

**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:

12 months ended 31 January 2022	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
<b>REVENUE</b>							
External sales	70,284	1,053	135,995	7	-	-	207,340
Inter-segment sales	3,614	12,553	31,920	117	-	(48,204)	-
Total revenue	73,898	13,606	167,915	124	-	(48,204)	207,340
<b>RESULTS</b>							
Operating profit	(3,376)	379	19,876	(12)	1,843	(4,642)	14,070
Share of associate results						39	39
Financing cost	(1,119)	(132)	(3,054)	(32)	(524)	-	(4,863)
Income taxes	(131)	(30)	(3,377)	(12)	(74)	-	(3,625)
Net profit/(loss)	(4,624)	217	13,446	(56)	1,245	(4,603)	5,622

12 months ended 31 January 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
<b>REVENUE</b>							
External sales	64,481	280	76,654	319	-	-	141,734
Inter-segment sales	1,242	11,576	31,985	380	1,750	(46,933)	-
Total revenue	65,723	11,856	108,639	699	-	(46,933)	141,734
<b>RESULTS</b>							
Operating profit	(3,735)	207	13,918	220	791	(3,783)	7,618
Share of associate results						61	61
Financing cost	(1,439)	(144)	(1,841)	(36)	(861)	-	(4,322)
Income taxes	(97)	(19)	(2,842)	(24)	-	-	(2,982)
Net profit/(loss)	(5,271)	44	9,235	160	(70)	(3,722)	375

## 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.


**QUALITY CONCRETE HOLDINGS BERHAD**


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**11. Capital commitments**

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

**12. Related Party Transactions**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.01.22</b>	<b>31.01.21</b>	<b>31.01.22</b>	<b>31.01.21</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.	32	4	117	16
-Limba Jaya Timber Sdn. Bhd.	-	-	-	-
-Lee Ling Timber Sdn. Bhd.	28	12	142	52
-Metro 360 Hotel Sdn. Bhd.	-	-	-	-
-Multi Brilliance Sdn. Bhd.	65	-	423	-
Rental of barge				
-Lee Ling Timber Sdn. Bhd.	60	-	240	-
<b>Expenditure</b>				
Purchase of sawn timber				
-Lee Ling Timber Sdn. Bhd.	1,492	2,205	6,211	10,490
Sea freight charges				
-Lee Ling Timber Sdn. Bhd.	347	60	1,700	180
PVC Pipes and raw material				
-ABTP Marketing Sdn. Bhd.	823	-	823	-
Rental of office				
-BMK Development Sdn. Bhd.	39	39	156	156



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

The Group's revenue for the year ended 31 January 2022 stood at RM207.3 million representing 46.3% or RM65.6 million higher as compared to the last financial year. The manufacturing segment has recorded revenue of RM73.9 million in the current year which is RM8.2 million higher than RM65.7 million recorded in the last financial year. The manufacturing segment has recorded a better revenue in the Ready Mixed division and Timber Products division which recorded increase of RM10 million and RM 2.1 million respectively. Meanwhile, the Pipes division recorded a RM4.5 million drop in the revenue as compared to last financial year.

The Property Development & Construction Segment which is the largest contributor for the Group has recorded a higher revenue of RM136.0 million which is RM57.6 million higher than RM78.4 million recorded in the last financial year. The increase in revenue is attributable to the better progress recorded from our project in hand.

The Group's revenue recorded for the current quarter ended 31 January 2022 is at RM54.1 million which is 12.3% higher than RM48.2 million recorded in the corresponding quarter of last financial year. The Construction & Property Development Segment has recorded a revenue of RM36.0 million in the current quarter as compared to RM33.8 million in the corresponding quarter of last financial with higher progress recorded from project in hand. Meanwhile the revenue for the Manufacturing Segment recorded a lower revenue of RM17.9 million as compared to RM21.9 million recorded in the same quarter of last financial year.

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

The Group has recorded a PBT of RM9.2 million for the financial year ended 31 January 2022 as compared to PBT of RM3.4 million recorded in the last financial year. The manufacturing segment has recorded lower LBT of RM4.5 million as compared to LBT of RM5.2 million in the last financial year in tandem with the increase in sales from the Ready Mixed division in the segment. Meanwhile, the Construction and Property Development Segment recorded a PBT of RM16.8 million in the financial year ended 31 January 2022 as compared to PBT of RM12.0 million recorded in the corresponding period of last financial year with better progress of project on hand.

For the current quarter ended 31 January 2022, the Group has recorded a PBT of RM2.5 million as compared to LBT of RM0.7 million recorded in the same quarter of last financial year. The Manufacturing Segment has recorded LBT of RM1.4 million as compared to LBT of 1.2 million recorded in the corresponding quarter of last financial year. During the quarter under review, the Manufacturing segment has booked impairment of slow moving inventories of RM1.0 million and impairment of trade receivables of RM0.6 million. The Construction & Property Development Segment has recorded higher PBT of RM7.3 million as compared to PBT of RM2.6 million recorded in the corresponding quarter of last year. The higher PBT recorded are due to higher profit margin from the project on hand as compared to the same quarter of last financial year.


**15. Prospect for the year ending 31 January 2023**

From 1 April 2022 onwards, the Government has announced that the country will enter into endemic phase with traveling and business operating hours restrictions lifted. It is with the hope that businesses will gradually back to pre-pandemic level with a more relaxed COVID-19 rules and Standard Operating Procedures (SOP). However, while thing seems to be improving, the sudden erupt of geopolitical war between Russia and Ukraine has caused a sharp surge in oil prices and material cost. This posed a new set of challenges to our Group's operation and the management is currently monitoring closely to ensure that the overall Group performance will not be severely affected.

**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**

	<b>12 months ended 31/01/2022 RM'000</b>	<b>12 months ended 31/01/2021 RM'000</b>
- Current period taxation	3,737	3,784
-(Over)/Under provision of taxation	36	(203)
- Deferred taxation	(148)	(599)
	<u>3,625</u>	<u>2,982</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 31/01/22 Total RM'000
<b>Secured:</b>	
Term loans	19,992
Bank overdrafts	8,967
Revolving credits	6,000
Bankers' acceptance	44,672
Invoice financing	8,942
Hire purchase	11,359
Lease liabilities	2,681
	102,613
Repayable within twelve months	79,120
Repayable after twelve months	23,493
	102,613

The above borrowings are denominated in Ringgit Malaysia


**20. Earnings per share**

	<b>Individual quarter ended</b>	
	<b>31/01/2022</b>	<b>31/01/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit/(loss) attributable to owners of the parent	<u>340</u>	<u>(1,404)</u>
<b>Weighted average number of ordinary shares</b>	<b>Individual quarter ended</b>	
	<b>31/01/2022</b>	<b>31/01/2021</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 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)	0.59	(2.42)
Fully diluted (sen)	0.59	(2.42)
	<b>Cumulative year to date</b>	
	<b>31/01/2022</b>	<b>31/01/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit/(loss) attributable to owners of the parent	<u>3,906</u>	<u>(1,956)</u>
<b>Weighted average number of ordinary shares</b>	<b>Cumulative year to date</b>	
	<b>31/01/2022</b>	<b>31/01/2021</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 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)	6.74	(3.37)
Fully diluted (sen)	6.74	(3.37)


**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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31/01/2022</b>	<b>31/01/2021</b>	<b>31/01/2022</b>	<b>31/01/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation of prepaid land lease	94	81	322	321
Bad debts written back	(2)	(562)	(17)	(616)
Depreciation of property, plant & equipment	2,740	1,205	7,458	5,859
(Gain)/Loss on disposal of other investment	-	-	-	-
Interest expenses	1,101	1,595	4,863	4,322
Interest income	(426)	(93)	(639)	(677)
Impairment loss on receivables	-	(190)	-	(190)
Inventory written off	671	778	972	778
Net fair value changes in investment securities	-	-	-	-
Property, plant & equipment written off	3	18	106	18

**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 30 March 2022.