

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER (2nd QUARTER)				CUMULATIVE PERIOD			
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CHANGES		CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE	CHANGES	
	30 September 2017 RM'000	30 September 2016 RM'000	Amount RM'000	%	30 September 2017 RM'000	30 September 2016 RM'000	Amount RM'000	%
Revenue	202,896	224,850	(21,954)	(9.8)	375,754	421,077	(45,323)	(10.8)
Cost of Sales	(94,063)	(130,546)	36,483	(27.9)	(164,996)	(221,149)	56,153	(25.4)
Gross Profit	108,833	94,304	14,529	15.4	210,758	199,928	10,830	5.4
Other Income	1,506	728	778	106.9	2,287	1,531	756	49.4
Selling and Marketing Expenses	(4,889)	(4,418)	(471)	10.7	(14,084)	(10,052)	(4,032)	40.1
Administrative and general expenses	(33,781)	(26,904)	(6,877)	25.6	(63,111)	(56,518)	(6,593)	11.7
Operating Profit	71,669	63,710	7,959	12.5	135,850	134,889	961	0.7
Finance Costs	(659)	(893)	234	(26.2)	(2,849)	(1,633)	(1,216)	74.5
Profit Before Taxation	71,010	62,817	8,193	13.0	133,001	133,256	(255)	(0.2)
Income Tax Expenses	(19,184)	(16,350)	(2,834)	17.3	(35,623)	(34,865)	(758)	2.2
Profit After Taxation	51,826	46,467	5,359	11.5	97,378	98,391	(1,013)	(1.0)
Other Comprehensive Income								
- Foreign Currency Translation Differences	32	-	32	-	32	-	32	-
Total Comprehensive Income For The Period	51,858	46,467	5,391	11.6	97,410	98,391	(981)	(1.0)
Profit After Taxation attributable to :								
Equity Holders of the Company	51,826	46,467	5,359	11.5	97,378	98,391	(1,013)	(1.0)
Non-controlling Interest	-	-	-	-	-	-	-	-
	51,826	46,467	5,359	11.5	97,378	98,391	(1,013)	(1.0)
Total Comprehensive Income attributable to :								
Equity Holders of the Company	51,858	46,467	5,391	11.6	97,410	98,391	(981)	(1.0)
Non-controlling Interest	-	-	-	-	-	-	-	-
	51,858	46,467	5,391	11.6	97,410	98,391	(981)	(1.0)
Earnings Per Share Attributable To								
Equity Holders Of The Company								
- Basic (sen)	8.64	8.20	0.44	5.3	16.54	17.39	(0.85)	(4.9)
- Diluted (sen)	8.56	8.14	0.42	5.2	16.40	17.28	(0.88)	(5.1)

Note:

1. The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 March 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 September 2017 RM'000	(AUDITED) As at 31 March 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	239,713	234,776
Investment properties	870	919
Inventories	714,512	760,775
Deferred tax assets	13,111	10,134
Goodwill arising on consolidation	*	*
	968,206	1,006,604
Current assets		
Inventories	264,657	163,781
Trade and other receivables	230,573	266,818
Deposits, cash and bank balance	247,340	117,307
	742,570	547,906
TOTAL ASSETS	1,710,776	1,554,510
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	770,024	577,122
Share premium	-	43,405
Share option	5,113	12,574
Translation reserves	2,358	2,326
Retained profits	340,994	388,532
	1,118,489	1,023,959
Non-controlling interest	448	*
TOTAL EQUITY	1,118,937	1,023,959
Non-current liabilities		
Borrowings	238,676	181,265
Other payables	20,396	24,546
	259,072	205,811
Current liabilities		
Trade and other payables	134,953	194,205
Borrowings	157,143	92,906
Dividend payable	19,172	20,096
Current tax liabilities	21,499	17,533
	332,767	324,740
TOTAL LIABILITIES	591,839	530,551
TOTAL EQUITY AND LIABILITIES	1,710,776	1,554,510
Net Assets Per Share (RM) (Note 2)	1.51	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 738,895,658 (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>6 months ended 30 September 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	1,509	2,062	(665)	-	-	-	2,906
- Exercise of Warrants	5,301	7,421	-	-	-	-	12,722
Profit after taxation/Total comprehensive income for the year	-	-	-	-	98,391	-	98,391
Dividend	-	-	-	-	(43,422)	-	(43,422)
Options granted under ESOS	-	-	400	-	-	-	400
ESOS lapsed/forfeited	-	-	-	-	-	-	-
As at 30 September 2016	570,767	41,427	4,392	(156)	339,761	*	956,191
<u>6 months ended 30 September 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	44,065	-	(7,045)	-	-	-	37,020
- Exercise of Warrants	1,059	-	-	-	-	-	1,059
- Bonus Issue	147,778	(43,405)	-	-	(104,373)	-	-
Profit after taxation for the year	-	-	-	-	97,378	-	97,378
Other comprehensive income for the year							
- Foreign currency translation differences	-	-	-	32	-	-	32
Total comprehensive income for the year	-	-	-	32	97,378	-	97,410
Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	-	448	448
Dividend	-	-	-	-	(40,959)	-	(40,959)
Options granted under ESOS	-	-	-	-	-	-	-
ESOS lapsed/forfeited	-	-	(416)	-	416	-	-
As at 30 September 2017	770,024	-	5,113	2,358	340,994	448	1,118,937

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 6 MONTHS PERIOD ENDED 30 September 2017 RM'000	(Unaudited) FOR THE 6 MONTHS PERIOD ENDED 30 September 2016 RM'000
Cash Flow From Operating Activities		
Profit before income tax	133,001	133,256
Adjustments for :-		
ESOS expenses	-	400
Depreciation	4,556	4,103
Equipment written off	287	-
Interest income	(1,134)	(808)
Interest expenses	2,849	1,633
Gain on disposal of property, plant and equipment	(37)	(54)
Operating profit before working capital changes	139,522	138,530
Increase in inventories	(54,613)	(30,016)
Decrease/(Increase) in receivables	36,245	(67,446)
(Decrease)/Increase in payables	(63,402)	45,369
Cash generated from operations	57,752	86,437
Interest received	1,134	808
Interest paid	(2,849)	(1,633)
Tax paid	(34,633)	(18,259)
Net cash provided by operating activities	21,404	67,353
Cash Flow From Investing Activities		
Placement of pledged deposits with licensed bank	(903)	(1,560)
Purchase of property, plant and equipment	(9,807)	(16,921)
Proceed from disposal of property, plant and equipment	112	54
Net cash used in investing activities	(10,598)	(18,427)
Cash Flow From Financing Activities		
Proceed from issuance of share	38,080	15,628
Increase in investment of non controlling interest in a subsidiary	448	-
Dividend paid	(41,883)	(46,021)
Drawdown of borrowings	150,000	1,220
Repayment of term loan	(20,049)	(37,801)
Hire purchase instalments paid	(156)	(39)
Net cash used in financing activities	126,440	(67,013)
Net changes in cash and cash equivalents	137,246	(18,087)
Effect of exchange rate fluctuations on cash held	32	-
Cash and cash equivalents at beginning of the period	63,866	39,611
Cash & cash equivalents at end of the period	201,144	21,524
Cash and cash equivalents comprise of :-		
Fixed deposit, cash and bank balance	247,340	76,230
Less : Fixed Deposit Pledged	(10,292)	(7,251)
	237,048	68,979
Bank overdrafts	(35,904)	(47,455)
	201,144	21,524

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 September 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 September 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 September 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 September 2017 under review:

- (i) 8,809,771 new ordinary shares in the Company (“**Matrix Concepts Shares**”) pursuant to the exercise of employee share options (“**ESOS Options**”);
- (ii) 440,582 new Matrix Concepts Shares pursuant to the exercise of warrants in the Company; and
- (iii) 147,778,258 new Matrix Concepts Shares pursuant to a bonus issue on the basis of 1 Bonus Share for every 4 existing Matrix Concepts Shares held.

Pursuant to the above, the issued and paid-up share capital of the Company had increased from RM597,683,200 comprising of 581,867,047 Matrix Concepts Shares to RM770,023,757, comprising of 738,895,658 Matrix Concepts Shares for the current financial quarter ended 30 September 2017 under review.

A6. Dividends Paid

During the financial quarter ended 30 September 2017 under review, the Company had closed its books for its first interim single tier dividend of 3.25 sen per Matrix Concepts Share for the financial year ending 31 March 2018. The first interim single tier dividend was 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 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	360,062	-	-	-	-	360,062
Construction / Inter-segment sales	-	150,754	-	-	(150,754)	-
School fees received	-	-	8,427	-	-	8,427
Clubhouse operator	-	-	-	7,265	-	7,265
Total	360,062	150,754	8,427	7,265	(150,754)	375,754
Other income						
Rental income	176	-	-	-	-	176
Others	1,416	471	183	41	-	2,111
Total	1,592	471	183	41	-	2,287
Results						
Segment results	142,358	22,303	(6,358)	(1,553)	(20,900)	135,850
Finance costs						(2,849)
Profit before tax						133,001
Taxation						(35,623)
Net profit for the period						97,378

For comparison purposes, the segment revenue and segment results for business segments for the corresponding financial period ended 30 September 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	408,572	-	-	-	-	408,572
Construction / Inter-segment sales	-	174,531	-	-	(174,531)	-
School fees received	-	-	6,428	-	-	6,428
Clubhouse operator	-	-	-	6,077	-	6,077
Total	408,572	174,531	6,428	6,077	(174,531)	421,077
Other income						
Rental income	124	-	-	-	-	124
Others	2,137	(7)	66	283	(1,072)	1,407
Total	2,261	(7)	66	283	(1,072)	1,531
Results						
Segment results	150,279	14,970	(7,449)	(1,003)	(21,908)	134,889
Finance costs						(1,633)
Profit before tax						133,256
Taxation						(34,865)
Net profit for the period						98,391

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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

Activities in the housing market have shown some signs of a pick-up, with total housing transaction value recording a positive annual growth of 0.9% (4Q 2016: -11.6%), the first time since 2015. Housing transaction volume has also showed improvement, recording a smaller contraction of 5.4% (4Q 2016: -12.7%) in the first quarter of 2017. This was mainly contributed by transactions for the purchase of houses priced above RM500,000 in both the primary and secondary markets. Based on preliminary data, the average house price registered an annual growth of 5.3% in the first quarter of 2017 (4Q 2016: +7%). Financing by banks for the purchase of affordable houses remains available as reflected by the loan approval rate of about 72% for houses priced below RM500,000. New launches of houses in this price segment, however, remains lagged, a trend observed since 2015. Consequently, housing affordability remains challenging, particularly for first-time house buyers.

Risks to financial stability arising from speculative activity in the housing market remains muted. The annual growth in the number of borrowers with three or more outstanding housing loans (a proxy for speculative buyers) stood 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.

Vacancy and rental rates in the office space and shopping complex segments remained depressed in the first quarter of 2017, reflecting sanguine tenant demand on the ground. The continued excess supply in the commercial property segment, if left unaddressed, could become a long-term structural issue with wide implications to the economy. Direct risks to banks from lending to property developers, including end-financing, in the office space and shopping complex segments remained small at 5.1% of total bank loans. This is supported by sound lending and valuation practices. The delinquency and impairment ratios for these exposures remained low at 0.7% and 1%, respectively (1Q 2017: 0.8% and 1.1%, respectively).

(Source: Bank Negara Malaysia Quarterly Bulletin for the second 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 September 2017 under review.

A10. Commitments

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

	Current quarter ended 30.09.2017 RM'000	Cumulative period-to-date 30.09.2017 RM'000
Contracted but not provided for:		
- Land held for property development	76,117	90,539
Total	76,117	90,539

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A11. Material subsequent event

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

A13. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter ended 30 September 2017 under review.

A14. Contingent Liabilities and Contingent Assets

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

A15. Significant Related Party Disclosures

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

	Current quarter ended 30.09.2017 RM'000	Cumulative period-to-date 30.09.2017 RM'000
Purchase of building materials from related parties	9,326	17,813
Purchase of marketing material from related parties	124	124
Rental payments made to related parties	15	30
Consultancy fees paid to related parties	149	373
Sales of development properties to related parties	-	1,400

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of Performance

	Current quarter ended 30.09.2017 RM'000	Current quarter ended 30.09.2016 RM'000	Changes	
			RM'000	%
Revenue	202,896	224,850	(21,954)	(9.8)
Gross profit	108,833	94,304	14,529	15.4
Profit before tax	71,010	62,817	8,193	13.0
Profit after tax	51,826	46,467	5,359	11.5

For the quarter ended 30 September 2017, the Group recorded revenue of RM202.9 million, a decrease of RM21.9 million or 9.8% from RM224.8 million in the previous year, attributed to slower revenue recognition from the Group’s industrial developments. Revenue recognition during the quarter originated primarily from the Group’s residential and commercial property developments.

Additionally, the Group’s investment properties of Matrix Global Schools and d’Tempat Country Club reported aggregate revenue of RM7.4 million, an increase of RM1.3 million or 21.3% higher from RM6.1 million in the previous year, attributed to higher student enrolments and increased spending by club members.

Despite the lower revenue for the quarter, the Group recorded higher profit before tax of RM71.0 million, an increase of RM8.2 million or 13.0% from RM62.8 million in the previous year. The higher profitability was attributed to enhanced gross profit margin, resulting from increased sales of higher-premium residential properties as the Group’s townships continue to grow in vibrancy and appeal to home purchasers.

As at 30 September 2017, the Group’s total undeveloped land bank is approximately 1,600 acres, while unbilled sales grew to a new height of RM1.1 billion compared to RM765.3 million a year ago and RM933.3 million as at the preceding quarter’s end.

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	202,896	172,858	30,038	17.4
Gross profit	108,833	101,925	6,908	6.8
Profit before tax	71,010	61,991	9,019	14.5
Profit after tax	51,826	45,552	6,274	13.8

The Group achieved revenue of RM202.9 million for the quarter ended 30 September 2017, or 17.4% higher compared to RM172.8 million in the preceding quarter ended 30 June 2017. The increase in revenue was mainly attributed to higher revenue recognition from the sales of residential and commercial properties.

Correspondingly, the Group recorded profit before tax of RM71.0 million for the quarter ended 30 September 2017, or 14.5% higher compared to RM62.0 million in the preceding quarter, in line with the increased revenue.

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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, such as the Residensi SIGC project.

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 a strategic mix of both affordably-priced and higher-premium homes in line with market demand. The Group continuously invests into improving township facilities to enhance their appeal to potential buyers and commercial property investors, as well as enhance the value of its townships and secure its spot as a leading developer of integrated townships.

The Group’s ongoing developments as at 30 September 2017 grew to a new watermark of RM2.4 billion in GDV, significantly higher than RM1.9 billion in the previous year. Additionally, the Group has lined up new launches worth approximately RM 2.0 billion in GDV over the next two years. 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). Particularly for Matrix Global Schools, the Group entered into strategic tie-ups with prominent foreign education institutions such as China’s Shanghai Zhangjiang Specialized College and Hengshui No. 1 High School, with potential to see approximately 1,000 new student enrollments over the next three years. The Group continuously explores similar opportunities that would benefit Matrix Global Schools.

Together with other investments such as the 34-acre X Park, d’Sora Boutique Business Hotel, and potential future investments, these properties would not only position Bandar Sri Sendayan as a leading community-focused township that aims to provide a wholesome living experience for everyone, but also create a rising and recurring revenue stream from investment properties.

B4. Profit guarantee or profit forecast

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

B5. Taxation

	Current quarter ended 30.09.2017 RM’000	Cumulative period-to-date 30.09.2017 RM’000
Current tax expenses	22,416	40,639
Deferred tax income	(3,232)	(5,016)
	19,184	35,623

The Group’s effective tax rate of 26.7% for the financial quarter ended 30 September 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.

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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) **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) (“CCH”) 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. On 30 August 2017, the Company had announced that the Company and CCH had mutually agreed to extend the MOU for a period of a further 6 months until 28 February 2018. Please refer to the Company’s announcement dated 1 May 2017 and 30 August 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.

- (iii) **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.

On 25 September 2017, it was announced that following the listing of 147,778,258 Bonus Shares together with 12,872,798 additional Warrants arising from the adjustments made in relation to the Proposed Bonus Issue, the said Proposed Bonus Issue has been completed.

- (iv) **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”)**

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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.

(v) 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.

(vi) Education Joint Collaboration Agreement (“EJCA”) between Matrix Global Education Sdn Bhd and Hengshui Yizhong Education Group Sdn Bhd

The Company had on 18 September 2017, announced that its wholly owned subsidiary, Matrix Global Education Sdn Bhd (“MGE”) had entered into a EJCA with Hengshui Yizhong Education Group Sdn Bhd (“HYE”) for the advancement of education for students from China whereby HYE is to ensure a minimum of 200 new students are enrolled with MGE for the next 3 academic years with the first academic year commencing from 20 March 2018.

The EJCA will not have an immediate impact to the financial performance of the Group for the upcoming financial year ending 31 March 2018. However, with the increase in student enrolment to be contributed by the EJCA, it is expected that the EJCA will contribute positively to the future earnings of the Group.

Please refer to the Company announcement dated 18 September 2017 for further information on the EJCA.

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 RM20.81 million via the subscription of the following during the financial quarter ended 30 September 2017:

- (i) 8,809,771 new Matrix Concepts Shares pursuant to the exercise of the ESOS Options, whereby 53,894 ESOS Options were exercised at a subscription price of RM1.23 per new Matrix Concepts

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Share, 598,814 ESOS Options were exercised at a subscription price of RM1.83 per new Matrix Concepts Share, 1,924,378 ESOS Options were exercised at a subscription price of RM2.08 per new Matrix Concepts Shares and 6,232,685 ESOS Options were exercised at a subscription price of RM2.34 per new Matrix Concepts Share; and

- (ii) 440,582 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 September 2017 are as follows:

	Unaudited as at 30.09.2017 RM’000
Short term borrowings	
<u>Secured:</u>	
Hire purchase creditors	340
Term loans	50,899
Bank overdrafts	35,904
	<u>87,143</u>
<u>Unsecured:</u>	
Commercial papers	50,000
Medium term notes	20,000
	<u>70,000</u>
Total short-term borrowings	<u>157,143</u>
Long term borrowings	
<u>Secured:</u>	
Hire purchase creditors	986
Term loans	157,690
	<u>158,676</u>
<u>Unsecured:</u>	
Medium term notes	80,000
Total long-term borrowings	<u>238,676</u>
Total Borrowings	<u>395,819</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	367,050
Australian Dollar	28,769
Total Borrowings	<u>395,819</u>

The Group’s borrowings denominated in Australian Dollar represent short term secured term loans of which as at 30 September 2017, AUD 8.67 million remain outstanding. The foreign exchange rate recorded by the Group was RM3.32 : 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 23 November 2017, declared a second 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 10 January 2018 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 22 December 2017.

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

B11. Realised and unrealised profits/losses disclosure

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

	Unaudited as at 30.09.2017 RM'000
Total retained profits of the Group	
- Realised	397,519
- Unrealised	<u>1,498</u>
	399,017
Less: Consolidation adjustments	<u>(58,023)</u>
Total Group retained profits as per Statement of Financial Position	<u><u>340,994</u></u>

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	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Profit attributable to equity holders of the Company (RM'000)	51,826	46,467	97,378	98,391
Weighted average number of ordinary shares ('000)	600,028	567,005	588,631	565,771
Basic earnings per share (sen)	8.64	8.20	16.54	17.39

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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	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Profit attributable to equity holders of the Company (RM'000)	51,826	46,467	97,378	98,391
Weighted average number of ordinary shares for the quarter ended 31 March 2017 ('000)	600,028	567,005	588,631	565,771
Effect of potential exercise of Warrants	3,762	1,438	3,762	1,438
Effect of potential exercise of ESOS	1,480	2,166	1,480	2,166
Weighted enlarged average number of ordinary shares ('000)	605,270	570,609	593,873	569,375
Diluted earnings per share(sen)	8.56	8.14	16.40	17.28

B13. Notes to the Statement of Comprehensive Income

	Current Quarter Ended		Cumulative Period-To-Date	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Included in the profit for the period are:				
- Interest income	(634)	(384)	(1,134)	(808)
- Other income including investment income	(791)	(282)	(977)	(599)
- Interest expenses	659	893	2,849	1,633
- Depreciation of property, plant and equipment	2,433	2,071	4,556	4,103
- 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	(81)	(62)	(176)	(124)

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 23 November 2017.

By order of the Board of Directors

Dato’ Lee Tian Hock
Group Managing Director

Date: 23 November 2017