

**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 2024.

**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 2024 financial statements except for the adoption of the amendments to MFRSs that are applicable to the Group for the financial period beginning 1 February 2024. 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 2024 were reported on by its external auditors, KPMG 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 24    | 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  |
| <b>REVENUE</b>               |               |         |                                     |                   |                           |                           |         |
| External Sales               | 27,789        | 709     | 48,528                              | -                 | -                         | -                         | 77,026  |
| Inter-segment Sales          | 753           | 6,713   | 12,098                              | -                 | -                         | (19,564)                  | -       |
| Total Revenue                | 28,542        | 7,422   | 60,626                              | -                 | -                         | (19,564)                  | 77,026  |
|                              |               |         |                                     |                   |                           |                           |         |
| <b>RESULTS</b>               |               |         |                                     |                   |                           |                           |         |
| Operating (loss)/profit      | (532)         | 205     | 2,661                               | (3)               | (141)                     | -                         | 2,270   |
| Share of result of associate | -             | -       | -                                   | -                 | -                         | (115)                     | (115)   |
| Financing cost               | (271)         | (121)   | (2,125)                             | (3)               | -                         | -                         | (2,520) |
| Income taxes                 | -             | -       | (441)                               | -                 | -                         | -                         | (441)   |
| Net (loss)/profit            | (803)         | 84      | 173                                 | (6)               | (141)                     | (115)                     | (807)   |

| 6 months ended 31 July 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  |
| <b>REVENUE</b>               |               |         |                                     |                   |                           |                           |         |
| External Sales               | 29,958        | 558     | 53,383                              | -                 | -                         | -                         | 83,901  |
| Inter-segment Sales          | 812           | 7,582   | 10,800                              | -                 | -                         | (19,195)                  | -       |
| Total Revenue                | 30,770        | 8,140   | 64,183                              | -                 | -                         | (19,195)                  | 83,901  |
|                              |               |         |                                     |                   |                           |                           |         |
| <b>RESULTS</b>               |               |         |                                     |                   |                           |                           |         |
| Operating (loss)/profit      | (2,291)       | 135     | (2,742)                             | (9)               | (424)                     | -                         | (5,330) |
| Share of result of associate | -             | -       | -                                   | -                 | -                         | (61)                      | (61)    |
| Financing cost               | (346)         | (127)   | (1,620)                             | (20)              | (2)                       | -                         | (2,116) |
| Income taxes                 | -             | -       | (343)                               | -                 | -                         | -                         | (343)   |
| Net profit                   | (2,637)       | 8       | (4,704)                             | (29)              | (426)                     | (61)                      | (7,850) |


**QUALITY CONCRETE HOLDINGS BERHAD**


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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 |          | 6 months ended |          |
|------------------------------------------------|----------------|----------|----------------|----------|
|                                                | 31.07.24       | 31.07.23 | 31.07.24       | 31.07.23 |
|                                                | RM'000         | RM'000   | RM'000         | RM'000   |
| <b>Income</b>                                  |                |          |                |          |
| Sale of construction materials to:             |                |          |                |          |
| -Lee Ling Construction & Development Sdn. Bhd. | -              | 340      | -              | 340      |
| -Lee Ling Timber Sdn. Bhd.                     | -              | 1,185    | 1,048          | 1,026    |
| -Metro 360 Hotel Sdn. Bhd.                     | -              | -        | -              | -        |
| Sale of aggregates                             |                |          |                |          |
| -Lee Ling Timber Sdn. Bhd.                     | -              | 133      | 85             | 133      |
| Sale of limestone                              |                |          |                |          |
| -Lee Ling Timber Sdn. Bhd.                     | -              | -        | 405            | -        |
| Sale of Concrete Barrier                       |                |          |                |          |
| -Lee Ling Timber Sdn. Bhd.                     | -              | -        | 26             | -        |
| Vessel rental                                  |                |          |                |          |
| -Lee Ling Timber Sdn. Bhd.                     | 60             | 20       | 120            | 20       |
| Sale of mask                                   |                |          |                |          |
| -Lee Ling Timber Sdn. Bhd.                     | 1              | -        | 1              | -        |
| Sale of pipes                                  |                |          |                |          |
| -Multi Brilliance Resources Sdn. Bhd.          | 9              | 271      | 10             | 273      |
| Rental of barge                                |                |          |                |          |
| -Lee Ling Timber Sdn. Bhd.                     | 60             | 60       | 120            | 120      |

**12. Related Party Transactions (cont'd)**
**Expenditure**

|                                     |       |       |       |       |
|-------------------------------------|-------|-------|-------|-------|
| Purchase of sawn timber             |       |       |       |       |
| -Lee Ling Timber Sdn. Bhd.          | 1,346 | 1,907 | 1,675 | 2,329 |
| Sea freight charges                 |       |       |       |       |
| -Lee Ling Timber Sdn. Bhd.          | 206   | 273   | 362   | 584   |
| Purchase of Steel bar & Point joint |       |       |       |       |
| -Lee Ling Timber Sdn. Bhd.          | -     | -     | -     | -     |
| Rental of dumptruck                 |       |       |       |       |
| -Lee Ling Timber Sdn. Bhd.          | 11    | 7     | 21    | 18    |
| Rental of office                    |       |       |       |       |
| -BMK Development Sdn. Bhd.          | 62    | 66    | 125   | 109   |
| Rental of Sentosa Plant             |       |       |       |       |
| -Tiang Ching Kok, Tiang Ching Yew   | 15    | 15    | 30    | -     |

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

The Group's revenue for the 6 months ended 31 July 2024 stood at RM77.0 million representing 8.2% or RM6.9 million lower as compared to the corresponding period of last financial year. The Property Development & Construction Segment has recorded a drop in revenue of RM4.9 million from RM53.4 million to RM48.5 million. The lower revenue recorded in the current period was mainly due to lower progress of projects in hand in the Construction Division which recorded a lower revenue of RM29.6 million as compared to RM37.7 million recorded in the corresponding period of last year. The Road Maintenance Division has seen its revenue increased by RM3.3 million compared to the same period of last year attributable to the rate revision which was awarded by the client and also higher instructed work order received during the period.

Meanwhile, the Manufacturing Segment also recorded lower revenue of RM28.5 million in the current period compared to RM30.8 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 timber division. The two division has recorded a drop in revenue of RM3.7 million and RM2.3 million respectively in the current period as compared to the corresponding period of last year. The pipes division has registered a increase in revenue of RM3.7 million in the current period.

The Group registered a revenue of RM38.0 million in the current quarter, which is RM8.9 million lower than RM46.9 million recorded in the corresponding quarter of last financial year. The Property Development & Construction Segment registered a lower revenue of RM23.5 million as compared to RM29.7 million recorded in the corresponding quarter of last financial year. The Manufacturing Segment also registered revenue of RM14.3 million which is decrease of RM2.9 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 RM0.4 million for the 6 months ended 31 July 2024 as compared to LBT of RM7.5 million recorded in the corresponding period of last financial year. The Property Development and Construction Segment has recorded PBT of RM0.6 million in the 6 months ended 31 July 2024 as compared to LBT of RM4.3 million recorded in the corresponding quarter of last. The Road Maintenance Division has registered PBT of RM1.8 million in the current period as compared to LBT of RM2.5 million in the corresponding period of last financial year. The better results were attributable higher revenue recorded and lower material cost incurred in the current period. The Manufacturing Segment has also registered a lower LBT of RM0.8 million as compared to LBT of RM2.7 million recorded in the corresponding period of last financial year. The lower LBT were resulted from higher revenue recorded in the pipes division.

For the quarter under review, the Group registered a LBT of RM0.5 million compared to LBT of RM3.9 million recorded in the corresponding quarter of last year. The Construction & Property Development Segment has recorded LBT of RM0.2 million as compared to LBT of RM2.8 million in the corresponding quarter of last financial year. The lower LBT recorded in the Segment were mainly resulted from lower LBT of RM0.2 million recorded in the Road Maintenance Division against LBT of RM2.5 million recorded in the corresponding quarter. The lower LBT recorded in the Road Maintenance were resulted from lower cost incurred during the quarter as lessor resurfacing works being carried out during the current quarter. The Manufacturing Segment has also registered lower LBT of RM0.2 million in the current quarter as compared to LBT of RM0.9 million recorded in the corresponding quarter mainly due to the improved better demand for pipes products in the current quarter.

**15. Prospect for the year ending 31 January 2025**

The Group is mindful that the coming financial year will continue to be challenging and clouded with uncertainties. The geopolitical tensions and trade protectionism has serious impact on the business environment. The Group will continue to stay competitive and exploring new business opportunities and secure more projects to replenish the depleting order book in the coming year.

The management is optimistic that barring any unforeseen circumstances, the Group will be able to deliver a favourable results in the coming quarters.

**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>6 months<br/>ended<br/>31/7/2024<br/>RM'000</b> | <b>6 months<br/>ended<br/>31/7/2023<br/>RM'000</b> |
|-------------------------|----------------------------------------------------|----------------------------------------------------|
| Current period taxation | <u>441</u>                                         | <u>343</u>                                         |
|                         | <u>441</u>                                         | <u>343</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**

|                                                         | <b>As At<br/>31/7/24<br/>Total<br/>RM'000</b> |
|---------------------------------------------------------|-----------------------------------------------|
| <b>Secured:</b>                                         |                                               |
| Term loans                                              | 9,366                                         |
| Bank overdrafts                                         | 21,441                                        |
| Revolving credits/Bankers' acceptance/Invoice financing | 70,720                                        |
| Hire purchase                                           | 6,919                                         |
| Lease liabilities                                       | 1,794                                         |
|                                                         | <b>110,240</b>                                |
| <br>                                                    |                                               |
| Repayable within twelve months                          | 96,280                                        |
| Repayable after twelve months                           | 13,960                                        |
|                                                         | <b>110,240</b>                                |

The above borrowings are denominated in Ringgit Malaysia.


**20. Earnings per share**

|                                                                               | <b>Individual quarter ended</b> |                  |
|-------------------------------------------------------------------------------|---------------------------------|------------------|
|                                                                               | <b>31/7/2024</b>                | <b>31/7/2023</b> |
|                                                                               | <b>RM'000</b>                   | <b>RM'000</b>    |
| Net loss attributable to owners of the parent                                 | (623)                           | (3,069)          |
| Weighted average number of ordinary shares                                    | <b>Individual quarter ended</b> |                  |
|                                                                               | <b>31/7/2024</b>                | <b>31/7/2023</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 2024/2023 | -                               | -                |
| 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)                                                                   | (1.07)                          | (5.29)           |
| Fully diluted (sen)                                                           | (1.07)                          | (5.29)           |
|                                                                               | <b>Cumulative year to date</b>  |                  |
|                                                                               | <b>31/7/2024</b>                | <b>31/7/2023</b> |
|                                                                               | <b>RM'000</b>                   | <b>RM'000</b>    |
| Net loss attributable to owners of the parent                                 | (1,006)                         | (6,631)          |
| Weighted average number of ordinary shares                                    | <b>Cumulative year to date</b>  |                  |
|                                                                               | <b>31/7/2024</b>                | <b>31/7/2023</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 6 months period ended 31 January 2024/2023 | -                               | -                |
| 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)                                                                   | (1.74)                          | (11.44)          |
| Fully diluted (sen)                                                           | (1.74)                          | (11.44)          |


**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 |            |
|---------------------------------------------|--------------------|------------|--------------------|------------|
|                                             | 31/07/2024         | 31/07/2023 | 31/07/2024         | 31/07/2023 |
|                                             | RM'000             | RM'000     | RM'000             | RM'000     |
| Amortisation of prepaid land lease          | 69                 | 78         | 147                | 156        |
| Depreciation of property, plant & equipment | 1,341              | 1,295      | 3,173              | 3,273      |
| Interest expenses                           | 1,201              | 1,020      | 2,502              | 2,106      |
| Interest income                             | (121)              | (172)      | (255)              | (229)      |
| Property, plant & equipment written off     | 97                 | -          | 97                 | -          |

**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 26 September 2024.