourth interim single tier dividend and special single tier dividend were paid on 10 July 2019 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 21 June 2019.

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	238,568	-	-	-	-	238,568
Construction / Inter-segment sales	-	105,743	-	-	(105,743)	-
School fees	-	-	5,474	-	-	5,474
Clubhouse and hotel operator	-	-	-	4,461	-	4,461
Total	238,568	105,743	5,474	4,461	(105,743)	248,503
Other income						
Rental income	358	3	-	-	-	361
Others	2,708	78	144	12	-	2,942
Total	3,066	81	144	12	-	3,303
Results						
Segment results	68,443	7,718	(531)	470	(2,107)	73,993
Finance costs						(1,031)
Profit before tax						72,962
Taxation						(18,414)
Net profit for the year						54,548

For comparison purposes, the segment revenue and segment results for business segments for the corresponding FPE 30 June 2018 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	219,956	-	-	-	-	219,956
Construction / Inter-segment sales	-	71,367	-	-	(71,367)	-
School fees	-	-	6,324	-	-	6,324
Clubhouse and hotel operator	-	-	-	3,762	-	3,762
Total	219,956	71,367	6,324	3,762	(71,367)	230,042
Other income						
Rental income	119	1	-	-	-	120
Others	1,157	267	137	10	-	1,571
Total	1,276	268	137	10	-	1,691
Results						
Segment results	70,720	5,979	(2,073)	(8)	(5,732)	68,886
Finance costs						(936)
Profit before tax						67,950
Taxation						(17,798)
Net profit for the year						50,152

As the revenue of the Matrix Concepts Group for the FPE 30 June 2019 is solely derived from its operating activities in Malaysia, geographical segmentation is not prepared.

A8. Industry outlook

(i) Malaysian property sector

The property market in Malaysia in 2018 has gradually improved, recorded a marginal increase. The property sector recorded 313,710 transactions worth RM140.33 billion in 2018, increased by 0.6% in volume and 0.3% in value compared to 2017. Residential property continued to support the overall property sector with 62.9% market share, followed by agriculture property with 21.5% market share.

Residential Projects

The residential subsector is expected to grow at a marginal pace following the mismatch between supply and demand. Towards this end, the Government suspended the development of residential properties, serviced apartments and luxury condominiums priced over RM1 million in prime areas, effective November 2017. In addition, the developers are focusing on sales of existing projects to address the overhang issues. Meanwhile, the Government will continue to provide affordable housing for the low and middle income groups through various programmes.

As for affordable housing, the Government will continue to support this segment with among others, the following initiatives:

the construction and completion of affordable homes with an allocation of nearly RM1.5 billion for Program Perumahan Rakyat, Perumahan Penjawat Awam Malaysia, Perumahan Rakyat 1 Malaysia (PR1MA) and Syarikat Perumahan Negara Bhd to ensure the availability of supply.

the lower income group earning not more than RM2,300 per month to own a house for the first-time, a fund amounting to RM1 billion will be established by BNM, to help them to purchase affordable homes priced up to RM150,000. The fund will be made available from 1 January 2019 at participating financial institutions, namely AmBank, CIMB Bank, Maybank, RHB Bank and BSN through a concessionary financing rate as low as only 3.5% per annum.

for first-time home-buyers purchasing residential properties priced up to RM500,000, the Government will exempt stamp duty up to RM300,000 on the instrument of transfer and the loan agreement for a period of two years until December 2020. For first-time home buyers with household income of up to RM5,000 per month, the Government will allocate RM25 million to Cagamas Berhad to provide mortgage guarantees to enable borrowers to obtain higher financing from financial institutions, inclusive of down payment support.

the Government also announced that construction and building materials have been exempted from SST. In return, the Government secured the commitment from the Real Estate Housing Developers Association (REHDA) that there will be a 10% reduction in the price of houses that are not subjected to price control in new projects.

starting 1 January 2019, stamp duty exemption will be given on the instrument of transfer and the loan agreement for purchases of new homes from developers valued between RM300,001 and RM1 million.

approving private sector driven ‘Property Crowdfunding’ platforms which will serve as an alternative source of financing for first time home buyers.

Non-Residential projects

The non-residential subsector is projected to decline following oversupply and overhang of high-end shops and shopping complexes as well as downward trend in the incoming supply of commercial buildings. However, the demand for commercial buildings in prime areas is anticipated to remain stable supported by residential development projects in Klang Valley suburbs, particularly in areas along mass rapid transit and light rail transit routes; as well as in major cities such as Johor Bahru, Melaka and Pulau Pinang.

Property market activity in Malaysia in 2019 is expected to stabilise judging from the increase in volume and value of total transaction at the end of 2018. As Malaysia embraces Industrial Revolution 4.0 and Digital Economy, a different arena is expected for the industrial property sub-sector to play a significant role generating investments and employment opportunities. Property overhang issue needs to be thoroughly handled and a holistic measure needs to be in place. Overhang does not necessarily mean over supplied. There are other contributing factors such as mismatch, affordability & costs of living. It is about finding the right location, right price, right type to cater for the right demand.

(Sources: 3 – Macroeconomic Outlook, Economic Outlook 2019, Ministry of Finance Malaysia, The 2019 Budget Speech Text, Ministry of Finance Malaysia, and Malaysian Property Market 2018, Valuation & Property Services Department, Ministry of Finance Malaysia, 30 April 2019)

(ii) Australian residential property sector

In 2018, Australia’s largest residential markets, Sydney and Melbourne, moved from an unprecedented growth cycle into a period of correction. Most other capital cities have begun to follow suit, exceptions being Brisbane and Adelaide houses and Melbourne units, all of which are at historically high prices and have upward momentum. In Brisbane, Perth and Adelaide price corrections will be most severe in unit markets on account of high levels of supply. House prices have proven more resilient in Brisbane and Adelaide and are still trending upwards. Queensland is receiving high levels of interstate migration and this will continue to support Brisbane house values.

There are significant uncertainties this year that could profoundly impact the residential sector:

1. The findings of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and, more importantly, how banks and other lenders react to these findings in terms of lending policy and therefore credit availability. Credit availability has emerged as the biggest headwind impacting Australia’s residential markets. Banks are responding to preliminary findings in the Royal Commission and are imposing more stringent lending standards. The scale of price correction now underway in the Sydney and Melbourne markets has been largely driven by tightening credit availability and the impact on market confidence.
2. The looming federal election, and with a change of government appearing possible, how proposed changes to negative gearing and capital gains tax concessions will impact. Depending on the outcome of the elections, it could result in significant changes to negative gearing and capital gains tax discounts on investment property.
3. Changes in Australia’s overseas migration intake and related policy. Recent years have seen Australia’s net migration intake at record levels, topping 263,000 in 2016-17 before pulling back to 237,000 in 2017-18. A majority of the net intake settle in New South Wales (38%) and Victoria (36%). It is expected that the 2019-20 financial year migrant intake will be reduced from 190,000 to 160,000. If this occurs and proves permanent, 10,000 to 15,000 less new dwellings (predominantly inner-city units) would be required every year. Significant changes in immigration policy would likely be an added drag on markets already facing a period of price correction.

(Source: Australia Real Estate Market Outlook 2019, CBRE Australia.)

A9. Valuation of property, plant and equipment

There were no valuations carried out on property, plant and equipment of the Group during the financial quarter ended 30 June 2019 under review.

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A10. Commitments

The commitments of the Company as at the end of the financial quarter ended 30 June 2019 under review and the financial period-to-date are as follows:

	Cumulative year-to-date 30.06.2019 RM'000
Contracted but not provided for:	
- Land held for property development	187,363
- Share of capital commitment of joint ventures	62,827
	<u>250,190</u>

A11. Material subsequent event

There were no material events subsequent to the end of the financial quarter ended 30 June 2019 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 2019 that have not been reflected in this interim financial statements.

A13. Changes in the Composition of the Group

Save as disclosed below, there were no changes to the composition of the Group during the financial quarter ended 30 June 2019 under review:

- (i) On 14 June 2019, Matrix Healthcare Sdn Bhd (“**MHSB**”), a wholly-owned subsidiary of the Company, had on 14 June 2019 acquired 510 ordinary shares in Sendi Hartamas Sdn Bhd (“**SHSB**”), representing 51% equity interest in SHSB. SHSB is the intended operating company of the Mawar Medical Centre and Mawar Haemodialysis Centre, the licences of which are presently pending the approval of the Ministry of Health, Malaysia.

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 2019.

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A15. Significant Related Party Disclosures

Save as disclosed below, there were no other significant related party transactions during the financial quarter ended 30 June 2019 under review and the financial year-to-date:

	Current quarter ended 30.06.2019 RM'000	Cumulative year-to-date 30.06.2019 RM'000
Purchase of building materials from related parties	13,121	13,121
Agency fees and purchase of marketing material from related parties	47	47
Purchase of sundries from related parties	98	98
Rental payments made to related parties	77	77
Consultancy fees paid to related parties	352	352
Sales of development properties to related parties	-	-

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of Performance

	Current quarter ended 30.06.2019 RM'000	Corresponding quarter ended 30.06.2018 RM'000	Changes	
			RM'000	%
Revenue	248,503	230,042	18,460	8.0
Gross profit	125,958	120,493	5,465	4.5
Profit before tax	72,961	67,950	5,011	7.4
Profit after tax	54,548	50,152	4,398	8.8

For the quarter ended 30 June 2019, the Group recorded revenue of RM248.5 million, an increase of RM18.5 million or 8.0% from RM230.0 million in the previous year corresponding quarter. The growth in revenue was mainly attributed to stronger revenue recognition from the sale of residential and commercial properties at the Group's Bandar Sri Sendayan and Bandar Seri Impian townships.

Meanwhile revenue recognition from the Group's investment properties, comprising Matrix Global Schools, d'Tempat Country Club, and d'Sora Business Boutique hotel, remained relatively unchanged at RM9.9 million from RM10.1 million previously. The modest performance was due to a minor decline in contribution from Matrix Global Schools, offset by higher contribution from the country club and hotel operations.

The Group also recorded higher profit before tax of RM73.0 million, an increase of RM5.0 million or 7.4% from RM68.0 million previously. While profit contribution from the property development segment remained resilient, the Group's profit growth was attributed mainly to significantly lower losses by Matrix Global Schools, and aided by higher other income.

Backed by higher amount of new launches and healthy sales performance, the Group's unbilled sales maintained at a commendable level of RM1.2 billion.

B2. Comparison with preceding quarter's results

	Current quarter ended 30.06.2019 RM'000	Preceding quarter ended 31.03.2019 RM'000	Changes	
			RM'000	%
Revenue	248,503	278,945	(30,442)	(10.9)
Gross profit	125,958	127,291	(1,333)	(1.0)
Profit before tax	72,961	83,486	(10,525)	(12.6)
Profit after tax	54,548	65,865	(11,317)	(17.2)

The Group recorded revenue of RM248.5 million for the first quarter ended 30 June 2019, a decrease of RM30.4 million or 10.9% from the preceding quarter ended 31 March 2019. This was mainly attributed to lower revenue recognition from residential properties, and absence of revenue recognition from industrial properties.

Group profit before tax stood at RM73.0 million compared to RM83.5 million in the preceding quarter, a decrease of RM10.5 million or 12.6%. This was mainly due to product mix comprising more properties priced in the affordable range, absence of contribution from industrial properties, and higher sales and marketing expenses in line with increased launches and larger scale of ongoing developments.

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B3. Prospects

Matrix Concepts is focused on improving our township developments of Bandar Sri Sendayan (BSS) in Negeri Sembilan and Bandar Seri Impian (BSI) in Kluang, Johor, including enhancing available amenities and living experience of the townships towards supporting a vibrant and bustling community. This is coupled with continued landbanking efforts to expand our landbank in the vicinity of these townships.

To enhance our long term sustainability, the Group has also expanded its development profile to other development projects in the vicinity of Seremban, and had expanded into Kuala Lumpur as well as Australia, effectively expanding our geographical reach to capture more growth opportunities. Total ongoing developments rose to a record high of RM2.9 billion in gross development value as at 30 June 2019, increasing significantly from RM2.6 billion in the previous corresponding quarter.

In foreign markets, the Group is expanding its development profile in Australia, following the success and commendable sales performance of its M.Carnegie boutique apartment project in Melbourne launched in 2016. In this regard, the Group has soft launched, in April, 2019, its second development in Melbourne, M.Greenvale, featuring 70 residential lots situated on a 9.7-acre land with GDV of RM72.0 million.

Underpinned by the successful expansions, we continue to reinforce our international footprint towards strengthening our brand as a premier developer of choice. In October 2018, the Group announced its participation in the development of the Islamic Financial Towers in the up-and-coming suburb of Pulau Kapuk Indah 2 in Jakarta, Indonesia together with Indonesian conglomerates Agung Sedayu Group and Salim Group, and investment banking firm PT Nikko Securitas Indonesia.

In view of strong market demand for our properties, especially our range of affordable and higher-premium landed properties in Seremban, we have launched RM384.1 million worth of projects during the first quarter ended 30 June 2019. The launches comprise mainly of 2-storey terrace residences in BSS.

Going forward, for the remaining nine months of the financial year ending 31 March 2020, the Group has earmarked close to RM1 billion worth of new property launches, comprising mainly affordable and affordable-premium residential properties in BSS, and a residential project in BSI.

Despite the cautious sentiment of the property sector presently, the Group remains optimistic on maintaining our performance in FY2020, to be supported by our healthy lineup of launches and encouraging demand recorded at ongoing developments as well as recent launches.

B4. Profit guarantee or profit forecast

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

B5. Taxation

	Current quarter ended 30.06.2019 RM'000	Cumulative period-to-date 30.06.2019 RM'000
Current tax expenses	19,281	19,281
Deferred tax income	(867)	(867)
	18,414	18,414

The Group’s effective tax rate of 25.2% for the financial quarter ended 30 June 2019 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 land held under separate individual titles, located within Mukim Jimah, Daerah Port Dickson, Negeri Sembilan Darul Khusus by BSS Development Sdn Bhd (“Proposed PD Acquisition”)

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

On 19 October 2017, the Company had announced that BSS Development Sdn Bhd had further entered into separate Sales and Purchase Agreements for the acquisition of a further 10 parcels of vacant agriculture land under separate titles located within Mukim Jimah, Daerah Port Dickson, Negeri Sembilan Darul Khusus. Following thereto, the total aggregate parcels of lands to be acquired is 31 parcels measuring 76.57 hectares with an aggregate cash consideration of RM84,052,319.

Please refer to the Company’s announcement dated 4 August 2017 and 19 October 2017 for further information on the Proposed PD Acquisition.

(ii) Joint Venture Agreement between Matrix Concepts Holdings Berhad, PT Bangun Kosambi Sukses and PT Nikko Securitas Indonesia

The Company had on 15 May 2018, announced that the Company had entered into a Memorandum of Understanding with PT Bangun Kosambi Sukses and PT Nikko Securitas Indonesia for the joint development of an Islamic Financial District in Pantai Indah Kapuk 2, Jakarta, Indonesia (“MOU”). The purpose of the MOU is to create a platform for the parties to commit their intention and to strengthen the mutual understanding to set up a collaboration for a proposed joint venture for the said development. It is anticipated that the definitive joint venture agreement will be executed within 6 months from the date of the MOU. In the event the parties are unable to execute the definitive joint venture agreement at the expiry of 6 months, the MOU shall be terminated by mutual consent of all parties.

Further to the above, the Company had on 2 October 2018, announced that it had entered into a Joint Venture Agreement (“JVA”) with PT Bangun Kosambi Sukses and PT Nikko Securitas Indonesia to jointly venture into the construction and development of an Islamic Financial District in Indonesia.

On 2 April 2019, the Company together with PT Bangun Kosambi Sukses and PT Nikko Securitas Indonesia had entered into a supplemental agreement to extend the period for the capital injection by the respective parties (“Supplemental Agreement”).

Please refer to the Company’s announcement dated 15 May 2018, 2 October 2018 and 2 April 2019 for further information on the MOU, JVA and Supplemental Agreement.

(iii) Joint venture between Matrix Concepts (Southern) Sdn Bhd (“MCS”) and Koperasi Kemajuan Tanah Negeri Johor Berhad (“KKTNJB”)

The Company had on 2 May 2019, announced that MCS, a wholly-owned subsidiary of the Company, had entered into a Joint Venture Agreement with KKTNJB with a mutual objective and purpose of carrying out mixed development projects on part of the land owned by KKTNJB under the land title details of HS(D) 56852, PTD 74731 in the Mukim and District of Kluang and State of Johor measuring approximately 407.6 acres.

The said mixed development projects to be carried out will cover approximately 309.5 acres within the abovementioned land with the development costs to be borne by MCS. In return for the exclusive and irrevocable right granted by KKTNJB for MCS to develop the said land, MCS shall pay a cash consideration of RM91,679,338 based on a payment scheduled agreed upon between the parties.

Please refer to the Company’s announcement dated 2 May 2019 for further information on the joint venture.

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(iv) Private placement of up to 75,000,000 new MCHB Shares

On behalf of the Company, Maybank Investment Bank Berhad (“**Maybank IB**”) had on 12 March 2019, announced that the Company proposed to undertake a private placement of up to 75,000,000 new MCHB Shares (“**Private Placement**”) pursuant to the general mandate applicable for the period granted by the shareholders of MCHB under Sections 75 and 76 of the Act. The listing application for the Private Placement was submitted to Bursa Securities on 13 March 2019 and approved on 18 March 2019.

On 2 May 2019, Maybank IB had on behalf of the Company, announced the price fixing of the first tranche which entails the issuance of 21,000,000 new MCHB Shares at RM1.986 per share to be issued pursuant to the Private Placement (“**First Tranche Placement**”). The First Tranche Placement was completed on 10 May 2019.

On 15 May 2019, Maybank IB had on behalf of the Company, announced the price fixing of the second tranche which entails the issuance of 13,000,000 new MCHB Shares at RM2.00 per share to be issued pursuant to the Private Placement (“**Second Tranche Placement**”). The Second Tranche Placement was completed on 27 May 2019.

Please refer to the Company’s announcement dated 12 March 2019, 13 March 2019, 14 March 2019, 19 March 2019, 2 May 2019, 10 May 2019, 15 May 2019 and 27 May 2019 for further information on the Private Placement.

B7. Status of utilisation of proceeds raised

As mentioned in Note A5 above, the Company had raised an aggregate of approximately RM67.7 million via the subscription of the following during the financial quarter ended 30 June 2019:

- (i) 34,000,000 new Matrix Concepts Shares pursuant to the First Tranche Placement and Second Tranche Placement respectively, raising an aggregate of approximately RM67.7 million.

The Company has since fully utilised the proceeds raised as investment in the Company’s joint venture in the construction and development of an Islamic Financial District in Indonesia pursuant to the JVA.

B8. Group borrowings and debt securities

The Group’s borrowings as at 30 June 2019 are as follows:

	Unaudited as at 30.06.2019 RM’000
Short term borrowings	
<u>Secured:</u>	
Term loans	30,474
Bank overdrafts	37,628
	<hr/> 68,102 <hr/>
<u>Unsecured:</u>	
Commercial papers	50,000
Medium term notes	40,000
	<hr/> 90,000 <hr/>
Total short-term borrowings	<hr/> 158,102 <hr/>

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	Unaudited as at 30.06.2019
Long term borrowings	
<u>Secured:</u>	
Term loans	53,407
<u>Unsecured:</u>	
Medium term notes	140,000
Total long-term borrowings	193,407
Total Borrowings	351,509

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

	Unaudited as at 30.06.2019 RM’000
Malaysian Ringgit	342,809
Australian Dollar	8,700
Total	351,509

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 29 August 2019, declared a first interim single tier dividend of 3.00 sen per Matrix Concepts Share held for the financial year ending 31 March 2020, to be paid on 9 October 2019 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 20 September 2019.

On 10 July 2019, a fourth interim single tier dividend of 3.00 sen and a special single tier dividend of 0.25 sen per Matrix Concepts Share for the financial year ended 31 March 2019 was paid to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 21 June 2019.

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B11. Earnings Per Share

(i) Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to equity holders of the Company and divided by the weighted average number of ordinary shares in issue during the period under review.

	Current Quarter Ended		Cumulative Period-To-Date	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Profit attributable to equity holders of the Company (RM'000)	54,548	50,152	54,548	50,152
Weighted average number of ordinary shares ('000)	769,430	752,106	769,430	752,106
Basic earnings per share (sen)	7.09	6.67	7.09	6.67

(ii) Diluted earnings per share

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

	Current Quarter Ended		Cumulative Period-To-Date	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Profit attributable to equity holders of the Company (RM'000)	54,548	50,152	54,548	50,152
Weighted average number of ordinary shares for the quarter ended 30 June 2019 ('000)	769,430	752,106	769,430	752,106
Effect of potential exercise of Warrants ('000)	1,145	5,178	1,145	5,178
Weighted enlarged average number of ordinary shares ('000)	770,575	757,284	770,575	757,284
Diluted earnings per share(sen)	7.08	6.62	7.08	6.62

B12. Notes to the Statement of Comprehensive Income

	Current Quarter Ended		Cumulative Period-To-Date	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Included in the profit for the period are:				
- Interest income	(1,336)	(1,120)	(1,336)	(1,120)
- Other income including investment income	(1,806)	(451)	(1,806)	(451)
- Interest expenses	1,031	936	1,031	936
- Depreciation of property, plant and equipment	2,564	2,380	2,564	2,380
- 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	-	-	43	-
- Realised gain/(loss) on derivatives	-	-	-	-
- (Reversal of)/allowance for expected credit losses on receivables	-	-	-	-
- Rental income on properties	(361)	(120)	(361)	(120)

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

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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 29 August 2019.

By order of the Board of Directors

Ho Kong Soon
Group Managing Director

Date: 29 August 2019