

**QUARTERLY REPORT**
**Unaudited Condensed Consolidated Income Statements  
For the period ended 31 October 2006**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT QUARTER ENDED	CORRESPONDING QUARTER ENDED	9 MONTHS CUMULATIVE TO DATE	9 MONTHS CUMULATIVE TO DATE
		31/10/06 RM'000	31/10/05 RM'000	31/10/06 RM'000	31/10/05 RM'000
Revenue		36,980	34,971	103,546	93,962
Operating expenses		(35,365)	(33,107)	(102,004)	(92,166)
Other operating income		622	179	1,458	1,027
Profit from operations		2,237	2,043	3,000	2,823
Finance costs		(468)	(461)	(1,358)	(1,365)
Investing results	22	517	(247)	-	(496)
Share of loss of associate		(11)	-	(12)	-
Profit before taxation		2,275	1,335	1,630	962
Taxation	20	(695)	(256)	(954)	(703)
Profit after taxation		1,580	1,079	676	259
Attributable to:					
Equity holders of the parent		1,508	1,079	530	259
Minority interest		72	-	146	-
		1,580	1,079	676	259
EPS (sen) - Basic		2.60	1.86	0.91	0.45
- Diluted		2.60	1.86	0.91	0.45

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Report for the financial year ended 31 January 2006 and the accompanying explanatory notes attached to the interim financial statements)



**Unaudited Condensed Consolidated Balance Sheet**  
**As at 31 October 2006**

	AS AT 31/10/2006 RM'000	AS AT 31/01/2006 RM'000 (Restated)
<b>Non-Current Assets</b>		
1 Property, plant and equipment	57,434	61,619
2 Long term investments	12,452	9,749
3 Goodwill on consolidation	970	970
4 Interest in associates	28	-
5 Land held for property development	6,834	11,375
<b>6 Current Assets</b>		
<i>Inventories</i>	40,271	40,125
<i>Property Development cost</i>	11,551	-
<i>Trade receivables</i>	46,104	52,216
<i>Other receivables</i>	20,865	19,323
<i>Fixed deposits with a licence bank</i>	100	100
<i>Cash and bank balances</i>	1,072	1,983
	119,963	113,747
<b>7 Current Liabilities</b>		
<i>Trade payables</i>	7,276	6,997
<i>Other payables</i>	6,891	7,596
<i>Short term borrowings</i>	37,176	37,103
<i>Lease payables</i>	294	251
<i>Tax payable</i>	852	23
	52,489	51,970
<b>8 Net Current Assets</b>	67,474	61,777
	145,192	145,490
<b>9 Shareholders' Funds</b>		
Share capital	57,962	57,962
Reserves		
<i>Share premium</i>	24,994	24,994
<i>Foreign exchange reserves</i>	22	14
<i>Revaluation reserve</i>	5,797	5,797
<i>Retained profit</i>	46,810	46,280
<b>10 Minority interests</b>	407	261
	135,992	135,308
<b>11 Long term borrowings</b>	2,459	2,797
<b>12 Other long term liabilities</b>	309	953
<b>13 Deferred taxation</b>	6,432	6,432
	9,200	10,182
	145,192	145,490
<b>Net Assets</b>	135,992	135,308
Net assets per share (RM)	2.35	2.33

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Report for the financial year ended 31 January 2006 and the accompanying explanatory notes attached to the interim financial statements)

**Unaudited Condensed Consolidated Statements of Changes in Equity  
For the period ended 31 October 2006**

	NOTE	Equity attributable to equity holders of the parent					Distributable	Minority Interest	Total Equity
		Share Capital	Share Premium	Consolidation Reserves	Foreign Exchange Reserves	Revaluation Reserve			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>9 months ended 31 October 2006</b>									
At 1 February 2006 ( <i>Audited</i> )		57,962	24,994	846	14	5,797	45,434	261	135,308
Effects of adopting FRS 3	2	-	-	(846)	-	-	846	-	-
Balance as restated		57,962	24,994	-	14	5,797	46,280	261	135,308
Movements during the year (cumulative)		-	-	-	8	-	530	146	684
At 31 October 2006		<u>57,962</u>	<u>24,994</u>	<u>-</u>	<u>22</u>	<u>5,797</u>	<u>46,810</u>	<u>407</u>	<u>135,992</u>
<b>9 months ended 31 October 2005</b>									
At 1 February 2005		57,953	24,990	846	-	5,797	43,863	-	133,449
Movements during the year (cumulative)		9	4	-	-	-	259	-	272
At 31 October 2005		<u>57,962</u>	<u>24,994</u>	<u>846</u>	<u>-</u>	<u>5,797</u>	<u>44,122</u>	<u>-</u>	<u>133,721</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Report for the financial year ended 31 January 2006 and the accompanying explanatory notes attached to the interim financial statements)

**Unaudited Condensed Consolidated Cash Flow Statement  
For the period ended 31 October 2006**

	9 MONTHS ENDED 31/10/2006 RM'000	9 MONTHS ENDED 31/10/2005 RM'000
Profit before taxation	1,630	962
Adjustments for non-cash items	4,298	4,305
Operating profit before changes in working capital	<u>5,928</u>	<u>5,267</u>
Increase in WIP/inventories/receivables/payables	(4,137)	(4,361)
Adjustment for non-operation expenses	(3,313)	(3,887)
Net cash used in operating activities	<u>(1,522)</u>	<u>(2,981)</u>
Net cash generated from/(used in) investing activities	610	(6,903)
Net cash (used in)/generated from financing activities	(2,565)	3,941
Effect of exchange rate changes on cash and cash equivalents	291	-
<b>Net decrease in cash and cash equivalents</b>	<u>(3,186)</u>	<u>(5,943)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	(6,155)	(1,967)
<b>Cash and cash equivalents at the end of the period</b>	<u>(9,341)</u>	<u>(7,910)</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Report for the financial year ended 31 January 2006 and the accompanying explanatory notes attached to the interim financial statements)



## NOTES TO THE INTERIM FINANCIAL REPORT

### 1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134<sub>2004</sub>, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 January 2006. These explanatory notes attached to the 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 January 2006.

### 2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 January 2006 except for the adoption of the following new/revised FRSs effective for financial period beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairments of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The Group has not taken the option for early adoption of the following new/revised FRSs effective for financial period beginning 1 January 2007.

FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 139	Financial Instruments: Recognition and Measurement



## 2. Changes in Accounting Policies (contd.)

Except for FRS 3, FRS 101, FRS 136 and FRS 138, the adoption of the above standards does not have significant financial impact on the Group. The effects of the changes in accounting policies resulting from the adoption of FRS 3, FRS 101, FRS 136 and FRS 138 are discussed below:

### **FRS 3: Business Combinations, FRS 136: Impairments of Assets, and FRS 138: Intangible Assets**

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138.

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 20 years. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006.

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "reserve on consolidation"), after reassessment, is now recognised immediately in income statement. In accordance with the transitional provisions of FRS 3, the remaining balance of reserve on consolidation as at 1 February 2006 of RM845,623 was derecognised by way of an adjustment to the opening retained earnings.

In addition, the useful lives of other intangible assets are now assessed at the individual asset level as having either a finite or indefinite life which prior to 1 January 2006, all intangible assets were considered to have a finite useful life. Under the new FRS 138, intangible assets having indefinite useful lives are not amortised but instead are tested for impairment annually. Other intangible assets which were considered to have a finite useful life were stated at cost less accumulated amortisation and impairment losses. The change in accounting policies on impairment of assets and intangible assets has no financial impact on the Group for the quarter under review.

### **FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheets, minority interests are now presented within total equity. In the consolidated income statements, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.



## 2. Changes in Accounting Policies (contd.)

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives reclassified to conform to the current period's presentation.

## 3. Comparatives

### (a) Statement of changes in equity

The opening balance of total equity was amended to include minority interest following the adoption of FRS 101. In addition, the opening retained profits as at 1 February 2006 increased by RM845,623 following the derecognition of the reserve on consolidation brought forward from 31 January 2006.

### (b) Consolidated balance sheet

The following comparative amounts have been reclassified due to the adoption of new and revised FRSs:

	<b>Previously Stated RM'000</b>	<b>Reclassification RM'000</b>	<b>Restated RM'000</b>
Retained earnings	45,434	846	46,280
Consolidation reserves	846	(846)	-

## 4. Auditors' report on preceding annual financial statements

The Group's audited financial statements for the financial year ended 31 January 2006 were reported on by its external auditors, Ernst & Young without any qualifications.

## 5. Seasonal or cyclical factors

The performance of the Group was not affected by any significant seasonal or cyclical factors during the period under review.

## 6. Unusual items

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual due to their nature, size and incidence.

## 7. Changes in estimates

There were no changes in the estimates of amounts reported in prior quarters which have a material impact on the interim financial statements.


**QUALITY CONCRETE HOLDINGS BERHAD**
**8. Debt and equity securities**

During the quarter under review and current financial year-to-date, there were no issuances and repayment of debt and equity securities.

Apart from the above, there were no other issuances and repayments of debt and equity securities for the current quarter and financial year-to-date.

**9. Dividends paid**

During the financial year-to-date, the Company did not pay any dividend.

**10. Segmental reporting**

	Manufacturing	Trading	Property development	Quarry operation	Investment & mgt services	Eliminations /Adjustment	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>							
External sales	89,755	2,102	10,848	469	372	-	103,546
Inter-segment sales	237	-	-	1,288	-	(1,525)	-
Total revenue	89,992	2,102	10,848	1,757	372	(1,525)	103,546
<b>RESULTS</b>							
Segment result	1,182	59	2,136	279	(777)	-	2,879
Investing results	-	-	-	-	-	-	-
Interest expense	(1,240)	(27)	-	-	(100)	9	(1,358)
Interest income	130	-	-	-	-	(9)	121
Income taxes	(279)	-	(677)	(55)	57	-	(954)
Share of associate results	-	-	-	-	-	(12)	(12)
Net profit/(loss)	(207)	32	1,459	224	(820)	(12)	676
<b>OTHER INFORMATION</b>							
Segment assets	152,000	1,096	21,059	1,132	21,430	964	197,681
Segment liabilities	49,843	890	7,487	594	2,875	-	61,689
Depreciation	3,007	-	7	135	242	-	3,391
Non-cash expenses other than depreciation	3	-	-	-	50	-	53

No geographical analysis has been prepared as the Group's business operations are predominantly located in Malaysia.



**11. Valuation of property, plant and equipment**

The valuations of property, plant and equipment have been brought forward, without amendment from the financial statements for the financial year ended 31 January 2006.

**12. Subsequent events**

No material events have arisen during the interval between the end of the current quarter and the date of this announcement which have not been reflected in the current quarterly report.

**13. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter under review.

For the financial year-to-date, there were no changes in the composition of the Group except for the followings:-

- (a) On 3 May 2006, Polyflow Pipes Sdn. Bhd. ("Polyflow"), a wholly owned subsidiary of Quality Concrete Holdings Berhad ("QCHB") acquired 40% of the entire issued and paid up share capital of Polyflow Teguh Sdn. Bhd. ("Polyflow Teguh") comprising 40,000 ordinary shares of RM1.00 each for a total cash consideration of RM40,000. Following the said investment, Polyflow Teguh becomes a 40% owned associate company of QCHB.
- (b) On 9 May 2006, Quality Concrete Holdings Behad ("QCHB") acquired 70% of the entire issued and paid up share capital of Seri Bumijaya Sdn. Bhd. ("Seri Bumijaya") and on 29 June 2006 QCHB further acquired the remaining 30% equity interest in Seri Bumijaya via the purchase of the remaining thirty thousand (30,000) ordinary shares of RM1.00 each from the other existing shareholder of Seri Bumijaya by cash consideration. Following the said acquisitions, Seri Bumijaya becomes a 100% wholly owned subsidiary of QCHB.

These two companies have not commenced operation in the quarter under review.


**14. Contingent liabilities and assets**

There were no changes in contingent liabilities or assets since the last audited annual balance sheet as at 31 January 2006, except for the quarter under review and the current financial year-to-date where an additional corporate guarantee amounting to RM0.18 million was given by the Company to bankers for credit facilities granted to a subsidiary.

	<b>RM'000</b>
As at 31 January 2006	92,233
Additional corporate guarantee	<u>181</u>
As at 31 October 2006	<u>92,414</u>

**15. Capital commitments**

There were no material capital commitments for the current quarter under review.

**16. Review of performance of the Group**

The Group registered a higher revenue of RM37.0 million or an increase of RM5.7 million or 18% compared to the preceding quarter. The higher revenue recorded was mainly from the sales of its commercial properties by the property development division.

The Group also showed an improvement of RM2.0 million or 5.7% in revenue compared to last year's corresponding period. While the property development division recorded an increase of RM4.1 million in revenue, the manufacturing divisions' revenues dropped by RM2.0 million.

**17. Comment on material change in profit before taxation ("PBT")**

The Group's profit before taxation ("PBT") showed an improvement of RM2.9 million in the current quarter with PBT of RM2.3 million compared to the last quarter of loss before taxation of RM0.6 million. The main contributors of the increase in profit are from the timber and property divisions.

Compared to the corresponding period of last financial year, the Group's PBT shown a modest increase from RM1.3 million to RM2.3 million. Although the PBT from the property division has improved, the PBT from the manufacturing divisions were lower due to lower profit margins.


**18. Current year prospects**

Barring unforeseen circumstances, the Group's financial performance is expected to continue to improve with the launching of its new commercial properties. The management will continue to closely monitor its operating cost to strive an overall improvement in the Group's performance.

**19. (a) Variance of actual profit from forecast profit**

Not applicable as no profit forecast was published.

**(b) Shortfall in the profit guarantee**

There was no profit guarantee for the current year under review.

**20. Taxation**

	<b>3 months ended 31/10/2006 RM'000</b>	<b>Cumulative year-to-date 31/10/2006 RM'000</b>
- Current period taxation	(752)	(1,011)
- Over/(Under) provision of taxation	57	57
- Deferred taxation	-	-
	<u>(695)</u>	<u>(954)</u>

The Group's effective tax rate for the current quarter ended 31 October 2006 is lower than the statutory tax rate of 27% due to adjustment of over provision in the previous quarter.

The Group's effective tax rate for the current financial year-to-date is higher than the statutory tax rate of 27% due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purpose.

**21. Sales of unquoted investments and/or properties**

There were no sales of unquoted investments and properties for the quarter under review.


**22. Quoted securities**

- (a) Purchases and disposals of quoted securities during the current quarter and financial year-to-date were as follows:

	<b>Current quarter RM'000</b>	<b>Current year-to-date RM'000</b>
Total purchases	3,265	3,265
Total disposals	368	706
Total net loss on disposal	-	-

- (b) Total investments in quoted securities as at 31 October 2006 were as follows:

	<b>RM'000</b>
At cost	13,374
At carrying value/book value	12,452
At market value	11,837

There was no additional provision for the diminution in the value of quoted share investment for the quarter under review. Total provision for the diminution in the value of quoted share investment to-date is RM1.0 million.

**23. Status of corporate proposals announced but not completed**

There were no corporate proposals which have been announced but not yet been completed as at the date of this announcement.


**24. Group borrowings and debt securities**

	<b>As at 31/10/2006 Total RM'000</b>
<b>Unsecured:</b>	
Bank overdrafts	6,808
Revolving credit	3,000
Bankers' acceptance	23,137
	<u>32,945</u>
<b>Secured:</b>	
Term loans	2,985
Bank overdrafts	3,705
	<u>6,690</u>
	<u>39,635</u>
Repayable within twelve months	37,176
Repayable after twelve months	2,459
	<u>39,635</u>

The above borrowings are denominated in Ringgit Malaysia.

**25. Off balance sheet financial instruments**

The Group does not have any financial instruments with off balance sheet risk as at the date of this announcement.

**26. Changes in material litigation**

As at the date of this announcement, there were no changes in all the existing material litigations of the Group which were disclosed in the Company's Circular to Shareholders dated 30 May 2006 and as previously announced in the quarterly report dated 29 March 2006, 28 June 2006 and 28 September 2006 except for the date of the court hearing for Quality Concrete Holdings Berhad's Ex-Parte Summons In Chambers for the order to examine an Officer of Classic Ceiling Manufacturer (M) Sdn. Bhd. (Civil suit no. 22-96-99-III (II)) which has been further adjourned from 14 November 2006 to 16 January 2007.


**27. Earnings per share**

	<b>Individual quarter ended</b>	
	<b>31/10/2006</b>	<b>31/10/2005</b>
	<b>'000</b>	<b>'000</b>
Net profit for the period (RM)	<u>1,508</u>	<u>1,079</u>
<b>Weighted average number of ordinary shares</b>		
Issued and fully paid share capital at beginning of the financial period	57,962	57,962
Effect of shares issued during the 3 months period ended 31 October 2006 / 2005	-	-
Weighted average number of ordinary shares	<u>57,962</u>	<u>57,962</u>
Effect of ESOS share options	-	-
Weighted average number of ordinary shares (diluted)	<u>57,962</u>	<u>57,962</u>
Basic (sen)	2.60	1.86
Fully diluted (sen)	2.60	1.86
<b>Cumulative year to date</b>		
	<b>31/10/2006</b>	<b>31/10/2005</b>
	<b>'000</b>	<b>'000</b>
Net profit for the period (RM)	<u>530</u>	<u>259</u>
<b>Weighted average number of ordinary shares</b>		
Issued and fully paid share capital at beginning of the financial year	57,962	57,953
Effect of shares issued during the 9 months period ended 31 October 2006 / 2005	-	8
Weighted average number of ordinary shares	<u>57,962</u>	<u>57,961</u>
Effect of ESOS share options	-	37
Weighted average number of ordinary shares (diluted)	<u>57,962</u>	<u>57,998</u>
Basic (sen)	0.91	0.45
Fully diluted (sen)	0.91	0.45



**28. Dividend payable**

No dividends have been declared for the financial year-to-date.

**29. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 December 2006.