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 2015. 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 2015.

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 2015 except for the adoption of the following with effect from 1 February 2015:

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 127, Separate Financial Statements
- MFRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Impairment of Assets-Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139, Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

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 2015 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.

8. Dividends paid

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

QUALITY CONCRETE HOLDINGS BERHAD

9. Segmental reporting

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

6 months ended 31 July 2015	Manufacturing RM '000	Trading RM '000	Property development & Construction RM '000	Quarry operation RM '000	Investment & mgt services RM '000	Eliminations /Adjustment RM '000	Total RM '000
REVENUE							
External sales	57,109	163	16,386	712	-	-	74,370
Inter-segment sales	292	14,206	-	1,150	-	(15,648)	-
Total revenue	57,401	14,369	16,386	1,862	-	(15,648)	74,370
RESULTS							
Operating profit	963	209	(4,614)	228	(2,010)	-	(5,223)
Financing cost	(1,066)	-	(1,198)	(2)	(134)	-	(2,400)
Income taxes	(15)	-	-	(101)	-	-	(116)
Net profit/(loss)	(118)	209	(5,812)	125	(2,142)	-	(7,739)

6 months ended 31 July 2014	Manufacturing RM '000	Trading RM '000	Property development & construction RM '000	Quarry operation RM '000	Investment & mgt services RM '000	Eliminations /Adjustment RM '000	Total RM '000
REVENUE							
External sales	55,748	363	24,503	684	-	-	81,298
Inter-segment sales	3,645	14,103	-	1,217	-	(18,965)	-
Total revenue	59,393	14,466	24,503	1,901	-	(18,965)	81,298
RESULTS							
Operating profit	2,300	197	(3,159)	392	(1,112)	-	(1,381)
Financing cost	(1,064)	-	(987)	(1)	(117)	-	(2,169)
Income taxes	(305)	-	(181)	(98)	-	550	(34)
Net profit/(loss)	930	197	(4,327)	293	(1,229)	550	(3,584)

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. Capital commitments

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

14. Related Party Transactions

	3 months ended		6 months ended	
	31.07.15	31.07.14	31.07.15	31.07.14
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
-Lee Ling Construction & Development Sdn. Bhd.	-	31	5	31
-Limba Jaya Timber Sdn. Bhd.	323	55	382	55
-Pahaytc Sdn. Bhd.	-	-	5	-
-Lee Ling Timber Sdn. Bhd.	191	1	328	1
Expenditure				
Purchase of sawn timber				
-Lee Ling Timber Sdn. Bhd.	4,670	3,879	7,546	6,615
Construction works				
-Lee Ling Construction & Development Sdn. Bhd.	3,078	1,095	10,824	2,695
Rental of office				
-BMK Development Sdn. Bhd.	27	27	54	54

15. Review of performance of the Group

The Group's current revenue to date of RM74.4 million represents a RM6.9 million decrease compared to the same period of last year. The decrease was mainly due to revenue generated from the construction & development division dipped by 33.1% or RM8.1 million in tandem with the completion of project in hand and there were no new project secured during the period. The Manufacturing division also seen its revenue decreased slightly by RM2.0 million or 3.4% as compared to the same period of the last year due to slower demand for building products in the state. The revenue for the rest of the divisions are consistent with those registered in the same period of last financial year.

Revenue recorded in the current quarter is at RM33.1 million which is RM8.2 million lower than the last quarter. The lower revenue was due to the existing project of the construction & development division is nearing completion stage. As a result, the construction & development division has seen its revenue dropped from RM10.9 million in the last quarter to RM5.5 million in the current quarter. The manufacturing division also saw its revenue dropped by RM2 million or 6.8% as compared to the last quarter due to the slower demand for ready mixed concrete & HDPE products during the quarter under review.

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

LBT incurred by the Group for the first 6 months ended 31 July 2015 is at RM7.6 million which is RM4.1 million higher than the LBT recorded in the same period last year. The increase was mainly due to the increase of LBT of RM2.0 million from the manufacturing division which seen their operating cost increased. The construction & development division has also seen its LBT widened to RM5.8million from RM4.1 million recorded in the previous year mainly arriving from the reversal of profit recognized in the last financial year due to the adjustment on the final contract sum of the completed project.

The Group also recorded higher LBT of RM6.3 million compared to LBT of RM1.3 million recorded in the previous quarter. The construction & development division has seen its LBT widened from RM0.7 million to RM5.1 million as a result of the reversal of profit recognized due to adjustment on the final contract sum for the project completed in the current quarter. The LBT for the manufacturing division is also higher by RM0.3 million for the current quarter as the division is experiencing slowdown in sales.

17. Current year prospects

The management is mindful of the challenges ahead and is taking measures to improve the performance of the Group and ensure better efficiency. Barring any unforeseen circumstances, the Group is optimistic that the performance in the coming quarters that the performance in the coming quarters will be better than last year.

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

	6 months ended 31/07/2015 RM'000	6 months ended 31/07/2014 RM'000
- Current period taxation	116	34
-(Over)/Under provision of taxation	-	-
- Deferred taxation	-	-
	116	34

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

	As At 31/07/15 Total RM'000
Secured:	
Term loans	11,100
Bank overdrafts	7,015
Revolving credits	26,000
Bankers' acceptance	39,038
Hire purchase	3,026
	86,179

Repayable within twelve months	74,979
Repayable after twelve months	11,200
	86,179

The above borrowings are denominated in Ringgit Malaysia

22. Earnings per share

	Individual quarter ended	
	31/07/2015	31/07/2014
	RM'000	RM'000
Net loss attributable to owners of the parent	(6,414)	(490)

Weighted average number of ordinary shares	**Individual quarter ended**	
	31/07/2015	31/07/2014
	'000	'000
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 2015 / 2014	-	-
Weighted average number of ordinary shares	57,962	57,962
Effect of ESOS share options	-	-
Weighted average number of ordinary shares (diluted)	57,962	57,962
Basic (sen)	(11.07)	(0.85)
Fully diluted (sen)	(11.07)	(0.85)

	Cumulative year to date	
	31/07/2015	31/07/2014
	RM'000	RM'000
Net loss attributable to owners of the parent	(7,806)	(3,537)

Weighted average number of ordinary shares	**Cumulative year to date**	
	31/07/2015	31/07/2014
	'000	'000
Issued and fully paid share capital at beginning of the financial year	57,962	57,962
Effect of shares issued during the 12 months period ended 31 January 2015 / 2014	-	-
Weighted average number of ordinary shares	57,962	57,962
Effect of ESOS share options	-	-
Weighted average number of ordinary shares (diluted)	57,962	57,962
Basic (sen)	(13.47)	(6.10)
Fully diluted (sen)	(13.47)	(6.10)

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 8 June 2015 and previously announced quarterly reports.

24. Comprehensive Income Disclosures

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

	Individual Quarter		**Cumulative Quarter**	
	31/07/2015	**31/07/2014**	**31/07/2015**	**31/07/2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amortisation of prepaid land lease	55	79	160	159
Bad debts written back	(125)	(14)	(126)	(21)
Depreciation of property, plant & equipment	1,240	1,166	2,408	2,280
(Gain)/Loss on disposal of other investment	-	-	-	-
Interest expenses	803	751	1,556	1,602
Interest income	(11)	(13)	(48)	(22)
Impairment loss on receivables	-	-	-	-
Inventory written off	-	-	-	-
Net fair value changes in investment securities	255	(40)	293	(177)
Property, plant & equipment written off	-	357	-	357

25. Realised and unrealised profits/losses

	As at 31/07/2015 RM'000	As at 31/01/2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
-Realised	96,063	102,656
-Unrealised	(141)	1,317
	95,922	103,973
Less: Consolidation adjustment	(55,550)	(55,486)
Retained earnings as per consolidated accounts	40,372	48,487

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 30 September 2015.