

MATRIX CONCEPTS HOLDINGS BERHAD
(Incorporated in Malaysia-Co. No. 199601042262)
**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited INDIVIDUAL QUARTER (1ST QUARTER)				Unaudited CUMULATIVE PERIOD			
	CURRENT YEAR QUARTER 30 June 2022	PRECEDING YEAR CORRESPONDING QUARTER 30 June 2021	CHANGES		CURRENT YEAR TO DATE 30 June 2022	PRECEDING YEAR CORRESPONDING YEAR TO DATE 30 June 2021	CHANGES	
	RM'000	RM'000	Amount RM'000	%	RM'000	RM'000	Amount RM'000	%
Revenue	229,256	163,437	65,819	40.3	229,256	163,437	65,819	40.3
Cost of Sales	(119,985)	(82,897)	(37,088)	44.7	(119,985)	(82,897)	(37,088)	44.7
Gross Profit	109,271	80,540	28,731	35.7	109,271	80,540	28,731	35.7
Other Income	2,665	1,159	1,506	129.9	2,665	1,159	1,506	129.9
Selling and Marketing Expense:	(19,368)	(15,337)	(4,031)	26.3	(19,368)	(15,337)	(4,031)	26.3
Administrative and general expenses	(27,937)	(23,590)	(4,347)	18.4	(27,937)	(23,590)	(4,347)	18.4
Operating Profit	64,631	42,772	21,859	51.1	64,631	42,772	21,859	51.1
Finance Costs	(1,325)	(762)	(563)	73.9	(1,325)	(762)	(563)	73.9
Share of results in joint venture, net of tax	506	670	(164)	(24.5)	506	670	(164)	(24.5)
Profit Before Taxation	63,812	42,680	21,132	49.5	63,812	42,680	21,132	49.5
Income Tax Expenses	(17,618)	(12,204)	(5,414)	44.4	(17,618)	(12,204)	(5,414)	44.4
Profit After Taxation	46,194	30,476	15,718	51.6	46,194	30,476	15,718	51.6
Other Comprehensive Income								
- Foreign Currency Translation Differences	(2,696)	(1,652)	(1,044)	63.2	(2,696)	(1,652)	(1,044)	63.2
Total Comprehensive Income For The Period	43,498	28,824	14,674	50.9	43,498	28,824	14,674	50.9
Profit After Taxation attributable to :								
Equity Holders of the Company	47,038	31,691	15,347	48.4	47,038	31,691	15,347	48.4
Non-controlling Interest	(844)	(1,215)	371	(30.5)	(844)	(1,215)	371	(30.5)
	46,194	30,476	15,718	51.6	46,194	30,476	15,718	51.6
Total Comprehensive Income attributable to :								
Equity Holders of the Company	44,342	30,039	14,303	47.6	44,342	30,039	14,303	47.6
Non-controlling Interest	(844)	(1,215)	371	(30.5)	(844)	(1,215)	371	(30.5)
	43,498	28,824	14,674	50.9	43,498	28,824	14,674	50.9
Earnings Per Share Attributable To								
Equity Holders Of The Company								
- Basic (sen)	5.64	3.80	1.84	48.4	5.64	3.80	1.84	48.4
- Diluted (sen)	N/A	N/A			N/A	N/A		

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 2022 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 2022 RM'000	(AUDITED) As at 31 March 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	217,535	219,048
Right-of-use assets	2,848	2,996
Investment properties	62	62
Investment in joint venture company	142,439	140,402
Inventories	792,407	802,960
Other receivables, deposits and prepayments	39,217	38,734
Deferred tax assets	27,221	22,455
Goodwill arising on consolidation	*	*
	1,221,729	1,226,657
Current assets		
Inventories	434,112	463,192
Trade and other receivables	685,223	714,362
Deposits, cash and bank balance	196,990	202,138
	1,316,325	1,379,692
TOTAL ASSETS	2,538,054	2,606,349
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	961,315	961,315
Translation reserves	2,003	4,699
Retained profits	960,119	944,365
	1,923,437	1,910,379
Non-controlling interest	(12,349)	(11,505)
TOTAL EQUITY	1,911,088	1,898,874
Non-current liabilities		
Borrowings	112,046	114,587
Lease liabilities	2,153	2,201
Other payables, deposits, accruals and provision	22,442	22,148
	136,641	138,936
Current liabilities		
Trade and other payables	301,490	381,017
Borrowings	163,900	168,274
Lease liabilities	852	863
Dividend payable	31,284	31,284
Current tax liabilities	(7,201)	(12,899)
	490,325	568,539
TOTAL LIABILITIES	626,966	707,475
TOTAL EQUITY AND LIABILITIES	2,538,054	2,606,349
Net Assets Per Share (RM) (Note 2)	2.29	2.28

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 2022 and the accompanying explanatory notes attached to this interim financial statements.
- Based on the issued and paid-up share of 834,232,356 (FYE2022: 834,232,356) ordinary share in Matrix ("shares")

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Translation Reserves RM'000	Retained Profits RM'000	Attributable To Owner of The Company RM'000	Non-Controlling Interest RM'000	Total RM'000
<u>3 months ended 30 June 2021 (Unaudited)</u>						
As at 1 April 2021	961,315	934	845,486	1,807,735	(11,243)	1,796,492
Profit after taxation for the year	-	-	31,691	31,691	(1,215)	30,476
Other comprehensive income for the year - Foreign currency translation differences	-	(1,652)	-	(1,652)	-	(1,652)
Total comprehensive income for the year	-	(1,652)	31,691	30,039	(1,215)	28,824
Contribution by and distribution to owners of the Company						
- Dividends	-	-	(33,369)	(33,369)	-	(33,369)
- Exercise of Warrants	-	-	-	-	-	-
Total transactions with owners	-	-	(33,369)	(33,369)	-	(33,369)
As at 30 June 2021	961,315	(718)	843,808	1,804,405	(12,458)	1,791,947
<u>3 months ended 30 June 2022 (Unaudited)</u>						
As at 1 April 2022	961,315	4,699	944,365	1,910,379	(11,505)	1,898,874
Profit after taxation for the year	-	-	47,038	47,038	(844)	46,194
Other comprehensive income for the year - Foreign currency translation differences	-	(2,696)	-	(2,696)	-	(2,696)
Total comprehensive income for the year	-	(2,696)	47,038	44,342	(844)	43,498
Contribution by and distribution to owners of the Company						
- Dividends	-	-	(31,284)	(31,284)	-	(31,284)
- Exercise of Warrants	-	-	-	-	-	-
Total transactions with owners	-	-	(31,284)	(31,284)	-	(31,284)
As at 30 June 2022	961,315	2,003	960,119	1,923,437	(12,349)	1,911,088

Notes:

* Represents RM300.00.

1. The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 March 2022

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) FOR THE FINANCIAL PERIOD ENDED 30 June 2022 RM'000	(Unaudited) FOR THE FINANCIAL PERIOD ENDED 30 June 2021 RM'000
Cash Flow From Operating Activities		
Profit before income tax	63,812	42,680
Adjustments for :-		
Depreciation of property, plant and equipment and right of use assets	2,373	2,855
Depreciation of investment property	1	1
Interest expenses	1,744	1,682
Interest income	(901)	(206)
Gain on disposal of investment property	-	(33)
Gain on disposal of property, plant and equipment	(1,044)	-
Share of results in joint venture, net of tax	(506)	(670)
Operating profit before working capital changes	65,479	46,309
Decrease/(Increase) in inventories	41,448	(24,580)
Decrease in receivables	28,656	235,930
Decrease in payables	(79,237)	(183,124)
Cash generated from operations	56,346	74,535
Interest received	901	206
Interest paid	(3,559)	(4,579)
Tax paid	(16,686)	(21,677)
Net cash generated from operating activities	37,002	48,485
Cash Flow From Investing Activities		
Placement of pledged deposits with licensed bank	-	(298)
Withdrawal/(Placement) of deposits with licensed bank more than 3 months	25,255	-
Purchase of property, plant and equipment	(1,035)	(24)
Proceed from disposal of property, plant and equipment	1,367	-
Proceed from disposal of investment property	-	66
Net cash generated from investing activities	25,587	(256)
Cash Flow From Financing Activities		
Advance from non-controlling interest shareholders	-	2,753
Dividend paid	(31,284)	(25,026)
Drawdown of borrowings	-	-
Repayment of term loan	(7,129)	(13,168)
Repayment of lease liabilities	(58)	(197)
Net cash used in financing activities	(38,471)	(35,638)
Net changes in cash and cash equivalents	24,118	12,591
Effect of exchange rate fluctuations on cash held	(4,227)	(1,838)
Cash and cash equivalents at beginning of the year	150,288	185,567
Cash & cash equivalents at end of the year	170,179	196,320
Cash and cash equivalents comprise of :-		
Fixed deposit, cash and bank balance	196,990	248,516
Less : Fixed Deposit Pledged	(26,595)	(26,139)
Less : Fixed Deposit more than 3 months	-	(26,057)
	170,395	196,320
Bank overdrafts	(216)	-
	170,179	196,320

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 2022 and the accompanying explanatory notes attached to this interim financial statements.

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("FPE") 30 JUNE 2022**

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

A1. Accounting Policies and Basis of Preparation

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

The interim financial statements should be read in conjunction with the Audited Financial Statements of Matrix Concepts Holdings Berhad ("**Company**") and its subsidiaries ("**Group**") for the financial year ended ("**FYE**") 31 March 2022 and the explanatory notes attached therein. These explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 31 March 2022.

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the FYE 31 March 2022.

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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

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

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax Related to Assets and Liabilities arising from Single Transaction	1 January 2023

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A2. Seasonal or cyclical factors

The results for the current financial quarter ended 30 June 2022 under review and the financial year-to-date were not materially affected by seasonal or cyclical factors.

A3. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current financial quarter ended 30 June 2022 under review and the financial year-to-date.

A4. Material changes in estimates

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial quarter ended 30 June 2022 under review and the financial year-to-date.

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

There was no issuance, cancellations, repurchase, resale and repayments of debts and equity securities during the financial quarter ended 30 June 2022 under review.

A6. Dividends Paid

During the financial quarter ended 30 June 2022 under review, the Company had closed its books for its fourth interim single tier dividend of 3.75 sen per Matrix Concepts Share for the FYE 31 March 2022. The fourth interim single tier dividend was paid on 7 July 2022 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 22 June 2022.

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	219,401	-	-	-	-	219,401
Construction / Inter-segment sales	-	70,781	-	-	(70,781)	-
School fees	-	-	2,932	-	-	2,932
Clubhouse and hotel operator	-	-	-	6,237	-	6,237
Others	686	-	-	-	-	686
Total	220,087	70,781	2,932	6,237	(70,781)	229,256
Other income						
Rental income	534	9	-	-	-	543
Others	2,049	24	36	13	-	2,122
Total	2,583	33	36	13	-	2,665
Results						
Segment results	57,436	6,941	(1,982)	1,739	497	64,631
Finance costs						(1,325)
Share of results in joint venture, net of tax						506
Profit before tax						63,812
Taxation						(17,618)
Net profit for the year						46,194

For comparison purposes, the segment revenue and segment results for business segments for the corresponding financial period ended 30 June 2021 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	155,068	-	-	-	-	155,068
Construction / Inter-segment sales	-	52,947	-	-	(52,947)	-
School fees	-	-	3,260	-	-	3,260
Clubhouse and hotel operator	-	-	-	4,587	-	4,587
Others	522	-	-	-	-	522
Total	155,590	52,947	3,260	4,587	(52,947)	163,437
Other income						
Rental income	455	-	-	-	-	455
Others	362	179	114	49	-	704
Total	817	179	114	49	-	1,159
Results						
Segment results	39,059	5,040	(1,595)	1,480	(1,212)	42,772
Finance costs						(762)
Share of results in joint venture, net of tax						670
Profit before taxation						42,680
Taxation						(12,204)
Net profit for the year						30,476

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As the revenue of the Matrix Concepts Group for the FPE 30 June 2022 is solely derived from its operating activities in Malaysia, geographical segmentation is not prepared.

A8. Industry outlook – Malaysian property sector

The property market showed signs of recovery following the implementation of various stimulus provided by the government, via Short-term Economic Recovery Plan namely Pelan Jana Semula Ekonomi Negara (PENJANA) and Prihatin Rakyat Economic Stimulus Package (PRIHATIN). The Stimulus helped to sustain the confidence of the industry and households at large in coping with the impact of pandemic. In addition, initiatives introduced under Budget 2021 remained supportive to the property market. Among the initiatives included:

1. An allocation of RM1.2 billion for providing comfortable and quality housing, especially for the low-income group:
 - a. RM500 million to build 14,000 units low-cost housing under Program Perumahan Rakyat.
 - b. RM315 million for the construction of 3,000 units of Rumah Mesra Rakyat by Syarikat Perumahan Negara Berhad.
 - c. RM125 million for the maintenance of low cost and medium-low stratified housing as well as assistance to repair dilapidated house and those damaged by natural disasters; and
 - d. RM310 million for the Malaysia Civil Servants Housing Program (PPAM).
2. Full stamp duty exemption on instruments of transfer and loan agreement for first-time home buyers will be extended until 31 December 2025, effective for sale and purchase executed from 1 January 2021 to 31 December 2025.
3. Stamp duty exemption on loan agreement and instruments of transfer given to rescuing contractors and the original house purchasers is extended for five years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government (KPKT).
4. Collaboration with selected financial institutions to provide a Rent-to-Own Scheme. The program will be implemented until 2022 involving 5,000 units PR1MA hoses with a total value of more than RM1 billion.

The property market performance showed a slight improvement in 2021 but has yet to surpass the pre-pandemic level recorded prior to 2020. More than 300,000 transactions worth nearly RM145 billion were recorded, indicating an increase of 1.5% in volume and 21.7% in value compared to last year.

The residential, commercial and industrial sub-sectors saw an increase of 3.9%, 10.7% and 17.6% respectively, while agriculture and development land sub-sectors declined slightly by 7.5% and 7.4% respectively. Value of transactions recorded higher increase for residential, commercial, industrial and development land sub-sectors each at 16.7%, 43.1%, 32.9% and 33.2% whereas agriculture recorded otherwise, decreased by 5.1%.

The residential sub-sector led the overall property market with 66.2% contribution in volume. This was followed by agriculture (18.9%), commercial (7.5%), development land and others (5.6%) and industrial (1.9%). The residential sub-sector again took the lead with 53.1% share of total transaction value, followed by commercial (19.3%), industrial (11.7%), agriculture (8.2%) and development land and others (7.7%).

Residential property

There were 198,812 transactions worth RM76.90 billion recorded in 2021, increased by 3.9% in volume and 16.7% in value as compared with 2020. Demand continued to focus on terraced houses, formed around 43.0% of the total residential transactions, followed by vacant plots and high-rise units, each with nearly 15% market share. The affordable price range of RM300,000 and below accounted for 55.9% of the total, followed by RM300,001 to RM500,000 (24.6%), RM501,000 to RM1,000,000 (14.8%) and more than RM1,000,000 (4.8%). The primary market saw lesser release of new launches. There were nearly 44,000 units launched in 2021, against 47,178 units in 2020. The decline was expected as developers held back on the new launches due to the softening property market and increasing numbers of unsold inventories. Sales performance was

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moderate at 39.3% in 2021. The residential overhang situation was less encouraging, with volume amounting to nearly 37,000 units worth RM22.79 billion as at year-end, increased by 24.7% and 20.5% in volume and value respectively against last year.

Commercial property

The commercial sub-sector saw a better performance in 2021. There were 22,428 transactions worth RM27.94 billion recorded in 2021, increased by 10.7% in volume and 43.1% in value as compared with 2020. The improved market was contributed by the increased activity recorded in most states and the major transactions involving shopping complex and purpose-built office recorded in the review period. Shop segment recorded 11,574 transactions worth RM9.6 billion, dominating 51.6% of the commercial property transactions volume and 34.3% of the total value. Market performance recorded an increase of 10.5% in volume and 12.7% in value against 2020. Shop overhang situation improved slightly. The numbers decreased to 6,612 units with a value of RM5.78 billion, down by 4.2% in volume through value up by 2.3% against 2020. Similarly, the unsold under construction shops declined by 27.6% to 3,899 units while unsold not constructed increased by 97.5% to 401 units.

Industrial property

The industrial sub-sector recorded 5,595 transactions worth RM16.96 billion in 2021. Compared to 2020, the market activity increased by 17.6% in volume and 32.9% in value. The industrial overhang remained manageable. The overhang volume decreased to 1,130 units worth RM1.58 billion, down by 18.1% volume and 27.5% in value against 2020. Likewise the unsold under construction and not constructed decreased to 654 units and 22 units, down by 7.8% and 69.4% respectively.

The property market is expected to regain its momentum in 2022 though the environment remained challenging. The health of the residential sector is paramount to the overall performance of the property market. To ensure the vitality of this sector as well as improving the livelihood of the nation, various initiatives are outlined under Budget 2022. In addition, the Ministry of Housing and Local Government alongside the Ministry of Finance is planning to organise a Home Ownership Program (HOPE) with special focus for B40 and M40 groups in providing home financing facilities to these groups.

(Source: Property Market Report 2021, Valuation & Property Services Department Malaysia, Ministry of Finance.)

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 2022 under review.

A10. Commitments

The commitments of the Company as at the end of the financial quarter ended 30 June 2022 under review and the financial year-to-date are as follows:

	Cumulative year-to-date 30.06.2022 RM'000
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Contracted but not provided for:	
- Land held for property development	121,056

A11. Material subsequent event

There were no material events subsequent to the end of the financial quarter ended 30 June 2022 under review up to the date of this report which is likely to substantially affect the results of the operations of the Group.

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A12. Significant event during the period

There were no significant events outside the ordinary course of business during the financial quarter ended 30 June 2022 that have not been reflected in these interim financial statements.

A13. Changes in the Composition of the Group

There were no changes to the composition of the Group during the financial quarter ended 30 June 2022 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 June 2022.

A15. Significant Related Party Disclosures

Save as disclosed below, there were no other significant related party transactions during the financial quarter ended 30 June 2022 under review and the financial year-to-date:

	Current quarter ended 30.06.2022 RM'000	Cumulative year-to-date 30.06.2022 RM'000
Purchase of building materials from related parties	5,537	5,537
Agency fees and purchase of marketing material from related parties	120	120
Rental payments made to related parties	75	75
Consultancy fees paid to related parties	1,299	1,299
Sales of property to related party	-	-

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of Performance

	Current quarter ended 30.06.2022 RM'000	Corresponding quarter ended 30.06.2021 RM'000	Changes RM'000	%
Revenue	229,256	163,437	65,819	40.3
Gross profit	109,271	80,540	28,731	35.7
Profit before tax	63,812	42,680	21,132	49.5
Profit after tax	46,194	30,476	15,718	51.6

For the first quarter ended 30 June 2022, the Group recorded revenue of RM229.3 million, an increase of 40.3% from RM163.4 million in the previous quarter. The improved revenue was mainly due to the RM201.9 million contribution from the Group’s residential and commercial products, a 32.5% increment year-on-year, in line with the absence of Covid-related operational restrictions previously experienced throughout the corresponding quarter ended 30 June 2021.

The Group’s revenue performance was further supported by higher revenue contribution from its industrial products at Sendayan TechValley, with a total of RM17.5 million recognised during the quarter, an increase of 451.1% or RM14.3 million from previously.

Sendayan Developments remains the Group’s biggest contributor, recording revenue of RM193.2 million during the quarter under review, an increase of RM72.1 million or 59.6%, as the township enjoys growing interest from property upgraders and first-time homebuyers from Klang Valley. Meanwhile, revenue from the Group’s investment properties, comprising its education and hospitality units, collectively increased by 25.6% to RM9.2 million during the quarter.

In line with the higher revenue, the Group reported improvements in gross profit to RM109.3 million from RM80.5 million in the previous quarter, an increase of 35.7% year-on-year. This was achieved despite cost pressures relating to materials cost inflation and labour shortage issues.

Profit after tax for the quarter was 51.6% higher than the previous year as revenue grew to RM46.2 million from RM30.5 million recorded in the previous quarter, mainly due to the increase in revenue and further enhanced by improvements in net profit margin to 20.2% from 18.7% previously.

Despite the multi-faceted challenges experienced by the property market and the general Malaysian economy, the Group managed to record healthy new property sales of RM309.2 million for the quarter, as it focused on the affordable-premium segment which has continued to benefit from healthy demand. Meanwhile, the Group’s unbilled sales of RM1.3 billion as at 30 June 2022 provides solid earnings visibility over the next 12-15 months.

B2. Comparison with preceding quarter’s results

	Current quarter ended 30.06.2022 RM'000	Preceding quarter ended 31.03.2022 RM'000	Changes RM'000	%
Revenue	229,256	250,810	(21,554)	(8.6)
Gross profit	109,271	165,420	(56,149)	(33.9)
Profit before tax	63,812	75,057	(11,245)	(15.0)
Profit after tax	46,194	60,683	(14,489)	(23.9)

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The Group’s revenue of RM229.3 million recorded for the first quarter ended 30 June 2022, was a marginal reduction of 8.6% from RM250.8 million in the preceding quarter. The decrease was mainly due to the lower revenue contribution from the Group’s industrial products with RM17.5 million recognised during the quarter under review, a 73.3% reduction from RM65.6 million reported previously. This was, however, cushioned by improved revenue contribution from residential and commercial properties which increased by 13.9% from RM176.5 million to RM201.9 million.

Meanwhile, gross profit amounted to RM109.3 million, a decrease of 33.9% from RM165.4 million in the preceding quarter due to product mix and lower contribution from industrial properties during the quarter under review. Consequently, gross margin also decreased to 47.7% from 65.9% in the preceding quarter,

Profit after tax also during the quarter was at RM46.2 million, 23.9% lower than the RM60.7 million reported in the preceding quarter. Despite the significant drop in gross profit, the Group’s net margin for the quarter was 20.1% albeit lower than 24.2% in the preceding quarter.

B3. Prospects

The Group’s new property sales performance has underpinned its consistent growth in the past two years, despite challenging operating conditions as businesses grapple with the unprecedented COVID-19 pandemic. Even prior to the pandemic, the Group successfully navigated through the slowdown in Malaysia’s property market as it builds on the growing demand at its townships, particularly Sendayan Developments.

The Group expects to continue recording healthy demand trend moving forward, with growing inclination for Klang Valley residents to relocate outside of the city centre, made easier by remote and flexible working arrangements. Supported also by an established and broadened sales channel through the use of digital solutions such as social media platforms, the Group intends to capitalise on the strong demand driven by the strong value proposition of its residential properties, particularly those within the RM600,000 price range.

With Malaysia’s transition to endemic phase, the Group anticipates labour shortage issues that hampered the speedy recovery of its construction activities since the last Movement Control Order in 2021 will be resolved in due course, as the reopening of the country’s borders is expected to restore labour flow into Malaysia. The Group also effectively managed the impact of higher construction material prices, as the majority of its projects are undertaken by its in-house construction arm which provides cost savings and efficiency.

Going forward, the Group remains dedicated on enhancing its township developments of Sendayan Developments, comprising Bandar Sri Sendayan, Ara Sendayan and Tiara Sendayan in Negeri Sembilan, and Bandar Seri Impian (BSI) in Kluang, Johor. This includes improvement to amenities and infrastructure to support vibrant community living, and landbanking efforts to expand future launch pipeline.

Internationally, the Group’s second residential development in Australia – M. Greenvale in Melbourne, launched in 2020 with GDV of AUD27.8 million, is expected to be completed in October 2022 and has already secured 100% take up. The project garnered excellent response and is fully sold. Following on its heels, the Group recently launched M333 St. Kilda with estimated GDV of AUD80 million in May 2022. The eight-storey mixed development represents the Group’s largest development in Australia to date and is located within walking distance of iconic landmarks.

Meanwhile, the Group’s Indonesian development, Menara Syariah in Pantai Indah Kapuk 2, Jakarta, Indonesia, undertaken via a joint venture with Indonesian conglomerates Agung Sedayu Group and Salim Group, is seeing positive construction progress, and is targeted to complete in the fourth quarter of the financial year ending 31 March 2023 (FY2023).

The Group is cautiously optimistic of maintaining healthy performance in FY2023, supported by encouraging demand for ongoing developments, continued economic recovery, and a low interest rate environment despite a revision in overnight policy rate to 2.25% announced on 6 July 2022 by Bank Negara Malaysia.

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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 30.06.2022 RM’000	Cumulative period-to-date 30.06.2022 RM’000
Current tax expenses	17,621	17,621
Over provision of income tax in prior years	-	-
Deferred tax income	(3)	(3)
	17,618	17,618

The Group’s effective tax rate of 27.6% for the financial period ended 30 June 2022 under review was higher than the statutory corporate tax rate of 24.0% due to the non-recognition of deferred tax assets for certain temporary differences and non-deductible expenses for tax purposes.

B6. Status of corporate proposals

(i) Proposed acquisition of vacant agriculture and held under separate individual titles, located within Bandar Sri Sendayan, Negeri Sembilan Darul Khusus by Matrix Concepts (NS) Sdn Bhd (“MCNS”) (“Proposed BSS Acquisition”)

The Company had on 22 November 2019 announced that MCNS, a wholly-owned subsidiary of Matrix Concepts has between the period of 28 September 2018 to 22 November 2019, entered into separate Sale and Purchase Agreements with the individual land owners or their Administrators to acquire 86 parcels of vacant agriculture land of various sizes held under separate land titles situated in Bandar Sri Sendayan, Negeri Sembilan Darul Khusus measuring altogether approximately 68.24 hectares for an aggregate cash consideration of approximately RM73.4 million.

The Company had on 26 February 2020 announced that MCNS has entered into separate Sale and Purchase Agreements with the individual land owners or their Administrators to acquire 84 parcels of vacant agriculture land of various sizes held under separate land titles situated in Bandar Sri Sendayan, Negeri Sembilan Darul Khusus measuring altogether approximately 67.94 hectares for an aggregate cash consideration of approximately RM73.1 million.

Please refer to the Company’s announcements dated 22 November 2019, 27 November 2019 and 26 February 2020 for further information on the Proposed BSS Acquisition.

(ii) Memorandum of understanding between MCHB Development (NS) Sdn Bhd (“MCNS”) and NS Corporation (“NSCorp”) (“MOU”)

The Company had on 28 April 2022 announced that MCNS, a wholly-owned subsidiary of Matrix Concepts, entered into the MOU with NSCorp with the objective to collaborate and to carry out and implement the development of certain parts of the lands within the Malaysia Vision Valley 2.0 (“**MVV 2.0**”). The MVV 2.0 is an area spanning 153,411 hectares within the districts of Seremban and Port Dickson which has been identified for the extension of the Greater Klang Valley conurbation.

Please refer to the Company’s announcement dated 28 April 2022 for further information on the MOU.

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- (iii) **Proposed bonus issue of up to 417,116,178 new ordinary shares in Matrix Concepts ("Shares") ("Bonus Shares") on the basis of 1 Bonus Share for every 2 existing Shares held on an entitlement date to be determined and announced later ("Proposed Bonus Issue of Shares")**

The Company had on 25 May 2022 announced the Proposed Bonus Issue of Shares which will be undertaken at no consideration and without capitalisation of the company's reserves. The Proposed Bonus Issue of Shares will increase the number of Shares in issue but will not increase the value of the share capital of the Company. Further thereto, the additional listing application in relation to the Proposed Bonus Issue of Shares was submitted to Bursa Malaysia Securities Berhad on 6 July 2022 and approved on 13 July 2022. The Circular to shareholders and notice of the general meeting to approve the Proposed Bonus Issue of Shares was issued on 28 July 2022 with the general meeting to be held on 26 August 2022.

Please refer to the Company's announcements dated 25 May 2022, 6 July 2022 and 13 July 2022 as well as the Circular to shareholders dated 28 July 2022 for further information on the Proposed Bonus Issue of Shares.

B7. Status of utilisation of proceeds raised

The Company did not raise any proceeds from the issuance of new securities during the financial quarter ended 30 June 2022.

B8. Group borrowings and debt securities

The Group's borrowings as at 30 June 2022 are as follows:

	Unaudited as at 30.06.2022 RM'000
Short term borrowings	
<u>Secured:</u>	
Term loans	73,684
Bank overdrafts	216
	<u>73,900</u>
<u>Unsecured:</u>	
Commercial papers	-
Medium term notes	90,000
	<u>90,000</u>
Total short-term borrowings	<u>163,900</u>
Long term borrowings	
<u>Secured:</u>	
Term loans	92,046
<u>Unsecured:</u>	
Medium term notes	20,000
Total long-term borrowings	<u>112,046</u>
Total Borrowings	<u>275,946</u>

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

	Unaudited
	as at
	30.06.2022
	RM’000
Malaysian Ringgit	244,024
Australian Dollar	31,922
Total	<u>275,946</u>

B9. Changes in Material Litigation

There was no material litigation involving the Group as at the date of this report.

B10. Dividends

The Board of Directors of the Company has on 23 August 2022, declared a first interim single tier dividend of 3.00 sen per Matrix Concepts Share held for the financial year ending 31 March 2023, to be paid on 6 October 2022 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 14 September 2022.

On 7 July 2022, a fourth interim single tier dividend of 3.75 sen per Matrix Concepts Share for the financial year ended 31 March 2022 was paid to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 22 June 2022.

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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit attributable to equity holders of the Company (RM’000)	47,038	31,691	47,038	31,691
Weighted average number of ordinary shares (‘000)	834,232	834,232	834,232	834,232
Earnings per share (sen)	5.64	3.80	5.64	3.80

(ii) Diluted earnings per share

The diluted earnings per share is equal to basic earnings per share for the financial period ended 30 June 2022 and 30 June 2021 as the Company does not have any convertible securities.

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B12. Notes to the Statement of Comprehensive Income

	Current Quarter Ended		Cumulative Period-To-Date	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Included in the profit for the period are:				
- Interest income	(901)	(206)	(901)	(206)
- Other income including investment income	(1,221)	(498)	(1,221)	(498)
- Interest expenses	1,325	762	1,325	762
- Depreciation of property, plant and equipment and right of use assets	2,374	2,856	2,374	2,856
- Property, plant and equipment written off	-	-	-	-
- Receivables written off	-	-	-	-
- Inventories written off	-	-	-	-
- Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
- (Reversal)/Impairment of assets	-	-	-	-
- Realised gain/(loss) on foreign exchange	-	-	-	-
- Realised gain/(loss) on derivatives	-	-	-	-
- (Reversal of)/allowance for expected credit losses on receivables	-	-	-	-
- Rental income on properties	(543)	(455)	(543)	(455)

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

B13. Auditors' report

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

B14. Authority For Issue

The interim financial statements were reviewed by the Audit Committee of the Company and duly authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 23 August 2022.

By order of the Board of Directors

Ho Kong Soon
Group Managing Director

Date: 23 August 2022