

## NOTES TO THE INTERIM FINANCIAL REPORT

### 1. Basis of Preparation

The condensed consolidated interim financial statements (Condensed Report) are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group’s audited annual financial statements for the financial year ended 31 January 2013. The explanatory notes attached to the condensed consolidated 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 year ended 31 January 2013.

### 2. Significant Accounting Policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 January 2013 except for the adoption of the following with effect from 1 February 2013:

- Amendments to MFRS 101, Presentation of items of Other Comprehensive Income
- Amendments to MFRS 7, Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
- MFRS 3, Business Combinations (IFRS Business Combinations issued by IASB in March 2004)
- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- Amendments to MFRS 10, MFRS 11 and MFRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transaction Guidance
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits
- MFRS 127, Separate Financial Statements
- MFRS 127, Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- MFRS 128, Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
- Annual Improvements 2009-2011 Cycle

The initial application of the above is not expected to have any material financial impact on the Group’s results.

**3. Auditors' report on preceding annual financial statements**

The Group's audited financial statements for the financial year ended 31 January 2013 were reported on by its external auditors, Ernst & Young without any qualifications.

**4. Seasonal or cyclical factors**

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

**5. 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.

**6. 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.

**7. 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.

**8. Dividends paid**

No dividend was paid in the current quarter and financial year to date.

## 9. Segmental reporting

The segment information for business segments predominantly conducted in Malaysia for the current financial year to date were as follows:

3 months ended 30 April 2013	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
<b>REVENUE</b>							
External sales	28,296	132	7,714	204	-	-	36,346
Inter-segment sales	22	6,588	-	254	-	(6,864)	-
Total revenue	28,318	6,720	7,714	458	-	(6,864)	36,346
<b>RESULTS</b>							
Operating profit	341	48	(1,073)	40	(32)	-	(676)
Financing cost	(495)	-	(437)	(1)	(34)	-	(967)
Income taxes	(65)	-	-	(17)	-	-	(82)
Net profit/(loss)	(219)	48	(1,510)	22	(66)	-	(1,725)

3 months ended 30 April 2012	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
<b>REVENUE</b>							
External sales	36,456	253	39,599	373	-	-	76,681
Inter-segment sales	60	7,799	-	538	-	(8,397)	-
Total revenue	36,516	8,052	39,599	911	-	(8,397)	76,681
<b>RESULTS</b>							
Operating profit	1,622	54	4,514	176	(353)	-	6,013
Financing cost	(629)	-	(387)	-	(38)	-	(1,054)
Income taxes	(271)	-	(1,031)	(44)	-	-	(1,346)
Net profit/(loss)	722	54	3,096	132	(391)	-	3,613

## 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 composition of the Group for the current quarter and financial year to date.

**12. Contingent liabilities and assets**

	<b>As At 31 January 2014 RM'000</b>	<b>As At 31 January 2013 RM'000</b>
Corporate Guarantee	<u>65,313</u>	<u>203,464</u>

**13. Capital commitments**

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

**14. Related Party Transactions**

	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30.04.13</b>	<b>30.04.12</b>	<b>30.04.13</b>	<b>30.04.12</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Income</b>				
Sale of construction materials to:				
-Lee Ling Construction & Development Sdn. Bhd.	1	178	1	178
-Limba Jaya Timber Sdn. Bhd.	63	16	63	16
-Pahaytc Sdn. Bhd.	14	-	14	-
<b>Expenditure</b>				
Purchase of sawn timber				
-Lee Ling Timber Sdn. Bhd.	3,283	4,514	3,283	4,514
Rental of office				
-BMK Development Sdn. Bhd.	27	22	27	22

**15. Review of performance of the Group**

For the period under review, the Group has recorded revenue of RM36.3million, which is RM40.3 million or 53% lower compared to the RM76.7 million revenue recorded in the corresponding period of the last financial year. The group has generally experienced decline in revenue across all the divisions with the property development & construction division experiencing a sharp decrease from RM39.6 million in the first quarter of last financial year to RM7.7 million in the current quarter, a 81% decline largely due to the completion of major parts of the projects in hand. Other divisions are also showing a slow down in revenue due to current weak market conditions.

The Group's revenue for the current quarter is also lower compared to the preceeding quarter by RM26.0 million or 42%. The property development & construction division recorded a decrease in revenue from RM29.7 recorded in preceeding quarter to RM7.7 million in the current quarter. Meanwhile the ready mixed division also saw its revenue decrease by RM5.0 million to RM18.9 million in this quarter due to festive seasons and slower construction activities in the State.

**16. Comment on material change in loss before taxation ("LBT")**

The Group has recorded a LBT of RM1.6 million in the current quarter while in the same quarter last year it managed to register a PBT of RM4.9 million. This is in part due to the decrease in revenue while on the same time the operating cost remains the same if not higher for period under review. Property development and construction division's PBT dropped by RM5.6 million in the current quarter and registered LBT of RM1.5 million due to unexpected delay in project completion and also higher cost of operations.

The Group has managed to register some improvement as compared to the preceeding quarter which registered a LBT of RM4.6 million mainly due to impairments of receivables and stock written off.

**17. Current year prospects**

The Group shall continue to work towards enhancing the Group performance and financial position in the remaining quarters of the year. The management is mindful of the challenges ahead and will take a prudent approach in its day to day operation to ensure that the Group is in good financial footing.

**18. (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.

**19. Taxation**

	<b>3 months ended 30/04/2013 RM'000</b>	<b>3 months ended 30/04/2012 RM'000</b>
- Current period taxation	82	1,347
- Over/(Under) provision of taxation	-	-
- Deferred taxation	-	-
	<u>82</u>	<u>1,347</u>

**20. 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.

**21. Group borrowings and debt securities**

	<b>As At 30/04/13 Total RM'000</b>
<b>Unsecured:</b>	
Share margin facility	1,199
Bankers' acceptance	49
	<u>1,248</u>
<b>Secured:</b>	
Term loans	15,479
Bank overdrafts	8,645
Revolving credits	10,000
Bankers' acceptance	24,904
Hire purchase	5,037
	<u>64,065</u>
	<u>65,313</u>
Repayable within twelve months	48,994
Repayable after twelve months	16,319
	<u>65,313</u>

The above borrowings are denominated in Ringgit Malaysia

**22. Earnings per share**

	<b>Individual quarter ended</b>	
	<b>30/04/2013</b>	<b>30/04/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit/(loss) attributable to owners of the parent	<u>(1,801)</u>	<u>3,638</u>
<b>Weighted average number of ordinary shares</b>	<b>Individual quarter ended</b>	
	<b>30/04/2013</b>	<b>30/04/2012</b>
	<b>'000</b>	<b>'000</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 January 2013 / 2012	-	-
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)	(3.11)	6.28
Fully diluted (sen)	(3.11)	6.28
	<b>Cumulative year to date</b>	
	<b>30/04/2013</b>	<b>30/04/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit/(loss) attributable to owners of the parent	<u>(1,801)</u>	<u>3,638</u>
<b>Weighted average number of ordinary shares</b>	<b>Cumulative year to date</b>	
	<b>30/04/2013</b>	<b>30/04/2012</b>
	<b>'000</b>	<b>'000</b>
Issued and fully paid share capital at beginning of the financial year	57,962	57,962
Effect of shares issued during the 3 months period ended 31 January 2013 / 2012	-	-
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)	(3.11)	6.28
Fully diluted (sen)	(3.11)	6.28



### 23. 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 31 May 2013 and previously announced quarterly reports.

### 24. Comprehensive Income Disclosures

Profit for the year is arrived at after charging/(crediting) the following:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30/04/2013</b>	<b>30/04/2012</b>	<b>30/04/2013</b>	<b>30/04/2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation of prepaid land lease	88	43	88	43
Bad debts written back	-	-	-	-
Depreciation of property, plant & equipment	1,157	1,072	1,157	1,072
(Gain)/Loss on disposal of other investment	-	82	-	82
Interest expenses	966	487	966	487
Interest income	(2)	(15)	(2)	(15)
Impairment loss on receivables	-	-	-	-
Inventory written off	-	-	-	-
Net fair value changes in investment securities	(382)	-	(382)	-
Property, plant & equipment written off	8	-	8	-


**QUALITY CONCRETE HOLDINGS BERHAD**


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**25. Realised and unrealised profits/losses**

	<b>As at 30/04/2013 RM'000</b>	<b>As at 31/01/2013 RM'000</b>
Total retained earnings of the Company and its subsidiaries:		
-Realised	69,951	71,674
-Unrealised	3,971	3,971
	<u>73,922</u>	<u>75,645</u>
Less: Consolidation adjustment	(8,994)	(8,916)
Retained earnings as per consolidated accounts	<u>64,928</u>	<u>66,729</u>

**26. 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 27 April 2013.