

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting issued by Malaysian Accounting Standard Board. They do not include all the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 January 2021.

2. Changes in significant Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies applied in the year ended 31 January 2021 financial statements except for the adoption of the amendments to MFRSs that are applicable to the Group for the financial period beginning 1 February 2021. The adoption of these amendments to MFRSs does not have any material impact on the financial statements of the Group.

3. Auditors' report on preceding annual financial statements

The Group's audited financial statements for the financial year ended 31 January 2021 were reported on by its external auditors, Ernst & Young without any qualifications.

4. Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors during the financial 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. 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.

7. Dividends paid

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

8. 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 2021	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	20,896	392	38,161	6	-	-	59,456
Inter-segment sales	493	3,514	7,562	99	-	(11,668)	-
Total revenue	21,389	3,906	45,723	105	-	(11,668)	59,456
RESULTS							
Operating profit	571	81	4,998	14	(119)	-	5,545
Share of associate results						204	204
Financing cost	(294)	(37)	(667)	(8)	(82)	-	(1,090)
Income taxes	(117)	-	(1,017)	-	-	-	(1,134)
Net profit/(loss)	277	44	4,331	6	(201)	204	4,659

3 months ended 30 April 2020	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	10,194	1,031	9,742	319	-	-	21,286
Inter-segment sales	15	1,113	3,171	380	-	(4,679)	-
Total revenue	10,209	2,144	12,913	699	-	(4,679)	21,286
RESULTS							
Operating profit	(2,416)	28	1,530	228	(421)	-	(1,050)
Share of associate results						(46)	(46)
Financing cost	(389)	(16)	(315)	(7)	(82)	-	(811)
Income taxes	-	-	-	(53)	-	-	(53)
Net profit/(loss)	(2,805)	12	1,215	168	(503)	(46)	(1,959)

9. 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.

10. 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.


11. Capital commitments

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

12. Related Party Transactions

	3 months ended		3 months ended	
	30.04.21	30.04.20	30.04.21	30.04.20
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
-Lee Ling Construction & Development Sdn. Bhd.	68	7	68	7
-Limba Jaya Timber Sdn. Bhd.	-	-	-	-
-Lee Ling Timber Sdn. Bhd.	3	9	3	9
-Metro 360 Hotel Sdn. Bhd.	-	-	-	-
-Yong Teck Construction	-	-	-	-
Rental of barge				
-Lee Ling Timber Sdn. Bhd.	60	9	60	9
Expenditure				
Purchase of sawn timber				
-Lee Ling Timber Sdn. Bhd	2,062	2,139	2,062	2,139
Sea freight charges				
-Lee Ling Timber Sdn. Bhd.	157	60	157	60
Construction works				
-Lee Ling Construction & Development Sdn. Bhd.	-	-	-	-
Rental of office				
-BMK Development Sdn. Bhd.	39	39	39	39

**13. Review of performance of the Group**

The Group's revenue for the quarter ended 30 April 2021 stood at RM59.5 million representing 179.3% or RM38.2 million higher as compared to the corresponding period of last financial year. The manufacturing segment has recorded revenue of RM21.4 million in the current quarter which is RM11.1 million higher than RM10.2 million recorded in the corresponding period of last financial year. The manufacturing segment has recorded a better revenue across all the 3 main division which is the Ready Mixed Concrete, Pipes and Timber Products. The Property Development & Construction Segment has recorded higher progress in the current quarter coupled has recorded a revenue of RM38.2 million for the current quarter against RM8.1 million recorded in the corresponding period of last financial year.

14. Comment on material change in profit/loss before taxation ("PBT/LBT")

The Group has recorded a PBT of RM4.7 million for the financial quarter ended 30 April 2021 as compared to LBT of RM1.9 million recorded in the corresponding period of last financial year. The manufacturing segment has recorded PBT of RM0.3 million as compared to LBT of RM2.8 million in the corresponding period of last financial year in tandem with the increase in sales across all the division in the segment. Meanwhile, the Construction and Property Development Segment recorded a PBT of RM4.3 million in the current quarter as compared to PBT of RM1.2 million recorded in the corresponding period of last financial year as with better progress of project on hand.

15. Prospect for the year ending 31 January 2022

At the time of this report, most Europe countries and United States of America are experiencing a second wave of COVID-19 spread and that has affected the supply of raw material and price. In Malaysia, we too are seeing a spike increase in COVID-19 patients, fortunately in Sarawak, the state government has managed to keep things under control and businesses have not been severely affected.

Group management is mindful of the challenges ahead and is taking measures to mitigate the negative impact. Externally we will continue to seek for new opportunities to secure more revenue, while internally cost cutting and streamlining the operation to achieve better outputs and efficiency. The market will continue to pose a big challenge to the construction industry, and management will continue to be prudent in our approach to ensure the Group is in a strong footing to meet this challenge


QUALITY CONCRETE HOLDINGS BERHAD

16. (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.

17. Taxation

	3 months ended 30/04/2021 RM'000	3 months ended 30/04/2020 RM'000
- Current period taxation	1,134	53
-(Over)/Under provision of taxation	-	-
- Deferred taxation	-	-
	<u>1,134</u>	<u>53</u>

18. 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.

19. Group borrowings and debt securities

	As At 30/04/21 Total RM'000
Secured:	
Term loans	20,477
Bank overdrafts	12,221
Revolving credits	9,000
Bankers' acceptance	50,014
Hire purchase	5,423
Lease liabilities	1,731
	98,866
Repayable within twelve months	91,915
Repayable after twelve months	6,951
	98,866

The above borrowings are denominated in Ringgit Malaysia

20. Earnings per share

	Individual quarter ended	
	30/04/2021	30/04/2020
	RM'000	RM'000
Net profit/(loss) attributable to owners of the parent	<u>2,735</u>	<u>(2,427)</u>
Weighted average number of ordinary shares	Individual quarter ended	
	30/04/2021	30/04/2020
	'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 2021 / 2020	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares	57,962	57,962
Effect of ESOS share options	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares (diluted)	<u>57,962</u>	<u>57,962</u>
Basic (sen)	4.72	(4.19)
Fully diluted (sen)	4.72	(4.19)
	Cumulative year to date	
	30/04/2021	30/04/2020
	RM'000	RM'000
Net profit/(loss) attributable to owners of the parent	<u>2,735</u>	<u>(2,427)</u>
Weighted average number of ordinary shares	Cumulative year to date	
	30/04/2021	30/04/2020
	'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 2021 / 2020	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares	57,962	57,962
Effect of ESOS share options	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares (diluted)	<u>57,962</u>	<u>57,962</u>
Basic (sen)	4.72	(4.19)
Fully diluted (sen)	4.72	(4.19)

21. Material litigation

There were no pending material litigations for the current financial quarter under review.

22. Comprehensive Income Disclosures

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

	Individual Quarter		Cumulative Quarter	
	30/04/2021	30/04/2020	30/04/2021	30/04/2020
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid land lease	81	80	81	80
Bad debts written back	(15)	(17)	(15)	(17)
Depreciation of property, plant & equipment	1,486	1,324	1,486	1,324
(Gain)/Loss on disposal of other investment	-	-	-	-
Interest expenses	1,089	811	1,089	811
Interest income	(70)	(101)	(70)	(101)
Impairment loss on receivables	-	-	-	-
Inventory written off	126	-	126	-
Net fair value changes in investment securities	-	-	-	-
Property, plant & equipment written off	-	4	484	-

23. 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 July 2021.