

**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 2023.

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 2023 financial statements except for the adoption of the amendments to MFRSs that are applicable to the Group for the financial period beginning 1 February 2023. 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 2023 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 2023	Manufacturing	Trading	Property Development & Construction	Quarry Operations	Investment & mgt services	Eliminations/ Adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External Sales	13,107	268	23,666	-	-	-	37,041
Inter-segment Sales	388	3,762	5,255	-	-	(9,405)	-
Total Revenue	13,495	4,030	28,921	-	-	(9,405)	37,041
RESULTS							
Operating (loss)/profit	(1,549)	49	(599)	(2)	(189)	-	(2,290)
Share of result of associate	-	-	-	-	-	(68)	(68)
Financing cost	(180)	(51)	(965)	(10)	(1)	-	(1,207)
Income taxes	-	-	(253)	-	-	-	(253)
Net profit	(1,729)	(2)	(1,817)	(12)	(190)	(68)	(3,818)

3 months ended 30 April 2023	Manufacturing	Trading	Property Development & Construction	Quarry Operations	Investment & mgt services	Eliminations/ Adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External Sales	15,588	534	35,960	-	-	-	52,083
Inter-segment Sales	486	3,719	6,225	-	-	(48,024)	(37,952)
Total Revenue	16,074	4,253	42,185	-	-	(48,024)	14,491
RESULTS							
Operating (loss)/profit	(78)	109	3,954	(13)	(125)	-	3,848
Share of result of associate	-	-	-	-	-	(48)	(48)
Financing cost	(221)	(50)	(392)	(8)	(48)	-	(717)
Income taxes	-	(830)	-	-	-	159	(671)
Net profit	(299)	59	2,732	(21)	(173)	111	2,412


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	
	30.04.23	30.04.22	30.04.23	30.04.22
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
-Lee Ling Construction & Development Sdn. Bhd.	340	51	340	51
-Limba Jaya Timber Sdn. Bhd.	-	-	-	-
-Lee Ling Timber Sdn. Bhd.	1,185	3	1,185	3
-Metro 360 Hotel Sdn. Bhd.	-	-	-	-
-Multi Brilliance Sdn. Bhd.	271	561	271	561
Rental of barge				
-Lee Ling Timber Sdn. Bhd.	60	60	60	60
Expenditure				
Purchase of sawn timber				
-Lee Ling Timber Sdn. Bhd.	1,907	1,270	1,907	1,270
Sea freight charges				
-Lee Ling Timber Sdn. Bhd.	273	164	273	164
PVC Pipes and raw material				
-ABTP Marketing Sdn. Bhd.	-	-	-	-
Rental of dumptruck				
-Lee Ling Timber Sdn. Bhd.	11	11	11	11
Rental of office				
-BMK Development Sdn. Bhd.	66	39	66	39

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

The Group's revenue for the quarter ended 30 April 2023 stood at RM37 million representing 28.9% or RM15 million lower as compared to the corresponding period of last financial year. The biggest drop in revenue was recorded in the Property Development & Construction Segment which seen its revenue dropped from RM36.0 million in the same quarter of last financial year to RM23.7 million in the current quarter. The construction division has experienced drop in revenue in tandem with the completion of 2 projects in the last financial year. Festive seasons and wet weather in the current quarter also affected the progress of the projects on hand in the current quarter.

Meanwhile, the Manufacturing Segment also recorded lower revenue of RM13.5 million in the current quarter compared to RM16.1 million in the same quarter of last financial year. As construction projects progress were broadly affected by the wet weather and festive seasons during the quarter under review, demand for ready mixed concrete were also affected. Hence revenue recorded from the Ready Mixed Concrete Division dropped to RM9.3 million in the current quarter compared to RM10.7 million recorded in the corresponding quarter of last financial year. Meanwhile, demand for pipes remains weak with revenue recorded at RM2.1 million in the current quarter as compared to RM3.2 million recorded in the corresponding quarter of last financial year.

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

The Group has recorded a LBT of RM3.6 million for the current quarter ended 30 April 2023 as compared to PBT of RM3.1 million recorded in the corresponding period of last financial year. The Property Development and Construction Segment has recorded LBT of RM1.6 million in the current quarter as compared to PBT of RM3.6 million recorded in the corresponding quarter of last year in tandem with the slow progress of construction projects in the current quarter. The Manufacturing Segment has also recorded weaker result of LBT of RM1.7 million as compared to LBT of RM0.3 million recorded in the corresponding quarter of last year in tandem with lower revenue recorded in the current quarter.

15. Prospect for the year ending 31 January 2024

Global trade is expected to remain slow with the on-going geopolitical tensions and also the continuous trade war between China and United States of America. Domestically, the rising interest rates and the depreciation in Ringgit Malaysia has posed a challenges to our Group's operation. 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

	3 months ended 30/04/2023 RM'000	3 months ended 30/04/2022 RM'000
Current period taxation	<u>253</u>	<u>671</u>
	<u>253</u>	<u>671</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 30/04/23 Total RM'000
Secured:	
Term loans	10,866
Bank overdrafts	21,032
Revolving credits/Bankers' acceptance/Invoice financing	54,676
Hire purchase	8,649
Lease liabilities	1,518
	96,741
Repayable within twelve months	85,278
Repayable after twelve months	11,463
	96,741

The above borrowings are denominated in Ringgit Malaysia.


QUALITY CONCRETE HOLDINGS BERHAD
20. Earnings per share

	Individual quarter ended	
	30/04/2023	30/04/2022
	RM'000	RM'000
Net profit attributable to owners of the parent	3,562	2,063
Weighted average number of ordinary shares	Individual quarter ended	
	30/04/2023	30/04/2022
	'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 30 April 2023/2022	-	-
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)	(6.15)	3.56
Fully diluted (sen)	(6.15)	3.56
	Cumulative year to date	
	30/04/2023	30/04/2022
	RM'000	RM'000
Net profit attributable to owners of the parent	3,562	2,063
Weighted average number of ordinary shares	Cumulative year to date	
	30/04/2023	30/04/2022
	'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 30 April 2023/2022	-	-
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)	(6.15)	3.56
Fully diluted (sen)	(6.15)	3.56


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	
	30/04/2023	30/04/2022	30/04/2023	30/04/2022
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid land lease	78	78	78	78
Bad debts written back	-	(2)	-	(2)
Depreciation of property, plant & equipment	1,978	1,795	1,978	1,795
Interest expenses	1,086	717	1,086	717
Interest income	(57)	(91)	(57)	(91)
Property, plant & equipment written off	-	1	-	1

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 28 June 2023.