

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

(a) NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of reporting preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements.

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Company for the FYE 31 December 2011 and the accompanying explanatory notes attached to the interim financial report.

A2. Summary of significant accounting policies

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by the Malaysian Accounting Standards Board (“MASB”) with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board (“IASB”). Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs.

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 July 2013

MFRS 10	Consolidation Financial Statement	e
MFRS 11	Joint Arrangement	
MFRS 12	Disclosures of Interests in Other Entities	
MFRS 13	Fair Value Measurement	
MFRS 119	Employee Benefits (as amended in June 2011)	
MFRS 127	Separate Financial Statement (as amended by IASB in May 2011)	
MFRS 128	Investments in Associates and Joint Ventures (as amended by IASB in May 2011)	
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	
Disclosures	Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)	

Effective for annual periods commencing on or after 1 January 2014

Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)

Effective for annual periods commencing on or after 1 January 2015

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group’s operations. The financial effects of the above MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

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A3. Auditors' report

There was no qualification on the audited financial statements of the Group for the FYE 31 December 2011.

A4. Seasonal or cyclical factors

The operations of the Group were not significantly affected by seasonal or cyclical factors during the current quarter and current year to date under review.

A5. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and current year to date under review.

A6. Material changes in estimates

There were no changes in the estimates that had a material effect in the current quarter and period to date results.

A7. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current quarter and current year to date under review.

A8. Dividends paid

There was no dividend paid during the financial period ended 31 March 2012 and preceding year's corresponding period ended 31 March 2011.

A9. Segmental information

Segmental information of the Group's revenue is as follows:

	Animal Health Products RM'000	Food Service Equipment RM'000	Others RM'000	Total RM'000	Inter-segment Elimination RM'000	Consolidated RM'000
RESULTS FOR THE QUARTER ENDED 31 MARCH 2012						
REVENUE						
External revenue	4,248	4,503	-	8,751	-	8,751
Inter-segment						
- sales	76	6	-	82	(82)	-
- management fees received			349	349	(349)	-
Total revenue	4,324	4,509	349	9,182	(431)	8,751
RESULTS						
Other income						
- fixed deposit interest				113	-	113
- rental income				68	(27)	41
- misc income				8	-	8
Fixed assets written off				(3)	-	(3)
Depreciation				(96)	-	(96)
Finance costs				(1)	-	(1)
Taxation expenses				(468)	-	(468)
Unallocated corporate expenses				(7,495)	458	(7,037)
Segment profit				1,308	-	1,308

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A9. Segmental information (cont'd)

	Animal Health Products RM'000	Food Service Equipment RM'000	Others RM'000	Total RM'000	Inter-segment Elimination RM'000	Consolidated RM'000
RESULTS FOR THE QUARTER ENDED 31 MARCH 2011						
REVENUE						
External revenue	3,713	4,484	-	8,197	-	8,197
Inter-segment						
- sales	41	2	-	43	(43)	-
- management fees received			116	116	(116)	-
Total revenue	3,754	4,486	116	8,356	(159)	8,197
RESULTS						
Other income						
- fixed deposit interest				67	-	67
- rental income				57	(27)	30
- misc income				5	-	5
Depreciation				(130)	-	(130)
Finance costs				(7)	-	(7)
Taxation expenses				(429)	-	(429)
Unallocated corporate expenses				(6,673)	186	(6,487)
Segment profit				1,246	-	1,246

A10. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current quarter under review.

A11. Capital commitments

As at the balance sheet date, there was no outstanding capital commitments not provided for in the interim financial report.

A12. Material subsequent event

There was no material subsequent event.

A13. Changes in the composition of the Group

There was no change in the composition of the Group for the current quarter under review.

A14. Contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets, which upon becoming enforceable may have a material effect on the net assets, profits or financial position of the Group for the current quarter and current year to date under review since the last annual balance sheet date.

A15. Significant related party transactions

Save as disclosed in the Audited Financial Statements for the FYE 31 December 2011, there were no other significant related party transactions for the current quarter under review.

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of performance

The comparison of the current year 1st quarter revenue against previous year 1st quarter revenue is set out below:

	Current Quarter / Current Year to date ended 31-Mar-12 (RM'000)	Preceding Year Quarter / Preceding Year to date 31-Mar-11 (RM'000)	Variance (RM'000)
Revenue - Animal Health Product Division	4,248	3,713	535
- Food Service Equipment Division	4,503	4,484	19

The Group achieved revenue of RM8.75 million for the current quarter ended 31 March 2012 (“FPE2012”) as compared to RM8.20 million in the preceding year quarter ended 31 March 2011 (“FPE2011”). The increased in revenue by approximately 6.71% compared to the preceding year corresponding quarter was mainly due to the sales promotions by Animal Health Product Division during this quarter under review.

During the current quarter, Animal Health Product Division recorded revenue of RM4.25 million as compared to RM3.71 million in FPE2011. The increased of approximately 14.56% was due to the extension of sales promotions by Animal Health Product Division.

During the current quarter, Food Service Equipment Division recorded revenue of RM4.50 million as compared to RM4.48 million in FPE2011. The increased of approximately 0.42% was due to the increased in demand during the current quarter as a result of new outlets openings by our valued customers.

B2. Material changes in the profit before taxation for the current quarter as compared to the immediate preceding quarter

For the current quarter ended 31 March 2012, the Group achieved a profit before tax of approximately RM1.78 million as compared to approximately RM2.41 million in the immediate preceding quarter ended 31 December 2011. The decreased in profit before taxation of approximately RM0.63 million, representing a decreased of approximately 26.14%, was mainly due to the increased in administrative expenses by approximately RM1.28 million from approximately RM0.97 million in the immediate preceding quarter ended 31 December 2011 to approximately RM2.25 million in the current quarter ended 31 March 2012 under review. The increased in administrative expenses was mainly due to increase in staff expenses during the current quarter ended 31 March 2012.

The increased in administrative expenses was partially offset by the decreased in selling and distribution expenses by approximately RM0.47 million from RM1.02 million in the immediate preceding quarter ended 31 December 2011 to approximately RM0.55 million in the current quarter ended 31 March 2012 under review. The decreased was due to lesser participation in trade exhibition and lower sales promotion expenses incurred for both divisions during the current quarter ended 31 March 2012.

B3. Prospects

The Malaysian animal feed additives market is expected to have a positive outlook with an expected compound annual growth rate (“CAGR”) of 5.9% from 2009 to 2014 with market size growing to RM270.8 million in 2014, whilst the Malaysian food service equipment market is also expected to grow at a CAGR of 8.3% from 2009 to 2014 with market size growing to RM434.5 million in 2014.

The Board of Directors is optimistic of the Group’s prospect in the future.

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B4. Profit forecast

No profit forecast has been issued by the Group previously in any public document.

B5. Taxation

	Current Quarter Ended 31/3/2012 RM'000	Corresponding Quarter Ended 31/3/2011 RM'000	Current Year-To-Date Ended 31/3/2012 RM'000	Corresponding Year-To-Date Ended 31/3/2011 RM'000
Income tax:				
- Current year	468	429	468	429
- (Over) / under provision for tax in prior year	-	-	-	-
	<hr/> 468	<hr/> 429	<hr/> 468	<hr/> 429
Deferred tax:				
- Relating to origination and reversal of temporary difference	-	-	-	-
	<hr/> 468	<hr/> 429	<hr/> 468	<hr/> 429

The Group's effective tax rate for the current quarter 31 March 2012 and current year to date ended 31 March 2012 was 26.35% which was higher than the statutory rate due to certain non tax-deductible expenses.

B6. Status of corporate proposal

There is no corporate proposal announced but not completed at a date not earlier than 7 days from the date of this quarterly report.

B7. Utilisation of IPO Proceeds

The status of utilisation of the IPO proceeds is as follows:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended time frame for utilisation from the listing date* (Months)	Balance / (Deviation)		Explanations
				Amount RM'000	%	
Capital Expenditures	2,000	203	24	1,797	89.9%	(1)
Program development expenditure	3,000	-	36	3,000	100.0%	(1)
Working capital	2,291	4	24	2,287	99.8%	(1)
Estimated listing expenses	1,380	1,380	Upon listing	-	-	-
Total	8,671	1,587		7,084	81.7%	

Notes:

* SCC Holdings Berhad was listed on 3rd August 2010.

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B7. Utilisation of IPO Proceeds (cont'd)

(1) *As at the date of this report, the IPO proceeds is expected to be utilised within the estimated time frame and the Group does not expect any material deviation in its utilisation of IPO proceeds.*

B8. Group borrowings and debt securities

The Group's borrowings as at 31 March 2012 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:-</u>			
Hire purchase payables	37	-	37
	<u>37</u>	<u>-</u>	<u>37</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings:-</u>			
Hire purchase payables	4	-	4
	<u>4</u>	<u>-</u>	<u>4</u>
Total borrowings	<u>41</u>	<u>-</u>	<u>41</u>

All the Group's borrowings are secured and denominated in Ringgit Malaysia.

B9. Material litigation

There are no material litigations during the current quarter under review.

B10. Dividend

No dividend was proposed or declared for the current financial period ended 31 March 2012 and preceding year corresponding quarter ended 31 March 2011.

B11. Earnings per share

The basic and diluted earnings per share is calculated based on the Group's profit after tax attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	Current Quarter Ended 31-Mar-12 RM'000	Corresponding Quarter Ended 31-Mar-11 RM'000	Current Year-To-Date Ended 31-Mar-12 RM'000	Corresponding Year- To-Date Ended 31-Mar-11 RM'000
Group's profit after tax attributable to ordinary equity holders of the parent (RM)	1,308	1,246	1,308	1,246
Weighted average number of ordinary shares - basic ('000)	42,757	42,757	42,757	31,708
Earnings per share (sen)				
- basic	3.06	2.91	3.06	3.93
- diluted	3.06	2.91	3.06	3.93

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B12. Supplementary information on the disclosure of realised and unrealised profit

The amounts of realised and unrealised profits included in the retained profit of the Group are as follows:

	Unaudited As at 31.03.2012 RM'000	Audited As at 31.12.2011 RM'000
- Realised	10,115	8,807
- Unrealised	149	149
	10,264	8,956

B13. Profit for the year

Profit for the current quarter ended 31 March 2012 and current year to date ended 31 March 2012 was arrived at after crediting / (charging) the following:

	Current Quarter Ended 31-Mar-12 RM'000	Current Year to Date Ended 31-Mar-12 RM'000
Interest income	162	162
Other income including investment income	42	42
Interest expense	(1)	(1)
Depreciation and amortization	(96)	(96)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	(3)	(3)
Foreign exchange gain /(loss)	7	7
Gain / (loss) on derivatives	-	-
Exceptional items (with details)	-	-

B14. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 23 May 2012.

By order of the board
SCC Holdings Berhad

Wong Keo Rou (MAICSA 7021435)
Company Secretary
Kuala Lumpur
Date: 23 May 2012