

**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 2022.

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 2022 financial statements except for the adoption of the amendments to MFRSs that are applicable to the Group for the financial period beginning 1 February 2022. 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 2022 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:

6 months ended 31 July 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
REVENUE							
External sales	31,795	862	65,336	-	-	-	97,996
Inter-segment sales	960	7,051	12,243	-	-	(20,254)	-
Total revenue	32,755	7,913	77,579	-	-	(20,254)	97,996
RESULTS							
Operating profit	(838)	198	6,262	52	4,737	(4,936)	5,476
Share of associate results						(28)	(28)
Financing cost	(410)	(117)	(1,282)	(16)	(150)	-	(1,974)
Income taxes	-	-	(1,134)	-	-	159	(974)
Net profit/(loss)	(1,248)	81	3,847	36	4,587	(4,805)	2,500

6 months ended 31 July 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	34,657	683	60,907	7	-	-	96,251
Inter-segment sales	1,143	5,711	15,918	117	-	(22,890)	-
Total revenue	35,800	6,394	76,825	124	-	(22,890)	96,251
RESULTS							
Operating profit	(276)	139	8,198	10	(233)	-	7,839
Share of associate results						194	194
Financing cost	(528)	(86)	(1,582)	(16)	(189)	-	(2,403)
Income taxes	(44)	-	(1,612)	-	-	-	(1,656)
Net profit/(loss)	(848)	53	5,004	(6)	(422)	194	3,975

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		6 months ended	
	31.07.22	31.07.21	31.07.22	31.07.21
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
-Lee Ling Construction & Development Sdn. Bhd.	51	-	51	68
-Limba Jaya Timber Sdn. Bhd.	-	-	-	-
-Lee Ling Timber Sdn. Bhd.	49	85	52	88
-Metro 360 Hotel Sdn. Bhd.	-	-	-	-
-Multi Brilliance Sdn. Bhd.	26	-	587	-
Rental of barge				
-Lee Ling Timber Sdn. Bhd.	60	60	120	120
Expenditure				
Purchase of sawn timber				
-Lee Ling Timber Sdn. Bhd.	1,995	1,212	3,265	3,274
Sea freight charges				
-Lee Ling Timber Sdn. Bhd.	826	191	990	348
PVC Pipes and raw material				
-ABTP Marketing Sdn. Bhd.	-	-	-	-
Rental of dumptruck				
-Lee Ling Timber Sdn. Bhd.	11	11	22	11
Rental of office				
-BMK Development Sdn. Bhd.	39	78	39	78



13. Review of performance of the Group

The Group's revenue for the 6 months ended 31 July 2022 stood at RM98 million representing 1.8% or RM1.7 million higher as compared to the corresponding period of last financial year. The Manufacturing Segment has recorded revenue of RM32.8 million in the current period which is RM3 million lower than RM35.8 million recorded in the corresponding period of last financial year. The Manufacturing Segment has recorded a drop in revenue in Pipes and Timber Products divisions which recorded decrease of RM3.5 million and RM2.5 million respectively while the Ready Mixed Concrete Products division recorded increase in revenue of RM3.1 million. The decrease in revenue from Pipes Division was due to lower demand for its products as lesser water infrastructure projects were being rolled out by government, whereas Timber Products division was experiencing shortage of raw material supply. The increase in revenue in the Ready Mixed division was supported by the increase in the demand from private developments projects.

The Property Development & Construction Segment has also recorded a higher revenue of RM65.3 million as compared to RM60.9 million recorded in the same period of last financial year. The Construction division has recorded increase in revenue of RM8.7 million as better progress was recorded from the projects on hand. The increase was however offsetted by the drop in revenue from Road Maintenance division which seen its revenue dropped by RM4.4 million as there were lower activities recorded in the current period.

The Group's revenue recorded for the current quarter ended 31 July 2022 is at RM45.9 million which is 11.8% higher than RM36.8 million recorded in the corresponding quarter of last financial year. The Construction & Property Development Segment has recorded a revenue of RM29.4 million as compared to RM22.7 million in the corresponding quarter of last financial year. The higher revenue recorded in the current quarter is attributable to higher progress of projects in hand for the Construction division. The revenue for the Manufacturing Segment has also recorded an increase in revenue of RM16.7 million as compared to RM14.4 million recorded in the same quarter of last financial year as a result of better demands for Ready Mixed Concrete products in the current quarter.

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

The Group has recorded a PBT of RM3.5 million for the 6 months ended 31 July 2022 as compared to PBT of RM5.6 million recorded in the corresponding period of last financial year. The Manufacturing Segment has recorded LBT of RM1.2 million as compared to LBT of RM0.8 million in the corresponding period of last financial year in tandem with the lower revenue recorded for the segment. The Property Development and Construction Segment has recorded a lower PBT of RM5.0 million as compared to RM6.6 million recorded in the same period of last financial year as a result of lower contribution from the Road Maintenance division.

For the current quarter ended 31 July 2022, the Group has recorded a PBT of RM0.4 million as compared to PBT of RM1.0 million recorded in the same quarter of last financial year. The Manufacturing Segment has recorded LBT of RM1.0 million as compared to LBT of RM1.1 million recorded in the corresponding quarter of last financial year. The Construction & Property Development Segment has recorded lower PBT of RM1.4 million as compared to PBT of RM2.3 million recorded in the corresponding quarter of last 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 several 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

	6 months ended 31/7/2022 RM'000	6 months ended 31/7/2021 RM'000
- Current period taxation	974	1,656
-(Over)/Under provision of taxation	-	-
- Deferred taxation	-	-
	<u>974</u>	<u>1,656</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 31/07/22 Total RM'000
Secured:	
Term loans	17,667
Bank overdrafts	7,816
Revolving credits	5,500
Bankers' acceptance	44,158
Invoice financing	8,782
Hire purchase	9,753
Lease liabilities	2,433
	96,109
Repayable within twelve months	73,386
Repayable after twelve months	22,423
	96,109

The above borrowings are denominated in Ringgit Malaysia


QUALITY CONCRETE HOLDINGS BERHAD
20. Earnings per share

	Individual quarter ended	
	31/7/2022	31/7/2021
	RM'000	RM'000
Net profit/(loss) attributable to owners of the parent	<u>57</u>	<u>68</u>
Weighted average number of ordinary shares	Individual quarter ended	
	31/7/2022	31/7/2021
	'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)	0.10	0.12
Fully diluted (sen)	0.10	0.12
	Cumulative year to date	
	31/7/2022	31/7/2021
	RM'000	RM'000
Net profit/(loss) attributable to owners of the parent	<u>2,119</u>	<u>2,804</u>
Weighted average number of ordinary shares	Cumulative year to date	
	31/7/2022	31/7/2021
	'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)	3.66	4.84
Fully diluted (sen)	3.66	4.84


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	
	31/07/2022	31/07/2021	31/07/2022	31/07/2021
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid land lease	78	80	156	161
Bad debts written back	-	-	(2)	(15)
Depreciation of property, plant & equipment	1,814	2,008	3,609	3,494
(Gain)/Loss on disposal of other investment	-	-	-	-
Interest expenses	1,257	1,314	1,974	2,403
Interest income	(60)	(77)	(151)	(147)
Impairment loss on receivables	-	-	-	-
Inventory written off	-	31	-	157
Net fair value changes in investment securities	-	-	-	-
Property, plant & equipment written off	10	102	11	102

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 September 2022.