



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:

9 months ended 31 October 23	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	43,347	903	92,070	-	-	-	136,320
Inter-segment Sales	1,537	11,781	19,873	-	-	(33,191)	-
Total Revenue	44,884	12,684	111,943	-	-	(33,191)	136,320
RESULTS							
Operating (loss)/profit	(3,172)	209	471	(33)	(506)	-	(3,031)
Share of result of associate	-	-	-	-	-	(68)	(68)
Financing cost	(486)	(184)	(2,929)	(30)	(3)	-	(3,632)
Income taxes	-	-	(328)	-	-	-	(328)
Net profit	(3,658)	25	(2,786)	(63)	(509)	(68)	(7,059)

9 months ended 31 October 22	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	51,510	1,298	109,058	-	-	-	161,866
Inter-segment Sales	1,396	11,413	21,128	-	-	(33,938)	-
Total Revenue	52,906	12,711	130,186	-	-	(33,938)	161,866
RESULTS							
Operating (loss)/profit	(1,021)	321	11,794	49	4,682	(4,936)	10,890
Share of result of associate	-	-	-	-	-	(51)	(51)
Financing cost	(593)	(183)	(2,718)	(26)	(233)	-	(3,753)
Income taxes	(1)	-	(2,091)	-	-	159	(1,933)
Net profit	(1,615)	138	6,986	23	4,449	(4,828)	5,154


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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		9 months ended	
	31.10.23	31.10.22	31.10.23	31.10.22
	RM'000	RM'000	RM'000	RM'000
Income				
Sale of construction materials to:				
-Lee Ling Construction & Development Sdn. Bhd.	950	51	1,290	51
-Limba Jaya Timber Sdn. Bhd.	-	-	-	-
-Lee Ling Timber Sdn. Bhd.	-	-	1,026	52
-Metro 360 Hotel Sdn. Bhd.	-	-	-	-
-Multi Brilliance Sdn. Bhd.	124	58	397	645
Sale of aggregates				
-Lee Ling Timber Sdn. Bhd.	-	-	133	-
Sale of limestone				
-Lee Ling Timber Sdn. Bhd.	855	-	855	-
Sale of Concrete Barrier				
-Lee Ling Timber Sdn. Bhd.	26	-	26	-
Vessel rental				
-Lee Ling Timber Sdn. Bhd.	120	-	140	-
Rental of barge				
-Lee Ling Timber Sdn. Bhd.	60	60	180	180
Expenditure				
Purchase of sawn timber				
-Lee Ling Timber Sdn. Bhd.	-	3,169	2,329	6,434
Sea freight charges				
-Lee Ling Timber Sdn. Bhd.	254	331	838	1,321
Purchase of Steel bar & Point joint				
-Lee Ling Timber Sdn. Bhd.	158	-	479	-
Rental of dumptruck				
-Lee Ling Timber Sdn. Bhd.	14	11	32	32
Rental of office				
-BMK Development Sdn. Bhd.	82	39	191	39



13. Review of performance of the Group

The Group's revenue for the 9 months ended 31 October 2023 stood at RM136.3 million representing 15.8% or RM25.5 million lower as compared to the corresponding period of last financial year. The Property Development & Construction Segment has recorded a drop in revenue of RM17.0 million from RM109.1 million to RM92.1 million. The construction division has experienced drop in revenue in tandem with the completion of 2 projects in the last financial year.

Meanwhile, the Manufacturing Segment also recorded lower revenue of RM44.9 million in the current period compared to RM52.9 million in the same period of last financial year. The drop in revenue were resulted from lower revenue recorded in both ready mixed division and pipes division. The two division has recorded a drop in revenue of RM5.4 million and RM2.7 million respectively in the current period as compared to the corresponding period of last year. The Ready Mixed recorded a decrease in sales as the demand for concrete products from existing customers as slower in the current period. Meanwhile pipes products division also seen the demand decreased owing to fewer water infrastructure project being rolled out by the government.

The Group registered a revenue of RM52.4 million in the current quarter, which is RM11.4 million lower than RM63.9 million recorded in the corresponding quarter of last financial year. The Property Development & Construction Segment registered a lower revenue of RM38.7 million as compared to RM43.7 million recorded in the corresponding quarter of last financial year. The Manufacturing Segment also registered revenue of RM14.1 million which is decrease of RM6.0 million as compared to 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 RM6.7 million for the 9 months ended 31 October 2023 as compared to PBT of RM7.1 million recorded in the corresponding period of last financial year. The Property Development and Construction Segment has recorded LBT of RM2.3 million in the 9 months ended 31 October 2023 as compared to PBT of RM9.1 million recorded in the corresponding quarter of last. The weaker results were due to the resurfacing works carry out in the 1st and 2nd quarter by the Road Maintenance division at the request of our client while usually the work is spread across the year. The monthly maintenance claim while remains the same as the contract income is been paid based on a fixed rate per kilometer of road maintained per month. Therefore, there is a mismatched between revenue and cost for the quarter under reviewed. As a result, the Road Maintenance Division recorded a PBT of RM1.9 million in the current period as compared to PBT of RM6.7 million recorded in the corresponding quarter of last year, therefore we expect the results will be improved in the next quarter. The Construction Division has also registered a weaker result of LBT of RM4.0 million compared to PBT of RM2.0 million recorded in the corresponding period of last year as a result of lower revenue recorded from project in hand and a one off cost of RM1.0 million incurred for securing additional financing. The Manufacturing Segment has also recorded weaker result of LBT of RM3.7 million as compared to LBT of RM1.6 million recorded in the corresponding period of last year in tandem with lower revenue recorded in the current quarter.


14. Comment on material change in profit/loss before taxation (“PBT/LBT”) (contd’)

For the quarter under review, the Group registered a PBT of RM0.8 million compared to PBT of RM3.6 million recorded in the corresponding quarter of last year. The Road Maintenance Division recorded PBT of RM4.4 million against PBT of RM3.5 million recorded in the corresponding quarter. Meanwhile, the Construction division recorded LBT of RM2.3 million compared to PBT of RM0.7 million in the corresponding quarter of last year mainly due to slower progress of project on hand coupled with rising cost of financing.

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

	9 months ended 31/10/2023 RM'000	9 months ended 31/10/2022 RM'000
Current period taxation	<u>327</u>	<u>1,933</u>
	<u>327</u>	<u>1,933</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 31/10/23 Total RM'000
Secured:	
Term loans	11,066
Bank overdrafts	20,053
Revolving credits/Bankers' acceptance/Invoice financing	61,890
Hire purchase	9,133
Lease liabilities	1,236
	103,378
Repayable within twelve months	84,804
Repayable after twelve months	18,574
	103,378

The above borrowings are denominated in Ringgit Malaysia.


QUALITY CONCRETE HOLDINGS BERHAD
20. Earnings per share

	Individual quarter ended	
	31/10/2023	31/10/2022
	RM'000	RM'000
Net (loss)/profit attributable to owners of the parent	(61)	2,022
Weighted average number of ordinary shares	Individual quarter ended	
	31/10/2023	31/10/2022
	'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 31 October 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)	(0.11)	3.49
Fully diluted (sen)	(0.11)	3.49
	Cumulative year to date	
	31/10/2023	31/10/2022
	RM'000	RM'000
Net (loss)/profit attributable to owners of the parent	(6,692)	4,142
Weighted average number of ordinary shares	Cumulative year to date	
	31/10/2023	31/10/2022
	'000	'000
Issued and fully paid share capital at beginning of the financial year	57,962	57,962
Effect of shares issued during the 6 months period ended 31 October 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)	(11.55)	7.15
Fully diluted (sen)	(11.55)	7.15


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	
	31/10/2023	31/10/2022	31/10/2023	31/10/2022
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid land lease	78	78	234	234
Bad debts written back	-	(2)	-	(4)
Depreciation of property, plant & equipment	1,554	1,814	4,827	4,746
Interest expenses	1,689	1,779	3,795	3,753
Interest income	(153)	(112)	(382)	(263)
Property, plant & equipment written off	1,505	1	1,505	12

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 08 December 2023.