

MATRIX CONCEPTS HOLDINGS BERHAD
(Incorporated in Malaysia-Co. No. 199601042262)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited				Unaudited			
	INDIVIDUAL QUARTER				CUMULATIVE PERIOD			
	CURRENT YEAR		PRECEDING YEAR		CURRENT YEAR		PRECEDING YEAR	
	QUARTER	QUARTER	CHANGES		TO DATE	TO DATE	CHANGES	
30 June 2021	30 June 2020	Amount	%	30 June 2021	30 June 2020	Amount	%	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	163,437	162,024	1,413	0.9	163,437	162,024	1,413	0.9
Cost of Sales	(82,897)	(76,986)	(5,911)	7.7	(82,897)	(76,986)	(5,911)	7.7
Gross Profit	80,540	85,038	(4,498)	(5.3)	80,540	85,038	(4,498)	(5.3)
Other Income	1,159	1,934	(775)	(40.1)	1,159	1,934	(775)	(40.1)
Selling and Marketing Expense:	(15,337)	(18,181)	2,844	(15.6)	(15,337)	(18,181)	2,844	(15.6)
Administrative and general expenses	(23,590)	(25,913)	2,323	(9.0)	(23,590)	(25,913)	2,323	(9.0)
Operating Profit	42,772	42,878	(106)	(0.2)	42,772	42,878	(106)	(0.2)
Finance Costs	(762)	(150)	(612)	408.1	(762)	(150)	(612)	408.1
Share of results in joint venture, net of tax	670	-	670	-	670	-	670	-
Profit Before Taxation	42,680	42,728	(48)	(0.1)	42,680	42,728	(48)	(0.1)
Income Tax Expenses	(12,204)	(12,827)	623	(4.9)	(12,204)	(12,827)	623	(4.9)
Profit After Taxation	30,476	29,901	575	1.9	30,476	29,901	575	1.9
Other Comprehensive Income								
- Foreign Currency Translation Differences	(1,652)	26,965	(28,617)	(106.1)	(1,652)	26,965	(28,617)	(106.1)
Total Comprehensive Income For The Period	28,824	56,866	(28,042)	(49.3)	28,824	56,866	(28,042)	(49.3)
Profit After Taxation attributable to :								
Equity Holders of the Company	31,691	31,055	636	2.0	31,691	31,055	636	2.0
Non-controlling Interest	(1,215)	(1,154)	(61)	5.3	(1,215)	(1,154)	(61)	5.3
	30,476	29,901	575	1.9	30,476	29,901	575	1.9
Total Comprehensive Income attributable to :								
Equity Holders of the Company	30,039	58,020	(27,981)	(48.2)	30,039	58,020	(27,981)	(48.2)
Non-controlling Interest	(1,215)	(1,154)	(61)	5.3	(1,215)	(1,154)	(61)	5.3
	28,824	56,866	(28,042)	(49.3)	28,824	56,866	(28,042)	(49.3)
Earnings Per Share Attributable To								
Equity Holders Of The Company								
- Basic (sen)	3.80	3.72	0.08	2.0	3.80	3.72	0.08	2.0
- Diluted (sen)	3.80	3.72	0.08	2.0	3.80	3.72	0.08	2.0

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 2021 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 2021 RM'000	(AUDITED) As at 31 March 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	237,294	239,982
Right-of-use assets	3,478	3,620
Investment properties	97	132
Investment in joint venture company	134,088	133,232
Inventories	731,240	685,108
Other receivables, deposits and prepayments	35,358	34,156
Deferred tax assets	36,836	37,583
Goodwill arising on consolidation	*	*
	1,178,391	1,133,813
Current assets		
Inventories	583,253	618,019
Trade and other receivables	472,673	620,602
Deposits, cash and bank balance	248,516	237,507
	1,304,442	1,476,128
TOTAL ASSETS	2,482,833	2,609,941
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	961,315	961,315
Translation reserves	(718)	934
Retained profits	843,808	845,486
	1,804,405	1,807,735
Non-controlling interest	(12,458)	(11,243)
TOTAL EQUITY	1,791,947	1,796,492
Non-current liabilities		
Borrowings	181,639	185,686
Lease liabilities	2,283	2,388
Other payables, deposits, accruals and provision	23,928	21,175
	207,850	209,249
Current liabilities		
Trade and other payables	320,944	430,976
Borrowings	130,670	139,833
Lease liabilities	1,014	1,105
Dividend payable	33,369	25,027
Current tax liabilities	(2,961)	7,259
	483,036	604,200
TOTAL LIABILITIES	690,886	813,449
TOTAL EQUITY AND LIABILITIES	2,482,833	2,609,941
Net Assets Per Share (RM) (Note 2)	2.15	2.15

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 2021 and the accompanying explanatory notes attached to this interim financial statements.
- Based on the issued and paid-up share of 834,232,356 (FYE2021: 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 2020 (Unaudited)</u>						
As at 1 April 2020	961,280	(27,007)	670,857	1,605,130	(2,102)	1,603,028
Profit after taxation for the period	-	-	31,055	31,055	(1,154)	29,901
Other comprehensive income for the period - Foreign currency translation differences	-	26,965	-	26,965	-	26,965
Total comprehensive income for the period	-	26,965	31,055	58,020	(1,154)	56,866
Contribution by and distribution to owners of the Company						
- Share of net assets arising from the acquisition of a subsidiary	-	-	-	-	-	-
- Dividends	-	-	(20,856)	(20,856)	-	(20,856)
- Exercise of Warrants	-	-	-	-	-	-
- Private Placement	-	-	-	-	-	-
Total transactions with owners	-	-	(20,856)	(20,856)	-	(20,856)
As at 30 June 2020	961,280	(42)	681,056	1,642,294	(3,256)	1,639,038
<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

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 2021

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) FOR THE FINANCIAL YEAR ENDED 30 June 2021 RM'000	(Unaudited) FOR THE FINANCIAL PERIOD ENDED 30 June 2020 RM'000
Cash Flow From Operating Activities		
Profit before income tax	42,680	42,728
Adjustments for :-		
Depreciation of property, plant and equipment and right of use assets	2,855	2,771
Depreciation of investment property	1	1
Interest expenses	1,682	912
Interest income	(206)	(1,100)
Gain on disposal of investment property	(33)	(17)
Share of results in joint venture, net of tax	(670)	-
Operating profit before working capital changes	46,309	45,295
Increase in inventories	(24,580)	(123,402)
Decrease in receivables	235,930	201,588
Decrease in payables	(183,124)	(115,196)
Cash generated from operations	74,535	8,285
Interest received	206	1,100
Interest paid	(4,579)	(4,176)
Tax paid	(21,677)	(23,371)
Net cash generated from/(used in) operating activities	48,485	(18,162)
Cash Flow From Investing Activities		
Placement of pledged deposits with licensed bank	(298)	-
Purchase of property, plant and equipment	(24)	(282)
Proceed from disposal of investment property	66	33
Net cash used in investing activities	(256)	(249)
Cash Flow From Financing Activities		
Advance from non-controlling interest shareholders	2,753	909
Dividend paid	(25,026)	(25,026)
Drawdown of borrowings	-	6,302
Repayment of term loan	(13,168)	(6,095)
Repayment of lease liabilities	(197)	(172)
Net cash used in financing activities	(35,638)	(24,082)
Net changes in cash and cash equivalents	12,591	(42,493)
Effect of exchange rate fluctuations on cash held	(1,838)	10,573
Cash and cash equivalents at beginning of the year	185,567	241,462
Cash & cash equivalents at end of the year	196,320	209,542
Cash and cash equivalents comprise of :-		
Fixed deposit, cash and bank balance	248,516	243,465
Less : Fixed Deposit Pledged	(26,139)	(24,312)
Less : Fixed Deposit more than 3 months	(26,057)	(7,117)
	196,320	212,036
Bank overdrafts	-	(2,494)
	196,320	209,542

Note:

* Represents RM300.00.

1. 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 2021 and the accompanying explanatory notes attached to this interim financial statements.

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

A1. Accounting Policies and Basis of Preparation

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

The interim financial statements should be read in conjunction with the Audited Financial Statements of Matrix Concepts Holdings Berhad (“**Company**”) and its subsidiaries (“**Group**”) for the financial year ended (“**FYE**”) 31 March 2021 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 2021.

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 2021.

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

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

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

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

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

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

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

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

A2. Seasonal or cyclical factors

The results for the current financial quarter ended 30 June 2021 under review and the financial year-to-date were not materially affected by seasonal or cyclical factors.

A3. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current financial quarter ended 30 June 2021 under review and the financial year-to-date.

A4. Material changes in estimates

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial quarter ended 30 June 2021 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 2021 under review.

A6. Dividends Paid

During the financial quarter ended 30 June 2021 under review, the Company had closed its books for its fourth interim single tier dividend of 4.00 sen per Matrix Concepts Share for the FYE 31 March 2021. The fourth interim single tier dividend was paid on 8 July 2021 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 24 June 2021.

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	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	30,059	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 tax						42,680
Taxation						(12,204)
Net profit for the year						30,476

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A7. Segmental Information (Cont.)

For comparison purposes, the segment revenue and segment results for business segments for the corresponding 3-month financial period ended 30 June 2020 are as follows:

	Property development	Construction	Education	Hospitality	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Sale of properties	155,296	-	-	-	-	155,296
Construction / Inter-segment sales	-	66,815	-	-	(66,815)	-
School fees	-	-	3,337	-	-	3,337
Clubhouse and hotel operator	-	-	-	3,391	-	3,391
Others	-	-	-	-	-	-
Total	155,296	66,815	3,337	3,391	(66,815)	162,024
Other income						
Rental income	137	-	27	-	-	164
Others	1,471	99	4	196	-	1,770
Total	1,608	99	31	196	-	1,934
Results						
Segment results	42,074	7,045	(1,486)	1,440	(6,195)	42,878
Finance costs						(150)
Share of results in joint venture, net of tax						(150)
Profit before taxation						42,728
Taxation						(12,827)
Net profit for the year						29,901

As the revenue of the Matrix Concepts Group for the financial period ended 30 June 2021 is solely derived from its operating activities in Malaysia, geographical segmentation is not prepared.

A8. Industry outlook

(i) Malaysian property sector

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

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

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

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

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

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

1. The revision of the base year for Real Property Gains Tax (RPGT) to 1 January 2013 (initially 1 January 2000) for property purchased before the date.
2. The reduction of price threshold for foreign purchase from RM1 million to RM600,000 for unsold completed high-rise properties in urban areas. Consequently, several states have revised the minimum price for foreign purchase.

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

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

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

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

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

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

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

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

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

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

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

(ii) Australian residential property sector

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

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

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

(Source: Australia Real Estate Market Outlook 2021, CBRE Australia.)

A9. Valuation of property, plant and equipment

There were no valuations carried out on property, plant and equipment of the Group during the financial quarter ended 30 June 2021 under review.

A10. Commitments

The commitments of the Company as at the end of the financial quarter ended 30 June 2021 under review and the financial year-to-date are as follows:

	Cumulative year-to-date 30.06.2021 RM’000
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Contracted but not provided for:	
- Land held for property development	168,745

A11. Material subsequent event

There were no material events subsequent to the end of the financial quarter ended 30 June 2021 under review up to the date of this report which is likely to substantially affect the results of the operations of the Group.

A12. Significant event during the period

There were no significant events outside the ordinary course of business during the financial quarter ended 30 June 2021 that have not been reflected in these interim financial statements.

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A13. Changes in the Composition of the Group

There were no changes to the composition of the Group during the financial quarter ended 30 June 2021 under review.

A14. Contingent Liabilities and Contingent Assets

The Group does not have any material contingent liabilities and contingent assets to be disclosed as at 30 June 2021.

A15. Significant Related Party Disclosures

Save as disclosed below, there were no other significant related party transactions during the financial quarter ended 30 June 2021 under review and the financial year-to-date:

	Current quarter ended 30.06.2021 RM'000	Cumulative year-to-date 30.06.2021 RM'000
Purchase of building materials from related parties	5,989	5,989
Agency fees and purchase of marketing material from related parties	78	78
Purchase of sundries from related parties	-	-
Rental payments made to related parties	71	71
Consultancy fees paid to related parties	140	140
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 30.06.2021 RM'000	Corresponding quarter ended 30.06.2020 RM'000	Changes RM'000	%
Revenue	163,437	162,024	1,413	0.9
Gross profit	80,540	85,038	(4,498)	(5.3)
Profit before tax	42,680	42,728	(48)	(0.1)
Profit after tax	30,476	29,901	575	1.9

For the first quarter ended 30 June 2021, the Group recorded revenue of RM163.4 million, a marginal increase of 0.9% from RM162.0 million in the previous year’s corresponding quarter. Revenue from its flagship Sendayan Developments remains the prime contributor totalling RM121.0 million, albeit lower than RM141.1 million reported last year. This reduction was, however, supplemented by the increase of revenue recognised from the Group’s first Klang Valley project, the Chambers amounting to RM17.1 million during the period.

The Group continue to benefit from the unabated market demand for well-priced, quality landed homes as 89.5% or RM146.3 million of its revenue for the first quarter of financial year 2022 was derived from its residential property segment, although its industrial property segment saw a revenue reduction of RM9.8 million. Meanwhile, revenue from investment properties, encompassing both the Group’s education and hospitality units, increased by 16.6% to RM7.9 million.

Despite the marginal increase in revenue, gross profit for the period fell by 5.3% to RM80.5 million from RM85.0 million reported in the previous year as the Group recognised higher revenue from the Chambers project along with reduced industrial properties contribution, bringing its gross margin for the quarter to 49.3%.

Nevertheless, group profit after tax increased to RM30.5 million, up 1.9% from RM29.9 million previously, providing a net margin of 18.6%, a 0.1 percentage point increase year-on-year due to the reduced selling and marketing expenses of as a result of higher internally-generated property sales as well as lower administrative and general expenses. The Group also recorded foreign currency translation losses of RM1.2 million compared to gains of RM26.9 million last year.

While the ongoing MCO 3.0 has gravely affected businesses including the property sector, The Group managed to secure RM300.9 million of new property sales in the first quarter ended 30 June 2021, driven by its offerings at Sendayan Developments. In addition, the Group’s unbilled sales of RM1.04 billion as at 30 June 2021 provides earnings visibility over the next 12-15 months.

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B2. Comparison with preceding quarter’s results

	Current quarter ended 30.06.2021 RM’000	Preceding quarter ended 31.03.2021 RM’000	Changes RM’000	%
Revenue	163,437	388,249	(224,812)	(57.9)
Gross profit	80,540	205,712	(125,172)	(60.8)
Profit before tax	42,680	95,204	(52,523)	(55.2)
Profit after tax	30,476	73,432	(42,955)	(58.5)

The Group recorded revenue of RM163.4 million for the first quarter ended 30 June 2021, decreasing 57.9% from RM388.2 million in the preceding quarter ended 31 March 2021 due to the restrictive operating conditions as a result of the implementation of MCO3.0, which limited construction activities and rescheduling of new property development launches.

In line with the lower revenue, gross profit for the period fell by 60.8% to RM80.5 million compared to RM205.7 million in the corresponding quarter.

The Group’s profit before tax stood at RM42.7 million, a decrease from RM95.2 million in the preceding quarter, representing a decrease of RM52.5 million or 55.2%, while profit after tax stood at RM30.5 million, a reduction of RM42.9 million or 58.5% from RM73.4 million reported in the preceding quarter.

B3. Prospects

As the threat of Covid-19 intensifies with the heightened infection rate, the restrictions put in place with the implementation of MCO3.0 has further dampened sentiment for the much-needed economic recovery by the end of year 2021. Businesses and society at large continue to be impacted significantly as we grapple with the fast-changing nature of restrictions to curb the spread of the virus, with varying success.

Despite these challenges, Matrix Concepts has continued to exhibit resilience with commendable sales performance, aided by the broadening of its sales channel through the use of digital solutions including social media platforms, offering more convenience and improved engagement throughout the process of purchasing a property. The Group will remain focused on delivering quality properties at great value, particularly residential products within the RM500,000 price range to address the unabated healthy demand at its townships.

With the increased vaccination rate of the Malaysian population, businesses look forward to further easing of restrictions as stipulated under the National Recovery Plan. In anticipation of this, the Group hopes to replicate last financial year’s swift return to normal operations as it expedited construction activities to catch up on its development schedule.

Going forward, the Group’s objective remains focused 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, as well as landbanking efforts to expand future launch pipeline.

To enhance long-term sustainability and brand visibility in the property development segment, the Group has embarked on steady diversification of its revenue stream beyond Negeri Sembilan and Johor by expanding its domestic project portfolio to include developments in Klang Valley and internationally, in Melbourne, Australia and Jakarta, Indonesia.

Following the successful expansions outside Seremban, the Group continues to reinforce its international reach and further strengthen its brand as a premier developer. The Group’s second development in Australia – M. Greenvale in Melbourne, which launched in 2020 featuring residential lots situated on a 9.7-acre land with GDV of RM79.0 million, was fully sold as at 31 March 2021.

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Meanwhile, the Group’s investment into the Islamic Financial Towers development in Pantai Indah Kapuk 2 in Jakarta, Indonesia, undertaken together with Indonesian conglomerates Agung Sedayu Group and Salim Group, has reached a construction progress of 25% and is on track for completion by the end of financial year ending 31 March 2023. The joint venture company undertaking the development, PT Fin Centerindo Satu, has a healthy financial position with no borrowings.

The Group remains cautiously optimistic of maintaining its performance in financial year 2022, backed by encouraging demand recorded for its ongoing developments, the extension of Home Ownership Campaign until 31 December 2021 by the Housing and Local Government Ministry, and low interest rate environment we are currently in with overnight policy rate of 1.75%.

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 30.06.2021 RM’000	Cumulative period-to-date 30.06.2021 RM’000
Current tax expenses	11,457	11,457
Under provision of income tax in prior years	-	-
Deferred tax income	747	747
	12,204	12,204

The Group’s effective tax rate of 28.6% for the financial period ended 30 June 2021 under review was higher than the statutory corporate tax rate of 24.0% due to the non-recognition of deferred tax assets for certain temporary differences and non-deductible expenses for tax purposes.

B6. Status of corporate proposals

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

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

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

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

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

The Company had on 29 January 2021 announced that MGE, a wholly-owned subsidiary of Matrix Concepts had on even date entered into a Sale and Purchase Agreement with Fortune Accurate Sdn Bhd to acquire 4 individual parcels of adjoining vacant freehold agriculture land in Mukim Labu, Daerah Seremban, Negeri Sembilan Darul Khusus measuring altogether approximately 1,073,807 sq ft for an aggregate cash consideration of approximately RM10.7 million.

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

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

B7. Status of utilisation of proceeds raised

The Company did not raise any proceeds from the issuance of new securities during the financial quarter ended 30 June 2021.

B8. Group borrowings and debt securities

The Group’s borrowings as at 30 June 2021 are as follows:

	Unaudited as at 30.06.2021 RM’000
Short term borrowings	
<u>Secured:</u>	
Term loans	40,670
Bank overdrafts	-
	<u>40,670</u>
<u>Unsecured:</u>	
Commercial papers	50,000
Medium term notes	40,000
	<u>90,000</u>
Total short-term borrowings	<u>130,670</u>
Long term borrowings	
<u>Secured:</u>	
Term loans	71,639
<u>Unsecured:</u>	
Medium term notes	110,000
Total long-term borrowings	<u>181,639</u>
Total Borrowings	<u>312,309</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
	30.06.2021
	RM’000
Malaysian Ringgit	302,969
Australian Dollar	9,340
Total	<u>312,309</u>

B9. Changes in Material Litigation

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

B10. Dividends

The Board of Directors of the Company has on 25 August 2021, declared a first interim single tier dividend of 2.00 sen per Matrix Concepts Share held for the financial year ended 31 March 2022, to be paid on 7 October 2021 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 23 September 2021.

On 8 July 2021, a fourth interim single tier dividend of 4.00 sen per Matrix Concepts Share for the financial year ending 31 March 2021 was paid to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 24 June 2021.

B11. Earnings Per Share

(i) Basic earnings per share

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

	Current Quarter Ended		Cumulative Period-To-Date	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to equity holders of the Company (RM’000)	31,691	31,055	31,691	31,055
Weighted average number of ordinary shares (‘000)	834,232	834,214	834,232	834,214
Earnings per share (sen)	3.80	3.72	3.80	3.72

(ii) Diluted earnings per share

The diluted earnings per share is equal to basic earnings per share for the financial period ended 30 June 2021 and 30 June 2020 as the Company does not have any convertible securities.

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B12. Notes to the Statement of Comprehensive Income

	Current Quarter Ended		Cumulative Period-To-Date	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM’000	RM’000	RM’000	RM’000
Included in the profit for the period are:				
- Interest income	(206)	(1,100)	(206)	(1,100)
- Other income including investment income	(455)	(670)	(455)	(670)
- Interest expenses	762	150	762	150
- Imputed interest	-	-	-	-
- Depreciation of property, plant and equipment and right of use assets	2,856	2,772	2,856	2,772
- 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	-	-	-	-
- (Reversal of)/allowance for expected credit losses on receivables	-	-	-	-
- Rental income on properties	(498)	(164)	(498)	(164)

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

B13. Auditors’ report

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

B14. Authority For Issue

The interim financial statements were reviewed by the Audit Committee of the Company and duly authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 25 August 2021.

By order of the Board of Directors

Ho Kong Soon
Group Managing Director

Date: 25 August 2021