

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”) 134₂₀₀₄, 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 2011. 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 2011.

2. Changes in Accounting Policies

The significant accounting policies adopted in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 January 2011 except for the adoption of the following Financial Reporting Standards (FRS), Amendment to FRS and IC Interpretations issued by MASB that is effective for the Group’s annual financial period commencing 1 February 2011.

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-Settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to FRS 132	Classification of Rights Issues
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments

The Directors do not expect any material impact on the financial statements arising from adoption of the above standards and interpretations.

The Group has not elected for early adoption of the following FRS relevant to the current operations of the Group, which were issued but not yet effective for the financial year ending 31 January 2012:

		Effective for financial periods beginning on or after
FRS 124	Related Party Disclosures	1 January 2012
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012



QUALITY CONCRETE HOLDINGS BERHAD

The above revised FRS is not expected to have any significant impact on the financial statements of the Group upon their initial application other than:

IC Interpretation 15 : Agreements for the Construction of Real Estate

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognizes revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognize such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

2. Auditors' report on preceding annual financial statements

The Group's audited financial statements for the financial year ended 31 January 2011 were reported on by its external auditors, Ernst & Young without any qualifications.

3. Seasonal or cyclical factors

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

4. 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.

5. 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.

6. 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.

7. Dividends paid

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

8. Segmental reporting

9 months ended 31 October 2011	Manufacturing RM '000	Trading RM '000	Property development RM '000	Quarry operation RM '000	Investment & mgt services RM '000	Eliminations /Adjustment RM '000	Total RM '000
REVENUE							
External sales	97,306	467	50,681	1,066	15	-	149,535
Inter-segment sales	77	20,055	-	1,431	-	(21,563)	-
Total revenue	97,383	20,522	50,681	2,497	15	(21,563)	149,535
RESULTS							
Segment result	3,924	87	5,149	443	(891)	-	8,712
Investing results	-	-	-	-	(758)	-	(758)
Interest expense	(1,460)	-	(817)	-	(147)	-	(2,424)
Income taxes	(278)	-	(1,084)	(112)	-	-	(1,474)
Net profit/(loss)	2,186	87	3,248	331	(1,796)	-	4,056

9 months ended 31 October 2010	Manufacturing RM '000	Trading RM '000	Property development RM '000	Quarry operation RM '000	Investment & mgt services RM '000	Eliminations /Adjustment RM '000	Total RM '000
REVENUE							
External sales	102,044	600	3,853	1,232	128	-	107,857
Inter-segment sales	22	19,861	-	972	-	(20,855)	-
Total revenue	102,066	20,461	3,853	2,204	128	(20,855)	107,857
RESULTS							
Segment result	5,967	146	(94)	193	8,078	19	14,309
Investing results	-	-	-	-	1,829	-	1,829
Interest expense	(1,247)	-	-	-	(159)	-	(1,406)
Income taxes	(1,232)	-	(34)	(49)	-	-	(1,315)
Share of associate results	-	-	-	-	-	-	-
Net profit/(loss)	3,488	146	(128)	144	9,748	19	13,417

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

9. 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 2011.

10. 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.

11. Changes in the composition of the Group

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

12. Contingent liabilities and assets

	As At 31 October 2011 RM'000	As At 31 January 2011 RM'000
Corporate Guarantee	<u>83,059</u>	<u>54,108</u>

13. Capital commitments

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

14. Review of performance of the Group

The Group reported a revenue of RM49.8 million for the current quarter under review which is RM5.2 million or 11.7% increase compared to the preceding quarter. Most of the increase in revenue was from the property and construction division where all the projects undertaken have started commencing works.

The Group's cumulative revenue for the first nine months of the financial year stood at RM149.5 million compared to the same corresponding financial period of RM107.9 million. The improvement was mainly due to better performance from property and construction division.

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

The Group's PBT for the current quarter stood at RM2.4 million compared to RM2.2 million recorded in the preceding quarter. Even though the Group's revenue has increase in the current quarter, its overall profit was pulled down by higher operating cost and also lesser profit reported in the HDPE pipes and timber products divisions.

The Group's PBT to date is approximately RM5.5 million which is RM9.2 million less than that achieved in last year, however most of the profit achieved last year included a gain from disposal of a subsidiary company.

16. Current year prospects

The Group shall continue to work towards enhancing the Group performance and financial position in the final quarter of the year barring any unforeseen circumstances, the management is confident that the Group will be able to achieve it.

17. (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.

18. Taxation

	3 months ended 31/10/2011 RM'000	9 months ended 31/10/2011 RM'000
- Current period taxation	602	1,474
- Over/(Under) provision of taxation	-	-
- Deferred taxation	-	-
	<u>602</u>	<u>1,474</u>

19. Sales of unquoted investments and/or properties

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

20. Quoted securities

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

	Current quarter RM'000	Current year-to-date RM'000
Total purchases	-	-
Total disposals	-	-
Total net (loss)/gain on disposal	-	-

(b) Total investments in quoted securities as at 31 October 2011 were as follows:

	RM'000
At cost	4,165
At carrying value/book value	4,716
At market value	4,716

21. 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.

22. Group borrowings and debt securities

	As At 31/10/11 Total RM'000
Unsecured:	
Bank overdrafts	1,951
Bankers' acceptance	25,796
	<u>27,747</u>
Secured:	
Term loans	14,090
Bank overdrafts	10,048
Revolving credits	10,000
Bankers' acceptance	18,169
Hire purchase	3,005
	<u>55,312</u>
	<u>83,059</u>
Repayable within twelve months	67,234
Repayable after twelve months	15,825
	<u>83,059</u>

The above borrowings are denominated in Ringgit Malaysia

23. Earnings per share

	Individual quarter ended	
	31/10/2011	31/10/2010
	RM'000	RM'000
Net profit/(loss) for the period	<u>1,792</u>	<u>11,383</u>
Weighted average number of ordinary shares	Individual quarter ended	
	31/10/2011	31/10/2010
	'000	'000
Issued and fully paid share capital at beginning of the financial period	57,962	57,962
Effect of shares issued during the 6 months period ended 31 July 2011 / 2010	-	-
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)	3.09	19.64
Fully diluted (sen)	3.09	19.64
	Cumulative year to date	
	31/10/2011	31/10/2010
	RM'000	RM'000
Net profit/(loss) for the period	<u>3,879</u>	<u>13,113</u>
Weighted average number of ordinary shares	Cumulative year to date	
	31/10/2011	31/10/2010
	'000	'000
Issued and fully paid share capital at beginning of the financial year	57,962	57,962
Effect of shares issued during the 6 months period ended 31 July 2011 / 2010	-	-
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)	6.69	22.62
Fully diluted (sen)	6.69	22.62

24. 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.

25. 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 both in the Company's Circular to Shareholders dated 16 June 2011 and previously announced quarterly reports.

26. Dividend payable

The Board of Directors has declared a first interim ordinary dividend of 6.66 sen per share less tax at 25% payable to the shareholders on 28 December 2011.

27. 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 2011.