

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

Our proforma consolidated financial statements have been compiled based on the basis and accounting policies consistent with those currently adopted by our Group which are set out in the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus. The financial statements used in the preparation of our proforma consolidated financial statements were prepared in accordance with approved accounting standards issued by the Malaysian Accounting Standards Board. Any adjustments which were dealt with when preparing our consolidated financial statements have been highlighted and disclosed in Section 11.4 of this Prospectus.

11.1 PROFORMA CONSOLIDATED INCOME STATEMENTS

The following table sets out our proforma consolidated income statements for the three (3) FYE 31 December 2007 to 2009, which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial years under review.

You should read this proforma consolidated income statements in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

	FYE 31 December		
	2007	2008	2009
	RM'000	RM'000	RM'000
Revenue	28,406	34,226	34,040
Cost of sales	(16,102)	(19,992)	(17,575)
Gross profit	12,304	14,234	16,465
Selling and distribution costs	(2,117)	(2,342)	(2,112)
Administration expenses	(5,897)	(7,126)	(7,002)
Other expenses	(386)	(583)	(566)
Other income	499	289	271
EBITDA	4,403	4,472	7,056
Depreciation	(399)	(434)	(476)
Interest expense	(206)	(212)	(66)
Interest income	41	154	116
PBT	3,839	3,980	6,630
Taxation	(1,063)	(1,141)	(1,730)
PAT	2,776	2,839	4,900
Gross profit margin (%)	43.31	41.59	48.37
PBT margin (%)	13.51	11.63	19.48
PAT margin (%)	9.77	8.29	14.39
No. of ordinary shares assumed to be in issue ('000)*	31,640	31,640	31,640
Gross EPS (RM)	0.12	0.12	0.21
Net EPS (RM)	0.09	0.09	0.15

Note:

* Based on the number of Shares in issue after the Acquisitions but before our Public Issue

There was no share of profits and losses of associated companies and joint ventures, exceptional or extraordinary items or minority interest during the financial years under review. The auditors' reports for our Group for the financial years under review were reported without any audit qualification.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**11.2 PROFORMA CONSOLIDATED BALANCE SHEETS**

The following table sets out our proforma consolidated balance sheets as at 31 December 2009, assuming that our Acquisitions, Public Issue and utilisation of proceeds had been effected as at that date, for illustrative purposes only, and should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	Audited as at 31 December 2009 RM'000	Adjusted as at 31 December 2009 RM'000	(I) After Acquisitions RM'000	(II) After (I) and Public Issue RM'000	(III) After (II) and utilisation of proceeds RM'000
Non-Current Assets					
Property, plant and equipment	-	-	4,561	4,561	9,361
Investment in marketable securities	-	-	24	24	24
Goodwill on consolidation	-	-	51	51	51
	-	-	4,636	4,636	9,436
Current Assets					
Inventories	-	-	2,151	2,151	2,151
Trade receivables	-	-	7,467	7,467	7,467
Other receivables, deposits and prepayments	152	152	918	918	918
Fixed deposits placed with licensed banks	-	-	5,417	5,417	5,417
Cash and bank balances	*	20	3,495	12,166	5,786
	152	172	19,448	28,119	21,739
Total Assets	152	172	24,084	32,755	31,175
Equity					
Share capital	*	20	15,820	21,378	21,378
Share premium	-	-	-	3,113	2,745
(Accumulated losses)/ Retained earnings	(17)	(17)	6	6	(1,206)
	(17)	3	15,826	24,497	22,917
Non-Current Liabilities					
Hire purchase payables	-	-	33	33	33
Deferred taxation	-	-	110	110	110
	-	-	143	143	143
Current Liabilities					
Trade payables	-	-	283	283	283
Other payables, deposits and accruals	169	169	3,808	3,808	3,808
Bankers' acceptances	-	-	2,850	2,850	2,850
Hire purchase payables	-	-	201	201	201
Tax payable	-	-	973	973	973
	169	169	8,115	8,115	8,115
Total Liabilities	169	169	8,258	8,258	8,258
Total Equity and Liabilities	152	172	24,084	32,755	31,175

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

	Audited as at 31 December 2009 RM'000	Adjusted as at 31 December 2009 [^] RM'000	(I) After Acquisitions RM'000	(II) After (I) and Public Issue RM'000	(III) After (II) and utilisation of proceeds RM'000
NA	(17)	3	15,826	24,497	22,917
NA per Share (RM)	(4,185.25)	0.08	0.50	0.57	0.54

Notes:

* Negligible

^ Adjusted to incorporate the issuance of 39,996 new Shares at an issue price of RM0.50 per Share subsequent to 31 December 2009

11.3 PROFORMA CONSOLIDATED CASH FLOW STATEMENT

The following table sets out our proforma consolidated cash flow statement for the FYE 31 December 2009, which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial year under review and should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
PBT	6,630
Adjustments for:	
Depreciation	476
Property, plant and equipment written off	4
Bad debts written off	86
Bad debts recovered	(33)
Gain on disposal of marketable securities	(1)
Inventories written back	(660)
Interest income	(116)
Interest expense	66
Operating profit before working capital changes	6,452
Decrease in inventories	1,101
Decrease in receivables	596
Decrease in payables	(690)
Net cash generated from operations	7,459
Interests paid	(50)
Interests received	117
Tax paid	(990)
Net Cash From Operating Activities	6,536
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(566)
Proceeds from disposal of marketable securities	14
Net Cash Used In Investing Activities	(552)

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment to directors*	(1,206)
Interest paid	(16)
Proceeds from issuance of shares	20
Payments to hire purchase payables	(283)
Fixed deposits held as security values	(31)
Dividends paid	(558)
Net Cash Used in Financing Activities	<u>(2,074)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,910
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	1,235
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	<u>5,145</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	3,495
Fixed deposits placed with licensed banks	5,417
Bankers' acceptances	(2,850)
	<u>6,062</u>
Less: Fixed deposits held as security values	(917)
	<u>5,145</u>

Note:

- * This relates to repayment of directors' advances arising from funding by our Directors for our Group's working capital requirements

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

11.4 REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED FINANCIAL INFORMATION



**BAKER TILLY
MONTEIRO HENG**

Chartered Accountants (AF 0117)

24 June 2010

The Board of Directors
SCC Holdings Berhad
(formerly known as SCC Holdings Sdn Bhd)
11, 15, 19 and 21, Jalan Hujan
Taman Overseas Union
58200 Kuala Lumpur

Monteiro & Heng Chambers
22 Jalan Tun Sambanthan 3
50470 Kuala Lumpur, Malaysia
phone : +603 2274 8988
fax : +603 2260 1708
email : audit@montelroheng.com.my
www.montelroheng.com.my

STRICTLY CONFIDENTIAL

Dear Sirs,

SCC HOLDINGS BERHAD *(formerly known as SCC Holdings Sdn Bhd)*
PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We have reviewed the proforma consolidated financial information of SCC Holdings Berhad *(formerly known as SCC Holdings Sdn Bhd)* ("SCC Holdings") and its subsidiaries (hereinafter collectively referred to as "SCC Holdings Group") for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009, together with the accompanying notes thereto, for which the directors of SCC Holdings are solely responsible, as set out in the accompanying statements, which we have stamped for the purpose of identification.

The proforma consolidated financial information of the SCC Holdings Group has been prepared for illustrative purposes only for inclusion in the prospectus to be dated 30 June 2010 in connection with the listing and quotation of the entire enlarged issued and paid-up share capital of SCC Holdings on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing"), after making certain assumptions and such adjustments to show the effects on:-

- (a) the financial results of the SCC Holdings Group for the past three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 on the basis that the group structure as of the date of the Prospectus had been in existence since the beginning of the financial years under review;
- (b) the financial position of the SCC Holdings Group as at 31 December 2009 on the basis that the group structure as of the date of the Prospectus had been in place on that date;
- (c) the cash flows of the SCC Holdings Group for the financial period ended 31 December 2009 on the basis that the group structure as of the date of the Prospectus had been in existence throughout the financial year ended 31 December 2009; and

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information

- (d) the financial position of the SCC Holdings Group as at 31 December 2009 on the basis that the group structure as of the date of the Prospectus had been in place on that date, after incorporating the effects of the proposals in relation to the Listing as mentioned in Section 2 of the proforma consolidated financial information.

Our responsibility is to form an opinion on the proforma consolidated financial information prepared by the directors in accordance with the requirements of the *Prospectus Guidelines – Equity and Debt* issued by the Securities Commission and report to you based on our work. In providing this opinion, we are not updating or re-issuing any reports or opinions previously made by us on any financial information used in the compilation of the proforma consolidated financial information, nor do we accept the responsibility for such reports or opinions beyond that is owed to those to whom those letter or opinions were addressed to by us at the date of their issue.

Our work consisted primarily of comparing the proforma consolidated financial information to the audited financial statements of SCC Holdings Group for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009, considering and discussing the necessary adjustments and the proforma consolidated financial information with the responsible officers of the SCC Holdings Group.

Our work involved no independent examination of any of the underlying financial information other than our audit of the financial statements of SCC Holdings for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009, which have been drawn up in accordance with the Financial Reporting Standards in Malaysia and reported to the members of SCC Holdings on 29 March 2010.

As the proforma consolidated financial information of the SCC Holdings Group has been prepared for illustrative purposes only, such information may not, because of its nature, give a true picture of the actual financial position and the results of the SCC Holdings Group; and does not purport to predict the future financial position and results of the SCC Holdings Group.

In our opinion:-

- (i) the proforma consolidated financial information of the SCC Holdings Group have been properly prepared on the basis set out in the accompanying notes to the proforma consolidated financial information based on the SCC Holdings Group's audited financial statements for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 which have been prepared in accordance with the Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by SCC Corporation Sdn Bhd, a subsidiary of SCC Holdings, in the preparation of its audited financial statements for the financial year ended 31 December 2009, which have been adopted by SCC Holdings as the group accounting policies; and
- (ii) the adjustments made to the information used in the preparation of the proforma consolidated financial information of the SCC Holdings Group are appropriate for the purposes of preparing the proforma consolidated financial information.




11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information

This letter has been prepared for inclusion in the prospectus of SCC Holdings in connection with the Listing and is not to be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,


Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants


Heng Ji Keng
No. 578/05/12
Partner

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. INTRODUCTION**

1.1 The proforma consolidated financial information of SCC Holdings Berhad (formerly known as SCC Holdings Sdn Bhd) ("SCC Holdings") and its subsidiaries, namely SCC Corporation Sdn Bhd ("SCC Corporation") and Anitox (M) Sdn Bhd ("Anitox Malaysia") (hereinafter collectively referred to as "SCC Holdings Group"), for which the directors of SCC Holdings are solely responsible, has been prepared for illustrative purposes only, for inclusion in the prospectus of SCC Holdings ("Prospectus") in connection with the listing and quotation of the entire enlarged issued and paid-up share capital of SCC Holdings on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The proforma consolidated financial information may not, because of its nature, give a true picture of the actual financial position and results of the SCC Holdings Group; and does not purport to predict the future financial position and results of the SCC Holdings Group.

1.2 The proforma financial information comprises the following:-

- Section 4 : Proforma consolidated income statements for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 of the SCC Holdings Group on the basis that the group structure as of the date of the Prospectus had been in existence since the beginning of the financial years/period under review;
- Section 5 : Proforma consolidated balance sheet as at 31 December 2009 of the SCC Holdings Group together with the accompanying notes on the basis that the group structure as of the date of the Prospectus had been in place on that date, adjusted for the acquisitions of SCC Corporation and Anitox Malaysia ("Acquisitions") but before the Public Issues;
- Section 6 : Proforma consolidated cash flow statement for the financial year ended 31 December 2009 of the SCC Holdings Group on the basis that the group structure as of the date of the Prospectus had been in existence throughout the financial period ended 31 December 2009; and
- Section 7 : The proforma consolidated balance sheets of the SCC Holdings Group as at 31 December 2009 on the basis that the group structure as of the date of the Prospectus had been in place on that date, after incorporating the effects of the proposals in relation to the Listing as mentioned in Section 2 of the proforma consolidated financial information.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information**2. LISTING SCHEME**

SCC Holdings undertakes a listing and quotation of its entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities. The listing scheme comprises the following:-

2.1 Public Issue

In conjunction with the Listing, SCC Holdings proposes to undertake a public issue of 11,117,000 new SCC Holdings' ordinary shares of RM0.50 each per ordinary share payable in full upon application comprising:-

- (a) 2,000,000 new ordinary shares of RM0.50 each reserved for application by the public;
- (b) 4,300,000 new ordinary shares of RM0.50 each reserved for application by our eligible employees and business associates; and
- (c) 4,817,000 new ordinary shares of RM0.50 each reserved for placement to identified investors.

(Collectively herein after referred to as "the Public Issue")

2.2 Listing

Upon the completion of the Public Issue, SCC Holdings proposes to seek the listing of and quotation for its entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities ("the Listing").

3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

3.1 The proforma consolidated financial information has been prepared to illustrate that:-

- a) the financial results of the SCC Holdings Group for the past three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 on the basis that the group structure as of the date of the Prospectus had been in existence since the beginning of the financial years under review;
- b) the financial position of the SCC Holdings Group as at 31 December 2009 on the basis that the group structure as of the date of the Prospectus had been in place on that date;
- c) the cash flows of the SCC Holdings Group for the financial year ended 31 December 2009 on the basis that the group structure as of the date of the Prospectus had been in existence throughout the financial period ended 31 December 2009; and
- d) the financial position of the SCC Holdings Group as at 31 December 2009 on the basis that the group structure as of the date of the Prospectus had been in place on that date, adjusted for the Public Issue and the utilisation of listing proceeds.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information**3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)**

3.2 The proforma consolidated financial information has been prepared based on the following basis:-

- a) The audited financial statements of SCC Holdings for the three financial years ended 31 March 2007, 31 March 2008 and 31 March 2009 and the nine (9) months financial period ended 31 December 2009; and
- b) The audited financial statements of SCC Corporation and Anitox Malaysia for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009.

3.3 The proforma consolidated financial information of the SCC Holdings Group has been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the SCC Holdings Group; and does not purport to predict the future financial position and results of the SCC Holdings Group.

3.4 The proforma consolidated financial information of the SCC Holdings Group have been properly prepared on the basis set out in the accompanying notes to the proforma consolidated financial information based on the audited financial statements of the SCC Holdings Group which have been prepared in accordance with the Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by SCC Corporation in the preparation of its audited financial statements for the financial year ended 31 December 2009, which have been adopted by SCC Holdings as the group accounting policies except for the adoption of the following new accounting policies:-

Basis of consolidation

The consolidated financial statements comprise of the financial statements of SCC Holdings and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as SCC Holdings.

Subsidiaries are those companies in which the SCC Holdings Group has long term equity interest and has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are consolidated from the date of acquisition, being the date on which the SCC Holdings Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information****3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)****3.4 (Continued)****Basis of Consolidation (Continued)**

Any excess of the cost of the acquisition over the SCC Holdings Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the SCC Holdings Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Intragroup transactions, balances and unrealised gains on transactions are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the SCC Holdings Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the SCC Holdings Group's share of its net assets together with any unimpaired balance of goodwill which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the fair values of identifiable assets and liabilities of the acquiree as at the date of acquisition by the SCC Holdings Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of SCC Holdings.

- 3.5 On 1 April 2010, SCC Holdings had entered into conditional share purchase agreements with the shareholders of SCC Corporation and Anitox Malaysia to acquire the entire of the equity interests in SCC Corporation and Anitox Malaysia for a total consideration of RM12.9 million and RM2.9 million respectively ("Acquisitions"). The consideration for the acquisitions of SCC Corporation and Anitox Malaysia were settled via the issuance of 25.8 million and 5.8 million new SCC Holdings' ordinary shares of RM0.50 each respectively at par. The Acquisitions were completed on 24 June 2010.
- 3.6 The financial information of the SCC Holdings Group is measured using the currency of the primary economic environment in which the SCC Holdings Group operates. The functional currency of the SCC Holdings Group is Ringgit Malaysia.
- 3.7 The audited financial statements of the SCC Holdings and its subsidiaries for the reporting purposes for the financial years/period under reviewed were reported by the auditors without any qualifications or modifications for all the financial years/period under review.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)**
Proforma Consolidated Financial Information**4. PROFORMA CONSOLIDATED INCOME STATEMENTS OF THE SCC HOLDINGS GROUP**

4.1 The proforma consolidated income statements of the SCC Holdings Group for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 as set out below, for which the directors of SCC Holdings are solely responsible, have been prepared for illustrative purposes only and have been prepared on the assumption that the SCC Holdings Group has been in existence throughout the financial years under review and are to be read in conjunction with the notes thereto.

	2007 RM	2008 RM	2009 RM
Revenue	28,406	34,226	34,040
Cost of sales	(16,102)	(19,992)	(17,575)
Gross profit	12,304	14,234	16,465
Selling and distribution costs	(2,117)	(2,342)	(2,112)
Administrative expenses	(5,897)	(7,126)	(7,002)
Other income	499	289	271
Other expenses	(386)	(583)	(566)
Profit before interests, taxation and depreciation	4,403	4,472	7,056
Depreciation	(399)	(434)	(476)
Interest expenses	(206)	(212)	(66)
Interest income	41	154	116
Profit before taxation	3,839	3,980	6,630
Taxation	(1,063)	(1,141)	(1,730)
Net profit for the financial year	2,776	2,839	4,900
Gross profit margin (%)	43.31%	41.59%	48.37%
Pretax margin (%)	13.51%	11.63%	19.48%
Profit after tax margin (%)	9.77%	8.29%	14.39%
Number of ordinary shares assumed to be in issue of RM0.50 each ('000)*	31,640	31,640	31,640
Gross Earning Per Share ("EPS") (sen) *	12.13	12.58	20.95
Net EPS (sen) *	8.77	8.97	15.49

* Number of ordinary shares of SCC Holdings after the Acquisitions and prior to the Public Issue.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information****4. PROFORMA CONSOLIDATED INCOME STATEMENTS OF THE SCC HOLDINGS GROUP (Continued)**

4.2 Notes to the proforma consolidated income statements are as follows:-

4.2.1 Basis of Preparation

The proforma consolidated income statements of the SCC Holdings Group are prepared for illustrative purposes only and have been presented on the assumption that the SCC Holdings Group has been in existence since 1 January 2007 and throughout the financial years under review. There is no fair value adjustments relating to the net assets acquired based on the assumption that the SCC Holdings Group existed since 1 January 2007. These proforma consolidated income statements are based on the financial statements of the SCC Holdings Group as follows:-

SCC Holding : Audited results for the three (3) financial years ended 31 March 2007, 31 March 2008 and 31 March 2009 and nine (9) months financial period ended 31 December 2009.

SCC Corporation : Audited results for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009.

Anitox Malaysia : Audited results for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009.

4.2.2 The proforma consolidated income statements for the financial years under review have been prepared based on accounting policies consistent with those adopted in the preparation of the audited financial statements of SCC Corporation for the financial year ended 31 December 2009, which have been adopted by SCC Holdings as the group accounting policies, for the respective financial years except as mentioned in Section 3.4.

4.2.3 There were no exceptional items in all the financial years under review.

4.2.4 The issued and paid-up share capital of SCC Holdings of 31,640,000 ordinary shares of RM0.50 each is after the Acquisitions and prior to the Public Issue.

4.2.5 The gross EPS is computed as profit before taxation over the number of SCC's ordinary shares after the Acquisitions and prior to the Public Issue.

4.2.6 The net EPS is computed as net profit for the year over the number of SCC's ordinary shares after the Acquisitions and prior to the Public Issue.

4.2.7 No diluted earnings per share is shown as there were no potential dilutive shares in issue during the financial years under review.

4.2.8 All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

4.2.9 There were no minority interests, share of profits of joint ventures or associates.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)**
Proforma Consolidated Financial Information**5. PROFORMA CONSOLIDATED BALANCE SHEET OF THE SCC HOLDINGS GROUP**

- 5.1 The proforma consolidated balance sheet of the SCC Holdings Group as set out below, for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited balance sheet of SCC Holdings as at 31 December 2009 had the Acquisitions as described in Sections 3.5 and 2.1 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

	Note	SCC Holdings Group As at 31 December 2009 RM'000
Non-current assets		
Property, plant and equipment	5.2.3(a)	4,561
Investment in marketable securities	5.2.3(b)	24
Goodwill on consolidation		51
Total non-current assets		<u>4,636</u>
Current assets		
Inventories	5.2.3(c)	2,151
Trade receivables	5.2.3(d)	7,467
Other receivables, deposits and prepayments	5.2.3(e)	918
Fixed deposits placed with licensed banks	5.2.3(f)	5,417
Cash and bank balances	5.2.3(g)	3,495
Total current assets		<u>19,448</u>
TOTAL ASSETS		<u>24,084</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of SCC Holdings		
Share capital	5.2.3(h)	15,820
Retained earnings		6
Total equity		<u>15,826</u>
Non-current liabilities		
Hire purchase payables	5.2.3(i)	33
Deferred taxation	5.2.3(j)	110
Total non-current liabilities		<u>143</u>



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information****5. PROFORMA CONSOLIDATED BALANCE SHEET OF THE SCC HOLDINGS GROUP
(Continued)**

	Note	SCC Holdings Group As at 31 December 2009 RM'000
Current liabilities		
Trade payables	5.2.3(k)	283
Other payables, deposits and accruals	5.2.3(l)	3,808
Bankers' acceptances	5.2.3(m)	2,850
Hire purchase payables	5.2.3(i)	201
Tax payable		973
Total current liabilities		8,115
Total liabilities		8,258
TOTAL EQUITY AND LIABILITIES		24,084
Proforma net assets per ordinary share attributable to the equity holders (sen)	5.2.3(n)	50.0

5.2 Notes to the Proforma Consolidated Balance Sheet of the SCC Holdings Group**5.2.1 Basis of Preparation and Consolidation**

The proforma consolidated balance sheet of the SCC Holdings Group as at 31 December 2009 is prepared on the following basis:-

- (a) The audited balance sheets of SCC Holdings, SCC Corporation and Anitox Malaysia as at 31 December 2009; and
- (b) The following adjustments made to the issued and paid-up share capital of SCC Holdings:-
 - (i) Additional cash allotments of 16 new SCC Holdings' ordinary shares of RM0.50 at par on 27 January 2010;
 - (ii) Additional cash allotments of 39,980 new SCC Holdings' ordinary shares of RM0.50 at par on 26 March 2010; and
 - (iii) 31,600,000 new SCC Holdings' ordinary shares of RM0.50 each issued at par as the settlement for the considerations of the Acquisitions as mentioned in Section 3.5.

- 5.2.2 The proforma consolidated balance sheet of the SCC Holdings Group has been prepared based on the accounting policies consistent with those adopted in the preparation of the audited financial statements of SCC Corporation for the financial year ended 31 December 2009, which have been adopted by SCC Holdings as the group accounting policies, except as stated in Section 3.4.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information****5. PROFORMA CONSOLIDATED BALANCE SHEET OF THE SCC HOLDINGS GROUP
(Continued)**

5.2.3 The proforma consolidated balance sheet of the SCC Holdings Group should be read in conjunction with the notes below:-

(a) Property, Plant and Equipment

	Cost	Accumulated	Net
	RM'000	Depreciation	Book Value
		RM'000	RM'000
SCC Holdings Group			
As at 31 December 2009			
Freehold land	1,255	-	1,255
Freehold buildings	2,263	248	2,015
Motor vehicles	1,636	1,026	610
Computers and printers	752	391	361
Office equipment	191	106	85
Renovation	23	7	16
Furniture and fittings	96	39	57
Machinery	791	629	162
Total	7,007	2,446	4,561

Certain motor vehicles with total net book values of approximately RM0.446 million were acquired under hire purchase arrangements.

Freehold land and buildings with total net book values of approximately RM3.270 million have been pledged to a licensed bank to secure the credit facilities granted to SCC Corporation and Anitox Malaysia.

(b) Investment in Marketable Securities

	SCC Holdings Group
	As at 31.12.2009
	RM'000
Quoted securities in Malaysia, at cost	24
Market value	27



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information****5. PROFORMA CONSOLIDATED BALANCE SHEET OF THE SCC HOLDINGS GROUP
(Continued)****5.2.3 (Continued)****(c) Inventories**

	SCC Holdings Group As at 31.12.2009 RM'000
Trading inventories, at cost	2,151

(d) Trade Receivables

Trade receivables of the SCC Holdings Group are non-interest bearing and SCC Holdings Group's normal trade credit terms range from 30 days to 120 days. Other credit terms are assessed and approved on a case-by-case basis after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

	SCC Holdings Group As at 31.12.2009 RM'000
Trade receivables	7,664
Less: Allowance for doubtful debts	(197)
	<u>7,467</u>

The currency exposure profile of trade receivables are as follows:-

	SCC Holdings Group As at 31.12.2009 RM'000
Ringgit Malaysia	7,360
United States Dollars	77
Singapore Dollars	7
Brunei Dollars	23
	<u>7,467</u>



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information****5. PROFORMA CONSOLIDATED BALANCE SHEET OF THE SCC HOLDINGS GROUP
(Continued)****5.2.3 (Continued)****(e) Other Receivables, Deposits And Prepayments**

	SCC Holdings Group As at 31.12.2009 RM'000
Other receivables	710
Deposits	56
Prepayments	152
	<u>918</u>

Included in other receivables are the following:-

- (a) Amounts totalling RM0.012 million owing by companies in which certain directors of SCC Holdings have interests. The said amounts outstanding are non-trade in nature, unsecured and repayable on demand. The said amounts had been subsequently fully settled.
- (b) Amounts totalling RM0.668 million representing advanced payments made to the suppliers.

The currency exposure profiles of other receivables are as follows:-

	SCC Holdings Group As at 31.12.2009 RM'000
Ringgit Malaysia	104
United States Dollars	606
	<u>710</u>

Included in deposits is an amount of RM5,000 representing deposits paid towards the purchase of a motor vehicle for a consideration of RM156,760. The balance of the purchase consideration was disclosed as capital commitment in Section 5.2.3(o).

(f) Fixed deposits

Fixed deposits with licensed banks have varying maturity dates of between one (1) to twelve (12) months, which bear effective interest rates ranging from 1.5% and 2.5% per annum for the financial years under review.

Included in fixed deposits placed with licensed banks are amounts of RM0.917 pledged to licensed banks to secure the credit facilities granted to SCC Corporation as disclosed in Section 5.2.3(m).



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)**
Proforma Consolidated Financial Information**5. PROFORMA CONSOLIDATED BALANCE SHEET OF THE SCC HOLDINGS GROUP**
(Continued)**5.2.3 (Continued)****(g) Cash and Bank Balances**

The currency exposure profile of cash and bank balances are as follows:-

	SCC Holdings Group As at 31.12.2009 RM'000
Ringgit Malaysia	3,388
United States Dollars	107
	<u>3,495</u>

(h) Share Capital

	SCC Holdings Group As at 31.12.2009	
	Unit'000	RM'000
Authorised:-		
At 1 April 2009	100	100
Subdivision of each ordinary share into two (2) ordinary shares of RM0.50 each	100	-
Created during the financial period	199,800	100
At 31 December 2009	<u>200,000</u>	<u>200</u>
Issued and fully paid-up:-		
At 1 April 2009	^	^
Subdivision of each ordinary share into two (2) ordinary shares of RM0.50 each	#	-
Cash allotments of shares subsequent to 31 December 2009	40	20
Issued pursuant to the Acquisitions	31,600	15,800
Arising from the Public Issue	11,117	5,558
	<u>42,757</u>	<u>21,378</u>

^ Two (2) ordinary shares of RM1.00 each.

Two (2) ordinary shares of RM0.50 each.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information
5. PROFORMA CONSOLIDATED BALANCE SHEET OF THE SCC HOLDINGS GROUP
(Continued)

5.2.3 (Continued)

(i) Hire Purchase Payables

	SCC Holdings Group As at 31.12.2009 RM'000
Minimum hire purchase payments	
Within twelve months (included under current liabilities)	212
After the next twelve months (included under long term liabilities)	
- later than one year but not later five years	35
	247
Less: Future interest charges	(13)
Present value of hire purchase liabilities	234
Represented by:	
Current	201
Non-current	33
	234

(j) Deferred taxation

	SCC Holdings Group 31.12.2009 RM'000
At 1 April 2009	137
Adjustment to opening balance due to change in tax rate	(4)
Overprovision in prior year	(24)
Transfer to income statement	1
At 31 December 2009	110

Deferred taxation comprises mainly the temporary differences between the net book values and the corresponding tax written down values of property, plant and equipment.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)**
Proforma Consolidated Financial Information**5. PROFORMA CONSOLIDATED BALANCE SHEET OF THE SCC HOLDINGS GROUP (Continued)****5.2.3 (Continued)****(k) Trade Payables**

Trade payables are non-interest bearing and the normal trade credit terms granted to the SCC Holdings Group ranges from 30 to 90 days.

The currency exposure profile of trade payables are as follows:-

	SCC Holdings Group 31.12.2009 RM'000
Ringgit Malaysia	196
United States Dollars	87
	<u>283</u>

(l) Other Payables, Deposits and Accruals

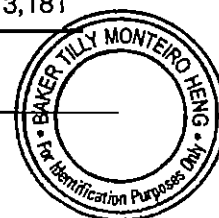
	SCC Holdings Group As at 31.12.2009 RM'000
Other Payables	612
Deposits	15
Accruals	3,181
	<u>3,808</u>

The currency exposure profile of other payables are as follows:-

	SCC Holdings Group As at 31.12.2009 RM'000
Ringgit Malaysia	484
United States Dollars	128
	<u>612</u>

The accruals comprise of the following:-

	SCC Holdings Group As at 31.12.2009 RM'000
Staff salaries and incentive payable	2,445
Employees' Provident Fund payable	295
Directors' fees	306
Other accrued charges	135
	<u>3,181</u>



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)**
Proforma Consolidated Financial Information**5. PROFORMA CONSOLIDATED BALANCE SHEET OF THE SCC HOLDINGS GROUP (Continued)****5.2.3 (Continued)****(m) Bankers' Acceptances**

Bankers' acceptances of the SCC Holdings Group are secured by way of:

- (a) the freehold land and buildings of the SCC Group;
- (b) certain fixed deposits of SCC Corporation; and
- (c) Joint and several guarantees by certain directors of SCC Holdings.

Bankers' acceptances bore interest at the rates ranging from 4.58% to 5.14% per annum.

(n) Proforma Net Assets

	SCC Holdings Group As At 31.12.2009
Proforma net assets (RM'000)	15,826
Number of ordinary shares in issue ('000) ^	31,640
Proforma net assets per ordinary share of RM0.50 each (sen)	<u>50.0</u>

^ After the acquisitions of SCC Corporations and Anitox Malaysia.

(o) Capital Commitment

	SCC Holdings Group As at 31.12.2009 RM'000
Capital expenditure approved and contracted for but not provided for in the financial statements	<u>152</u>



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information5. PROFORMA CONSOLIDATED BALANCE SHEET OF THE SCC HOLDINGS GROUP
(Continued)

5.2.3 (Continued)

(p) Related Party Transactions

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the SCC Holdings Group or that has an interest in the SCC Holdings Group that gives it significant influence over the SCC Holdings Group's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the SCC Holdings Group resides with, directly or indirectly.

The natures of the relationships with the related parties are as follows:

Related Parties	Nature of Relationship
Chee Long Sing @ Cher Hwee Seng	Director of SCC Holdings, SCC Corporation and Anitox Malaysia
McDota (M) Sdn Bhd	It is a company in which certain directors of SCC Holdings, namely Chee Long Sing @ Cher Hwee Seng, Cher Sew Seng and Goh Ah Heng @ Goh Keng Chin have interests.
SCC Biotech Sdn Bhd	It is a company in which certain directors of SCC Holdings, namely Chee Long Sing @ Cher Hwee Seng, Cher Sew Seng and Goh Ah Heng @ Goh Keng Chin have interests.
SCC Food Manufacturing Sdn Bhd (formerly known as Double Vitality Sdn Bhd)	It is a company in which certain directors of SCC Holdings, namely Cher Sew Seng and Goh Keng Chin @ Goh Ah Heng, have interests.
Kumsan Enterprises (M) Sdn Bhd	It is a company in which a director of SCC Holdings, namely Chee Long Sing @ Cher Hwee Seng has interest.

Significant transactions between the SCC Holdings Group and its related parties during the financial years under review were as follows:-

	SCC Holdings Group As At 31.12.2009 RM'000
Rental paid/payable to	
- Chee Long Sing @ Cher Hwee Seng	36
- McDota (M) Sdn Bhd	27
Purchases	
- Kumsan Enterprises (M) Sdn Bhd	9

The directors of SCC Holdings are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information****5. PROFORMA CONSOLIDATED BALANCE SHEET OF THE SCC HOLDINGS GROUP
(Continued)****5.2.3 (Continued)****(q) Financial Instruments****(i) Financial Risk Management and Objectives**

The SCC Holdings Group does not have written risk management and guidelines. However, the management meets periodically to analyse and formulate measures to manage the SCC Holdings Group's exposure to market risk, including changes in interest rates and currency exchange rates. Generally, the SCC Holdings Group employs a conservative strategy regarding risk management. As the SCC Holdings Group's exposure to market risk is kept at a minimum level, the SCC Holdings Group has not used any derivatives financial instruments for trading purposes.

(a) Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the SCC Holdings Group. For trade receivables, the SCC Holdings Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the SCC Holdings Group adopts the policy of dealing only with low risk credit quality counterparties. As the SCC Holdings Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the balance sheet.

The SCC Holdings Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(b) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the SCC Holdings Group will encounter difficulty in meeting financial obligations due to shortage of funds. The SCC Holdings Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities.

The SCC Holdings Group adopts prudent liquidity risk management by maintaining sufficient cash, and available funding through an adequate amount of committed credit facilities. Due to dynamic nature of the underlying businesses, the SCC Holdings Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(c) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of the SCC Holdings Group's financial instruments will fluctuate because of changes in market interest rates. The SCC Holdings Group's exposure to interest rate risk arises primarily from their loans and cash deposits placed with the financial institutes.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information****5. PROFORMA CONSOLIDATED BALANCE SHEET OF THE SCC HOLDINGS GROUP
(Continued)****5.2.3 (Continued)****(q) Financial Instruments (Continued)****(i) Financial Risk Management and Objectives (Continued)****(c) Interest rate risk (Continued)**

The SCC Holdings Group's policy is to manage interest cost using a mix of fixed and floating rate debts, which depends on the interest rates market and economic conditions. For interest income from cash deposits, the SCC Holdings Group managed the interest rate risks by placing cash deposits with reputable financial institutions with varying maturities and interest rate terms.

(d) Foreign currency risk

The SCC Holdings Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in United States Dollars other than the functional currency of the operations to which they relate. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

(ii) Fair Values**(a) Recognised Financial Instruments**

The fair values of financial assets and financial liabilities of the SCC Holdings Group approximate their carrying values on the proforma consolidated balance sheet of the SCC Holdings Group.

(b) Unrecognised Financial Instruments

There were no unrecognised financial instruments as at 31 December 2009 that are required to be disclosed.

(r) Significant Events Subsequent to the Balance Sheet Date

- (i) On 27 January 2010, the issued and paid-up share capital of the SCC Holdings was increased from RM2 to RM10 via the issuance of additional 16 ordinary shares of RM0.50 each for cash;
- (ii) On 26 March 2010, the issued and paid-up share capital of the SCC Holdings was further increased from RM10 to RM20,000 via the issuance of additional 39,980 ordinary shares of RM0.50 each for cash;
- (iii) On 31 March 2010, SCC Holdings entered into share purchase agreements to acquire the entire equity in SCC Corporation and Anitox Malaysia for a total consideration of RM15.8 million and the considerations to be settled via the issuance of 31.6 million new SCC Holdings' ordinary shares of RM0.50 each at par as described in Section 3.5. The Acquisitions were completed on 24 June 2010.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information
6. PROFORMA CONSOLIDATED CASH FLOW STATEMENT OF THE SCC HOLDINGS GROUP

- 6.1 The proforma consolidated cash flow statement of the SCC Holdings Group as set out below, for which the directors are solely responsible, have been prepared for illustrative purposes only and have been prepared on the assumption that the SCC Holdings Group has been in existence throughout the financial year under review and are to be read in conjunction with the notes thereto.

	SCC Holdings Group RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	6,630
Adjustments for:	
Depreciation	476
Property, plant and equipment written off	4
Bad debt written off	86
Bad debts recovered	(33)
Gain on disposal of marketable securities	(1)
Interest income	(116)
Interest expense	66
Inventories written back	(660)
Operating profit before working capital changes	6,452
Decrease in inventories	1,101
Decrease in receivables	596
Decrease in payables	(690)
Net cash generated from operations	7,459
Interests paid	(50)
Interests received	117
Tax paid	(990)
Net Cash From Operating Activities	6,536
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(566)
Proceeds from disposal of marketable securities	14
Net Cash Used In Investing Activities	(552)



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information6. **PROFORMA CONSOLIDATED CASH FLOW STATEMENT OF THE SCC HOLDINGS GROUP (Continued)**

	SCC Holdings Group RM'000
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayments to directors	(1,206)
Interest paid	(16)
Proceeds from issuance of shares	20
Payments to hire purchase payables	(283)
Fixed deposits held as security values	(31)
Dividends paid	(558)
Net Cash Used In Financing Activities	(2,074)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,910
CASH AND CASH EQUIVALENTS AT 1 JANUARY 2009	1,235
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2009	5,145
ANALYSIS OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	3,495
Fixed deposits placed with licensed banks	5,417
Bankers' acceptances	(2,850)
	6,062
Less: Fixed deposits held as security values	(917)
	5,145

6.2 **Notes to the Proforma Consolidated Cash Flow Statement of the SCC Holdings Group**6.2.1 **Basis of Preparation and Consolidation**

The proforma consolidated cash flow statement of the SCC Holdings Group, for which the directors are solely responsible, have been prepared for illustrative purposes only and have been prepared on the assumption that the SCC Holdings Group has been in existence throughout the financial years under review.

The proforma consolidated cash flow statement of the SCC Holdings Group as at 31 December 2009 is prepared on the following basis:-

- (a) The audited cash flow statements of SCC Holdings, SCC Corporation and Anitox Malaysia as at 31 December 2009; and
- (b) The following adjustments made to the issued and paid-up share capital of SCC Holdings:-
 - (i) Additional cash allotments of 16 new SCC Holdings' ordinary shares of RM0.50 at par on 27 January 2010;
 - (ii) Additional cash allotments of 39,980 new SCC Holdings' ordinary shares of RM0.50 at par on 26 March 2010; and
 - (iii) 31,600,000 new SCC Holdings' ordinary shares of RM0.50 each issued at par as the settlement for the considerations of the Acquisitions as mentioned in Section 3.5.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information

7. PROFORMA CONSOLIDATED BALANCE SHEETS

7.1 The proforma consolidated balance sheets of the SCC Holdings Group as set out below, for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited balance sheet of SCC Holdings as at 31 December 2009 had the Acquisitions as described in Section 3.5 and the listing scheme described in Section 2 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

	Audited Balance Sheet as at 31 December 2009 RM'000	Adjusted Balance Sheet as at 31 December 2009 RM'000	Proforma I After the Acquisitions RM'000	Proforma II After Proforma I and the Public Issue RM'000	Proforma III After the Proforma II and the Utilisation of Proceeds RM'000
Non-current assets					
Property, plant and equipment	-	-	4,561	4,561	9,361
Investment in marketable securities	-	-	24	24	24
Goodwill on consolidation	-	-	51	51	51
Total non-current assets	-	-	4,636	4,636	9,436
Current assets					
Inventories	-	-	2,151	2,151	2,151
Trade receivables	-	-	7,467	7,467	7,467
Other receivables, deposits and prepayments	152	152	918	918	918
Fixed deposits placed with licensed banks	-	-	5,417	5,417	5,417
Cash and bank balances	*	20	3,495	12,166	5,786
Total current assets	152	172	19,448	28,119	21,739
TOTAL ASSETS	152	172	24,084	32,755	31,175



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information

7. PROFORMA CONSOLIDATED BALANCE SHEETS (Continued)

	Audited Balance Sheet as at 31 December 2009 RM'000	Adjusted Balance Sheet as at 31 December 2009 RM'000	Proforma I After the Acquisitions RM'000	Proforma II After Proforma I and the Public Issue RM'000	Proforma III After the Proforma II and the Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holder of the Company					
Share capital	*	20	15,820	21,378	21,378
Share premium	-	-	-	3,113	2,745
(Accumulated losses)/Retained earnings	(17)	(17)	6	6	(1,206)
Total equity	(17)	3	15,826	24,497	22,917
NON-CURRENT LIABILITIES					
Hire purchase payables	-	-	33	33	33
Deferred taxation	-	-	110	110	110
TOTAL NON-CURRENT LIABILITIES	-	-	143	143	143
Current liabilities					
Trade payables	-	-	283	283	283
Other payables, deposits and accruals	169	169	3,808	3,808	3,808
Bankers' acceptances	-	-	2,850	2,850	2,850
Hire purchase payables	-	-	201	201	201
Tax payable	-	-	973	973	973
Total current liabilities	169	169	8,115	8,115	8,115
Total liabilities	169	169	8,258	8,258	8,258
TOTAL EQUITY AND LIABILITIES	152	172	24,084	32,755	31,175



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information

7. PROFORMA CONSOLIDATED BALANCE SHEETS (Continued)

	Audited Balance Sheet as at 31 December 2009 RM'000	Adjusted Balance Sheet as at 31 December 2009 RM'000	Proforma I After the Acquisitions RM'000	Proforma II After Proforma I and the Public Issue RM'000	Proforma III After the Proforma II and the Utilisation of Proceeds of RM'000
Number of ordinary shares of RM0.50 each	^a	40	31,640	42,757	42,757
Net assets ("NA") (RM'000)	(17)	3	15,826	24,497	22,917
NA per ordinary share (RM)	(4,185.25)	0.08	0.50	0.57	0.54
Net Tangible Assets ("NTA") (RM'000)	(17)	3	15,775	24,446	22,866
NTA per ordinary share (RM)	(4,185.25)	0.08	0.50	0.57	0.53



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information**7. PROFORMA CONSOLIDATED BALANCE SHEETS (Continued)****7.2 Notes to the proforma consolidated balance sheets are as follows:-****7.2.1 Basis of Preparation**

The proforma consolidated balance sheets of the SCC Holdings Group, for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited balance sheet of SCC Holdings as at 31 December 2009 had the Acquisitions as described in Section 3.5 and the listing scheme described in Section 2 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

7.2.2 The proforma consolidated balance sheets of the SCC Holdings Group have been prepared based on the audited balance sheets of SCC Holdings, SCC Corporation and Anitox Malaysia as at 31 December 2009.

7.2.3 The proforma consolidated balance sheets of the SCC Holdings Group have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by SCC Corporation in the preparation of its audited consolidated financial statements for the financial year ended 31 December 2009, which have been prepared in accordance with the Financial Reporting Standards in Malaysia and have been adopted by SCC Holdings as the group accounting policies, except for the adoption of the new accounting policies as mentioned in Section 3.4.

7.2.4 The proceeds from the Public Issue would be utilised in the following manner:-

	RM'000
Capital expenditure	2,000
Programme development expenditure	3,000
Working capital for the SCC Holdings Group	2,291
Defayment of estimate expenses in relation to the Listing	1,380
	<u>8,671</u>



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information****7. PROFORMA CONSOLIDATED BALANCE SHEETS (Continued)**

7.2.5 The proforma consolidated balance sheets should be read in conjunction with the notes below:-

(a) Adjustments to the Audited Balance Sheet of SCC Holdings

The adjustments for the following transactions have been incorporated in the audited balance sheet of SCC Holdings as at 31 December 2009:-

- (i) Additional cash allotments of 16 new SCC Holdings' ordinary shares of RM0.50 at par on 27 January 2010; and
- (ii) Additional cash allotments of 39,980 new SCC Holdings' ordinary shares of RM0.50 at par on 26 March 2010.

(a) Proforma I

Proforma I incorporates the effects of the Acquisitions as described in Section 3.5 on the audited balance sheet of SCC Holdings as at 31 December 2009.

The Acquisitions has the following impact on the proforma consolidated balance sheets of the SCC Holdings Group:-

	Increase/(Decrease)	
	Effects on	Effects on
	Total Assets	Total Equity
	RM'000	and Liabilities
		RM'000
Property, plant and equipment	4,561	-
Investment in marketable securities	24	-
Goodwill on consolidation	51	-
Inventories	2,151	-
Trade receivables	7,467	-
Other receivables, deposits and prepayments	766	-
Fixed deposits placed with licensed banks	5,417	-
Cash and bank balances	3,475	-
Share capital	-	15,800
Retained earnings	-	23
Trade payables	-	283
Other payables, deposits and accruals	-	3,639
Bankers' acceptances	-	2,850
Hire purchase payables		
- current	-	201
- non-current	-	33
Deferred taxation	-	110
Tax payable	-	973
	23,912	23,912



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information

7. PROFORMA CONSOLIDATED BALANCE SHEETS (Continued)

(b) Proforma II

Proforma II incorporates the cumulative effects of Proforma I and the Public Issue of 11,117,000 new SCC Holdings' ordinary shares of RM0.50 each at an issue price of RM0.78 per ordinary share amounting to RM8.671 million.

The Public Issue has the following impact on the proforma consolidated balance sheets of the SCC Holdings Group:-

	Increase/(Decrease) Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and bank balances	8,671	-
Share capital	-	5,558
Share premium	-	3,113
	8,671	8,671

(c) Proforma III

Proforma III incorporates the cumulative effects of Proforma II and the Utilisation of Proceeds from the Public Issue of RM8.671 million.

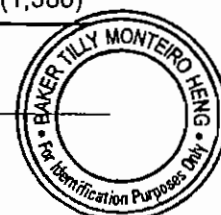
The proceeds expected from the Public Issue of RM8.671 million will be utilised in the manner as described in Section 7.2.4 of the proforma consolidated financial information.

The estimated expenses for the issuance of new shares of RM0.368 million will be written off against the share premium account pursuant to Section 60(3) of the Companies Act, 1965. The remaining estimated expenses for the Listing of RM1.012 million will be debited to the (Accumulated Losses)/Retained Earnings Account.

The proceeds arising from the Public Issue earmarked for the SCC Holdings Group's working capital purposes of RM2.291 million will be included in the Cash and Bank Balances Account.

The Utilisation of Proceeds has the following impact on the proforma consolidated balance sheets of the SCC Holdings Group:-

	Increase/(Decrease) Effects on Total Assets RM'000	Effects on Total Equity RM'000
Property, plant and equipment	4,800	-
Cash and bank balances	(6,380)	-
Share premium	-	(368)
Retained earnings	-	(1,212)
	(1,580)	(1,580)



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)
Proforma Consolidated Financial Information

7. PROFORMA CONSOLIDATED BALANCE SHEETS (Continued)

7.2.6 Movements of share capital, share premium and retained earnings are as follows:-

	Share Capital RM'000	Share Premium RM'000	(Accumulated Losses) / Retained Earnings RM'000
Audited balance sheet of SCC Holdings as at 31 December 2009	^	-	(17)
Adjustments for the allotments of new SCC Holdings' shares	20	-	-
Per Adjusted SCC Holdings' balance sheet	20	-	(17)
Arising from the Acquisitions			
- issuance of new SCC Holdings's shares pursuant to the Acquisitions	15,800	-	-
- recognition of negative goodwill	-	-	23
Per Proforma I	15,820	-	6
Arising from the Public Issue	5,558	3,113	-
Per Proforma II	21,378	3,113	6
Arising from the utilisation of proceeds			
- defrayment of estimated expenses	-	(368)	(1,012)
- programme development expenditure	-	-	(200)
Per Proforma III	21,378	2,745	(1,206)

^ RM2.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn Bhd)**
Proforma Consolidated Financial Information**7. PROFORMA CONSOLIDATED BALANCE SHEETS (Continued)****7.2.7 Movements in cash and bank balances are as follows:-**

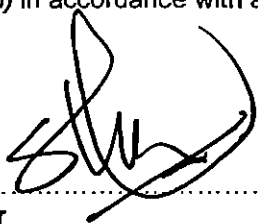
	RM'000
Audited balance sheet of SCC Holdings as at 31 December 2009	^
Adjustments for the allotments of new SCC Holdings' shares	20
Per Adjusted SCC Holdings' balance sheet	20
Arising from the Acquisitions - cash and bank balances of subsidiaries acquired	3,475
Per Proforma I	3,495
Arising from the Public Issue	8,671
Per Proforma II	12,166
Arising from the Utilisation of Proceeds - defrayment of estimated expenses	(6,380)
Per Proforma III *	5,786

^ RM2.

* Included in the cash and bank balances as per Proforma III are amounts of RM2.291 million from the Public Issue earmarked for working capital purposes.

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of SCC Holdings Berhad (formerly known as SCC Holdings Sdn Bhd) in accordance with a resolution dated

24 JUN 2010


 Director



 Director


11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**11.5 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our proforma consolidated fixed deposits and cash and bank balances, capitalisation and indebtedness as at 31 December 2009 based on our proforma consolidated balance sheets as at 31 December 2009 after the Acquisitions, and adjusted to show the effects of our Public Issue and the utilisation of proceeds as set out in Section 3.6 of this Prospectus.

	Proforma as at 31 December 2009 RM'000	After Public Issue and utilisation of proceeds RM'000
Fixed deposits placed with licensed banks	5,417	5,417
Cash and bank balances	3,495	5,786
	8,912	11,203
Indebtedness (Secured and guaranteed)		
<u>Non-current</u>		
Hire purchase payables	33	33
<u>Current</u>		
Bankers' acceptances	2,850	2,850
Hire purchase payables	201	201
	3,051	3,051
Total indebtedness	3,084	3,084
Capitalisation	15,826	22,917
Total capitalisation and indebtedness	18,910	37,204

Save as disclosed above, we do not have any borrowings that are unsecured or unguaranteed.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following discussion and analysis of our past financial condition and results of operations should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

12.1 OVERVIEW

Our Company is principally an investment holding company, whereby our Group's revenue is derived through our subsidiary companies, Anitox Malaysia and SCC Corporation.

Anitox Malaysia is principally involved in the following:

- Sales, marketing and distribution of non-antibiotic animal health products from Anitox Corporation.

SCC Corporation is principally involved in the following:

- Sales, marketing and distribution of non-antibiotic animal health products to feed mills and farms; and
- Sales, marketing and distribution of food service equipment, including provision of installation, service and supply of ingredients and specialty products for the F&B industry.

Due to some similarities in the business activities of Anitox Malaysia and SCC Corporation, we have segregated our business into two (2) divisions, namely AHPD and FSED. AHPD comprises of the activities of Anitox Malaysia and the sales, marketing and distribution of non-antibiotic animal health products by SCC Corporation whilst FSED relates to the sales, marketing and distribution of food service equipment, including provision of installation, service and supply of ingredients and specialty products for the F&B industry by SCC Corporation. Currently, our AHPD contributes 50.1% of our Group GP for the FYE 31 December 2009, whilst the remaining 49.9% is contributed by our FSED.

Most of our sales, i.e. 98.8% of our revenue for the FYE 31 December 2009, are to the local market whilst the majority of our products, i.e. 89.9% of our purchases for the FYE 31 December 2009, are imported from countries such as USA and South Korea. However, it is our intention to grow the export market for both our divisions, through strategic alliances with our existing customers who are expanding regionally and joint ventures with local distributors in other regional markets to distribute our principals' products.

Revenue

Revenue from AHPD comprises of sales of non-antibiotic feed additives to feed millers and livestock farmers.

Revenue from FSED comprises of sales of hot food and beverage equipment, sales of spare parts, sales of food ingredients and supplies such as popcorn seeds, popcorn mix and smoothie mix, and related maintenance. Our target market mainly comprises of quick service restaurants, full service restaurants, cafés, supermarkets, supermarkets and cinemas.

Cost of sales

Cost of sales relate only to the cost of purchase of products and incidental costs, such as custom duties, marine insurance, carriage inwards and handling charges.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Selling and distribution costs

Selling and distribution costs mainly comprise of carriage outwards, travelling expenses, trade exhibition expenses, sales promotion expenses, sales commission, entertainment, warehouse rental, and repair and maintenance of motor vehicles.

Administration expenses

Administration expenses mainly comprise of staff costs, directors' remuneration and utility charges.

Other expenses

Other expenses mainly comprise of general repair and maintenance, office rental, and insurance and postage charges.

Other income

Other income mainly comprises of rental income which is derived from our properties.

Depreciation

Depreciation relates to charges on buildings, motor vehicles, computers and printers, office equipment, renovation, furniture and fittings and machinery.

Interest expenses

Interest expenses mainly comprises of bankers' acceptance charges, bank overdraft interests, hire purchase interests and onshore foreign currency loan interests.

Interest income

Interest income relates to interests earned on fixed deposits with licensed banks.

Taxation

Taxation comprises of current year provision for taxation, under or over provision of taxation in previous years and deferred taxation.

The main factors that have affected and are expected to continue to affect our profits include but are not limited to the following:

(i) Growth

AHPD

Our profits from AHPD are largely dependent on the growth of the local animal feed additives market, which is driven by the following demand factors:

- Growing local livestock production to fulfil local and export demand;
- Changing preference towards usage of non-antibiotic feed additives; and
- Potential for scientific advancement in non-antibiotic feed additives.

(Source: IMR Report prepared by Protégé Associates)

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

FSED

Our profits from FSED are largely dependent on the growth of the local food service and food retail markets, which grew at an average annual rate of 7%-8% and 6%-7% respectively over the past five (5) years. The growth in these markets has driven demand for the local food service equipment market through the following:

- Increased usage of equipment leading to increased wear-and-tear, which necessitates direct replacement of parts;
- Upgrading of kitchen equipment to increase cooking efficiency as a means to cope with greater traffic as well as to improve food quality;
- Growing number of full service restaurants and quick service restaurants leading to an increase in demand for food service equipment; and
- Popularity of fully prepared foods offered by hypermarkets and supermarkets leading to an increase in demand for food service equipment.

(Source: IMR Report prepared by Protégé Associates)

(ii) Tax consideration

The following table sets out the comparison between our effective and statutory tax rate for the three (3) FYE 31 December 2007 to 2009:

	FYE 31 December		
	2007	2008	2009
	%	%	%
Effective tax rate	27.1	27.1	26.5
Statutory tax rate	27.0	26.0	25.0

The effective tax rate for the financial years under review was higher than the statutory rate mainly due to certain expenses being disallowed for tax purposes.

(iii) Ability to retain our existing customers and gain new customers

Our revenue growth is dependent on our ability to retain our existing customers and gain new customers. Should any of our top customers cease to order products from us and should our Group fail to replace them with new customers, our business and results of operations may be adversely affected.

However, we have good business relationships with our major customers, with the majority of them having been our customers for more than ten (10) years. In addition, we also have a diversified clientele base and are planning to further diversify this base by penetrating the aquaculture market and by expanding regionally.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(iv) Economic outlook

Our business is to a large extent subject to the general economic conditions in Malaysia and other countries where we source our products from. A slowdown in the economy, such as that brought about by the global financial crisis in the second half of 2008, could have an adverse impact on the overall demand for our products, which in turn can adversely affect our results and operations.

Whilst we have managed to achieve an increasing profitability for the last three (3) FYE 31 December 2009, there is no assurance that the factors which have contributed to our success in the past will continue to occur in the future. Our results, operations and future plans will inevitably be affected should there be any major changes in the local and/or global economy.

12.2 RESULTS OF OPERATIONS

The following is a segmental analysis of our results for the three (3) FYE 31 December 2007 to 2009, based on the assumption that our current Group structure has been in existence throughout the financial years under review.

12.2.1 Segmental Analysis of Revenue

(i) By company (net of inter-company sales)

	FYE 31 December					
	2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%
Anitox Malaysia	5,721	20.1	6,954	20.3	8,097	23.8
SCC Corporation	22,685	79.9	27,272	79.7	25,943	76.2
	28,406	100.0	34,226	100.0	34,040	100.0

SCC Corporation is the major contributor to our Group revenue, mainly due to revenue contribution from both divisions, AHPD and FSED as well as the higher sales value of FSED products.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(ii) By division

	FYE 31 December					
	2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%
AHPD	11,138	39.2	13,355	39.0	15,903	46.7
FSED						
- Equipment	7,660	27.0	10,462	30.6	7,921	23.3
- Supplies	7,648	26.9	8,339	24.4	8,354	24.5
- Maintenance services	1,960	6.9	2,070	6.0	1,862	5.5
	17,268	60.8	20,871	61.0	18,137	53.3
Total	28,406	100.0	34,226	100.0	34,040	100.0

For the three (3) FYE 31 December 2009, revenue from AHPD increased at a CAGR of 7.1% to RM15.9 million in 2009 mainly as a result of the following:

- marketing strategies pursued by our Group such as the introduction of various promotion plans to incentivise feed millers and livestock farmers to bulk purchase our AHPD products;
- advertising, especially in livestock publications, to promote greater awareness of our AHPD products coupled with participations in livestock exhibitions;
- transfer of an existing personnel and recruitment of two (2) new personnel specifically to concentrate on AHPD sales in the northern and southern regions of Malaysia to increase our coverage of those areas; and
- introduction of three (3) new products, Allicom, Cocci-Zero and Synbio-C in 2007, 2008 and 2009 respectively.

Revenue from FSED forms a greater proportion of our Group revenue mainly as a result of the higher sales value of food service equipment. The increase in revenue from FSED for the FYE 31 December 2008 was mainly due to business expansion by our existing customers. However, the global economic downturn in the second half of 2008 resulted in a deferment in the opening of new outlets by our customers, which in turn resulted in a decline in our FSED revenue for the FYE 31 December 2009.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(iii) By geographical location

	FYE 31 December					
	2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%
Local	27,132	95.5	33,428	97.7	33,633	98.8
Export						
- China	126	0.4	87	0.3	70	0.2
- Singapore	2	*	7	*	7	*
- Saudi Arabia	142	0.5	79	0.2	-	-
- Brunei	84	0.3	44	0.1	28	0.1
- Indonesia	920	3.3	581	1.7	302	0.9
	1,274	4.5	798	2.3	407	1.2
Total	28,406	100.0	34,226	100.0	34,040	100.0

Note:

* Less than 0.1%

The majority of our sales, i.e. more than 98% of our revenue for the FYE 31 December 2009, are to the local market. However, we are targeting to improve our overseas presence and have made our first foray into China, Saudi Arabia, Indonesia and Brunei in 2006, by supplying food service equipment and/or supplies to customers in those countries. Due to the marginal profit earned for both China and Saudi Arabia markets and the complicated regulatory requirements in Saudi Arabia, we are currently not supplying to China and Saudi Arabia. The decline in sales to Indonesia was due to a deferment in the opening of new cinema outlets by our customers mainly as a result of the global economic downturn at the end of 2008.

12.2.2 Segmental Analysis of GP

(i) By company (net of inter-company profit)

	FYE 31 December					
	2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%
Anitox Malaysia	2,848	23.2	3,224	22.6	3,341	20.3
SCC Corporation	9,456	76.8	11,010	77.4	13,124	79.7
	12,304	100.0	14,234	100.0	16,465	100.0
GP Margin (%)						
- Anitox Malaysia	49.8		46.3		41.3	
- SCC Corporation	41.7		40.3		50.6	

In line with revenue, SCC Corporation is the major contributor to our Group GP mainly due to contribution from both divisions, AHPD and FSED.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(ii) By division

	FYE 31 December					
	2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%
AHPD	5,721	46.5	6,421	45.1	8,256	50.1
FSED						
- Equipment	2,906	23.6	3,775	26.5	3,761	22.9
- Supplies	2,826	23.0	3,109	21.9	3,297	20.0
- Maintenance services	851	6.9	929	6.5	1,151	7.0
	6,583	53.5	7,813	54.9	8,066	49.9
	12,304	100.0	14,234	100.0	16,465	100.0
<i>GP Margin (%)</i>						
- AHPD	51.4		48.1		51.9	
- FSED	38.1		37.4		45.3	

In line with the higher revenue contribution in 2009, the GP contribution from AHPD increased to 50.1% of our Group GP for the FYE 31 December 2009 as compared to 45.1% in the previous year.

AHPD experienced a drop in GP margin for the FYE 31 December 2008 mainly due to a net write-off of inventories that were close to expiry amounting to approximately RM0.4 million, an increase in the cost of purchase of AHPD products and incidental costs, as a result of an increase in crude oil prices, as well as a weakening of the RM against the USD in the second half of 2008 which led to higher cost of purchase of AHPD products. Due to a revision in selling prices by SCC Corporation in 2009 and a strengthening of the RM against the USD in the second half of 2009 which led to lower cost of purchase of AHPD products, our AHPD achieved a GP margin of 51.9% for the FYE 31 December 2009.

FSED experienced a drop in GP margin for the FYE 31 December 2008 mainly due to a net write-off of inventories at the end of 2008, amounting to approximately RM0.2 million, arising from amongst others, outdated models and customers failing to honour deliveries of equipment which were ordered earlier for their requirements, in view of a deferment in the opening of new outlets by the customers as a result of the global economic downturn in the second half of 2008.

However, FSED managed to record a higher GP margin of 45.3% for the FYE 31 December 2009 mainly due to a net write-back of inventories previously written off amounting to approximately RM0.6 million as well as a strengthening of the RM against the USD in the second half of 2009 which led to lower cost of purchase of FSED products. The write-back of inventories previously written off relate mainly to sales of customer specified equipment which was written-off as a result of customers not taking up the equipment as anticipated, outdated models and demonstration equipment. We were able to clear some of the inventories written-off mainly due to promotions to clear those inventories as well as resumption in the opening of new outlets by certain of our customers following a recovery in the economy in the second half of 2009.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

SCC Corporation was also able to sell outdated models of FSED equipment, demonstration FSED equipment and undelivered customer specified FSED equipment, which had been written off in prior years, during the FYE 31 December 2007, which was partially offset by sales of low margin equipment to one (1) of our customers during the same year. The net write-back of inventories previously written off for the FYE 31 December 2007 amounted to approximately RM0.5 million.

We were able to record GP margins of more than 30% for the years under review for both AHPD and FSED as we are one-stop solution provider to our customers through amongst other the following:

AHPD

- Development of appropriate programmes for our customers and continuous improvement of those programmes so that our customers can enjoy the optimal benefits of our products;
- Installation of our dispenser systems at our customers' premises to dispense our liquid products, if required, of which the cost of the system is borne by us and the dispenser system remains as our property; and
- Provision of 24 hours technical and maintenance support.

FSED

- Recipe and menu development for the benefit of our customers;
- On-site installation advice;
- Training;
- Provision of 24 hours technical and maintenance support, including 'opening day' support; and
- Provision of back-up equipment in the event of equipment breakdown in order to minimise disruptions to our customer's business.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(iii) By geographical location

	FYE 31 December					
	2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%
Local	11,918	96.9	14,004	98.4	16,346	99.3
Exports						
- China	19	0.2	18	0.1	-	-
- Singapore	1	*	3	*	2	*
- Saudi Arabia	5	*	-	-	-	-
- Brunei	33	0.3	23	0.2	11	0.1
- Indonesia	328	2.7	186	1.3	106	0.6
	386	3.1	230	1.6	119	0.7
	12,304	100.0	14,234	100.0	16,465	100.0
GP Margin (%)						
- Malaysia	43.9		41.9		48.6	
- China	15.1		20.7		-	
- Singapore	50.0		42.9		28.6	
- Saudi Arabia	3.5		-		-	
- Brunei	39.3		52.3		39.3	
- Indonesia	35.7		32.0		35.1	

Note:

* Less than 0.1%

In line with revenue, Malaysia is our biggest market with more than 99% of our GP generated from the local market for the FYE 31 December 2009. The significant decrease in GP margin for Singapore for the FYE 31 December 2009 was mainly due to sales to business associates which generated lower margins. The increase in GP margin for Brunei to 52.3% for the FYE 31 December 2008 was mainly due to sales of food supplies which generated higher margins.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

12.2.3 Segmental Analysis of PBT

(i) By company (net of inter-company profit)

	FYE 31 December					
	2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%
Anitox Malaysia	801	20.9	801	20.1	1,261	19.0
SCC Corporation	3,039	79.1	3,181	79.9	5,372	81.0
SCC Holdings	(1)	*	(2)	*	(3)	*
	3,839	100.0	3,980	100.0	6,630	100.0

PBT Margin (%)

- Anitox Malaysia	14.0	11.5	15.6
- SCC Corporation	13.4	11.7	20.7

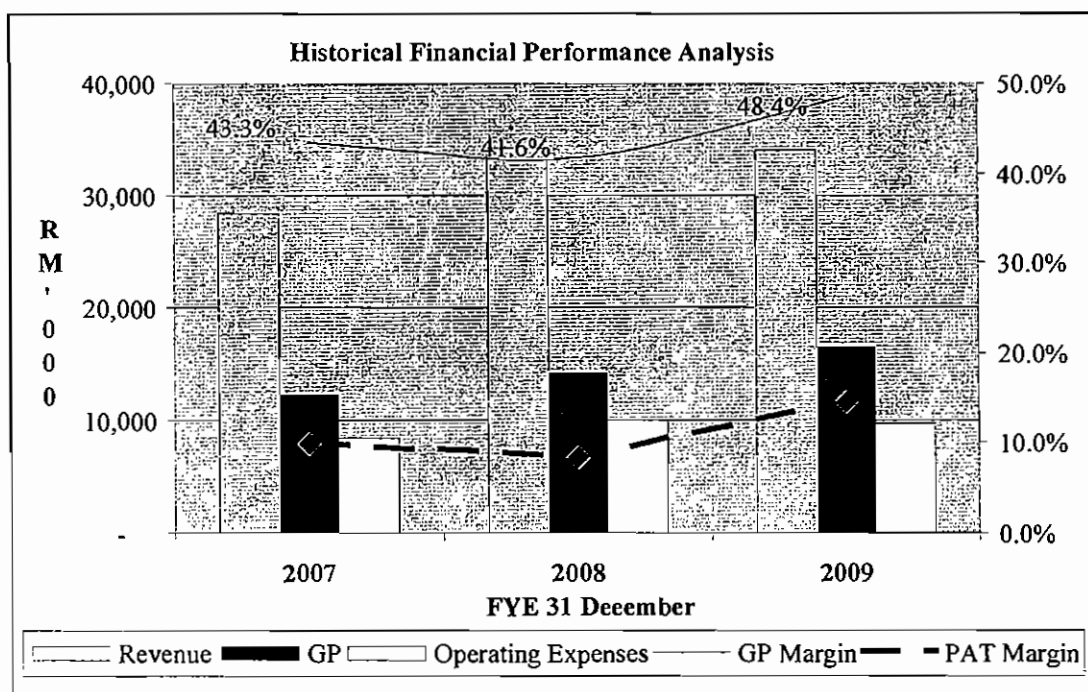
Note:

* Less than 0.1%

We experienced a decrease in PBT margin for the FYE 31 December 2008 mainly as a result of the drop in GP margin. In addition, there was also an increase in administration expenses, mainly in relation to staff costs and directors' remuneration, during the year.

In line with the increase in GP margin for both AHPD and FSED products, we achieved a higher PBT margin for the FYE 31 December 2009.

12.2.4 Commentary on Past Operating Results



12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

(i) FYE 31 December 2007 as compared to FYE 31 December 2006*

Revenue

For the FYE 31 December 2007, our Group revenue increased by RM8.2 million or 40.8% to RM28.4 million. The increase in revenue was mainly attributable to greater awareness of our products due to continuous advertising and participations in exhibitions as well as the following:

- AHPD - marketing strategy pursued by our Group to incentivise our AHPD customers to bulk purchase our products;
 - introduction of a new AHPD product, Allicom during the year; and
 - transfer of an existing personnel and recruitment of a new personnel specifically to concentrate on AHPD sales in the northern and southern regions of Malaysia to increase our coverage of those areas.
- FSED - increased sales in Indonesia following our penetration of the market in 2006;
- opening of new outlets by our existing and new FSED customers; and
 - on-going promotion campaigns by our existing FSED customers.

Based on our AHPD initiatives mentioned above, our revenue for the northern and southern regions increased to RM4.5 million and RM3.7 million respectively. Meanwhile, the opening of new outlets by our existing and new FSED customers garnered us approximately RM7.2 million sales during the year.

Based on our records, some of the new outlets opened by our FSED customers include the following:

- Starbucks which opened approximately 16 new stores during the year in various locations in Malaysia;
- Golden Screen Cinemas which opened approximately 3 new cinemas during the year within Klang Valley; and
- Old Town Kopitiam which opened approximately 32 new cafes during the year in various locations in Malaysia.

GP and GP margin

GP increased by RM4.9 million or 67.2% to RM12.3 million for the FYE 31 December 2007 mainly due to an increase in revenue. In addition, our GP margin increased from 36.5% to 43.3% for the FYE 31 December 2007 mainly due to sales of outdated models of FSED equipment, demonstration FSED equipment and undelivered customer specified FSED equipment, which had been written-off in prior years, arising from our promotions to clear those inventories written-off. The net write-back of these inventories amounted to approximately RM0.5 million.

Operating expenses

Operating expenses, which comprises administration, selling and distribution expenses, and other expenses increased by RM1.3 million or 18.6% to RM8.4 million for the FYE 31 December 2007 mainly due to the increase in revenue and an increase in staff costs and directors' remuneration.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Finance costs

Finance costs increased by 27.2% to RM0.2 million for the FYE 31 December 2007 mainly as a result of an increase in bankers' acceptance charges and onshore foreign currency loan interests.

PAT

Our PAT increased to RM2.8 million for the FYE 31 December 2007 mainly due to the increase in GP contribution. Our effective tax rate of 27.1% was slightly higher than the statutory rate of 27.0% mainly due to certain expenses being disallowed for tax purposes.

Note:

* SCC Corporation and Anitox Malaysia changed their financial year end from 31 March to 31 December during 2006 whilst SCC Holdings changed its financial year end from 31 March to 31 December during 2009. As such, the comparative figures of the FYE 31 December 2006 are prepared based on the following:

- Management accounts of our Group for the three (3) months financial period ended 31 March 2006;
- Management accounts of SCC Holdings for the nine (9) months financial period ended 31 December 2006; and
- Audited accounts of SCC Corporation and Anitox Malaysia for the nine (9) months financial period ended 31 December 2006.

(ii) FYE 31 December 2008 as compared to FYE 31 December 2007

Revenue

For the FYE 31 December 2008, our Group revenue increased by RM5.8 million or 20.5% to RM34.2 million. The increase in revenue was mainly attributable to the opening of new outlets by our existing and new FSED customers especially in the first half of 2008, which garnered us approximately RM9.8 million sales during the year as compared to RM7.2 million for the FYE 31 December 2007. Based on our records, some of the new outlets opened by our FSED customers include the following:

- Starbucks which opened approximately 21 new stores during the year in various locations in Malaysia;
- Golden Screen Cinemas which opened approximately 3 new cinemas during the year in Klang Valley;
- Old Town Kopitiam which opened approximately 32 new cafes during the year in various locations in Malaysia;
- Wendy's which opened approximately 3 new stores during the year within Klang Valley; and
- Big / Star Screen Cinemas which opened approximately 2 new cinemas in the northern region of Malaysia.

In addition, the increase in revenue was also driven by the introduction of a new AHPD product, Cocci-Zero during the year, expansion in business by our existing AHPD customers as well as sales to new AHPD customers mainly as a result of our continuous advertising and participations in livestock exhibitions. Based on our AHPD initiatives mentioned above, our revenue for the northern and southern regions increased by RM1.9 million.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

GP and GP margin

GP increased by RM1.9 million or 15.7% to RM14.2 million for the FYE 31 December 2008, mainly due to an increase in revenue. However, GP margin declined slightly from 43.3% to 41.6% for the FYE 31 December 2008 mainly due to a net write-off of inventories that were close to expiry, outdated models of FSED equipment or customer specified FSED equipment that were not taken up by customers as anticipated, which amounted to approximately RM0.6 million. In addition, there was an increase in the cost of purchase of AHPD products and incidental costs, as a result of an increase in crude oil prices, as well as a weakening of the RM against the USD in the second half of 2008 which led to higher cost of purchase of AHPD and FSED products.

Operating expenses

Operating expenses increased by 19.7% to RM10.1 million for the FYE 31 December 2008, mainly as a result of higher carriage outwards and travelling expenses. The increase in operating expenses was mainly a result of an increase in our revenue as well as an increase in the price of crude oil. In addition, there was also an increase in administration expenses, mainly in relation to staff costs and directors' remuneration.

Finance costs

Finance costs increased marginally during the FYE 31 December 2008, as a result of an increase in bankers' acceptance charges and hire purchase interests which were mostly offset by a decrease in onshore foreign currency loan interests.

PAT

Despite an increase in GP by RM1.9 million, our Group PAT only increased marginally by RM0.1 million or 2.3% to RM2.8 million for the FYE 31 December 2008 mainly due to the increase in operating expenses. Our effective tax rate of 27.1% for the FYE 31 December 2008 was higher than the statutory rate of 26.0% mainly due to certain expenses being disallowed for tax purposes.

(iii) FYE 31 December 2009 as compared to FYE 31 December 2008

Revenue

For the FYE 31 December 2009, our Group revenue decreased slightly by RM0.2 million or 0.5% to RM34.0 million. The decrease in revenue was mainly due to the global economic downturn in the second half of 2008 which resulted in a deferment in opening of new outlets by our existing FSED customers especially in the first half of 2009, whereby we only garnered approximately RM8.7 million sales during the year as compared to RM9.8 million for the FYE 31 December 2008.

However, the decrease in revenue from FSED was partially offset by an increase in revenue from AHPD of RM2.5 million or 19.1% to RM15.9 million for the FYE 31 December 2009. The increase in revenue from AHPD was mainly due to business expansion by our existing AHPD customers as well as sales to new AHPD customers mainly as a result of our continuous advertising and participations in livestock exhibitions. In addition, the introduction of a new AHPD product, Synbio-C during the year also garnered us additional sales of RM0.9 million.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

GP and GP margin

Notwithstanding the slight decrease in revenue, our GP increased by RM2.2 million or 15.7% to RM16.5 million for the FYE 31 December 2009 mainly as a result of the following:

- write-back of outdated models of FSED equipment, demonstration FSED equipment and undelivered customer specified FSED equipment, which had been written off in previous years, arising from our promotional efforts to clear those inventories as well as resumption in the opening of new outlets by certain of our customers following a recovery in the economy in the second half of 2009. The net write-back of these inventories amounted to approximately RM0.6 million;
- increase in selling prices of AHPD products by SCC Corporation during the year;
- strengthening of the RM against the USD in the second half of 2009 which led to lower cost of purchase of AHPD and FSED products; and
- higher revenue contribution from AHPD products from 39.0% to 46.7% of our Group revenue for the FYE 31 December 2009, which generally earn higher margins as compared to FSED products.

Thus, our overall GP margin increased from 41.6% to 48.4% for the FYE 31 December 2009.

Operating expenses

In line with the slight drop in revenue, operating expenses decreased marginally by RM0.4 million or 3.7% to RM9.7 million for the FYE 31 December 2009.

Finance costs

Finance costs decreased by RM0.1 million or 68.9% to RM0.1 million for the FYE 31 December 2009 mainly as a result of a decrease in bankers' acceptance charges and onshore foreign currency loan interests.

PAT

In line with the increase in GP, our Group PAT increased by RM2.1 million or 72.6% to RM4.9 million for the FYE 31 December 2009. Our effective tax rate of 26.5% was higher than the statutory rate of 25.0% mainly due to certain expenses being disallowed for tax reporting purposes.

(iv) General information for the FYE 31 December 2007 to 31 December 2009

Impact from foreign currency exchange rates

We are exposed to foreign currency exchange risks as the majority of our products, i.e. 89.9% of our purchases for the FYE 31 December 2009, are imported from countries such as USA and South Korea.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Our foreign currency exposure profile for the three (3) FYE 31 December 2007 to 2009 is as follows:

	As at 31 December		
	2007 RM'000	2008 RM'000	2009 RM'000
Trade receivables			
- USD	-	302	77
- Singapore Dollar	4	-	7
- Brunei Dollar	74	-	23
	<u>78</u>	<u>302</u>	<u>107</u>
Other receivables*			
- USD	323	291	606
- New Zealand Dollar	-	8	-
- Euro	-	68	-
	<u>323</u>	<u>367</u>	<u>606</u>
Cash and bank balances			
- USD	<u>35</u>	<u>146</u>	<u>107</u>
Trade payables			
- USD	<u>82</u>	<u>221</u>	<u>87</u>
Other payables			
- USD	<u>-</u>	<u>-</u>	<u>128</u>

Note:

* Advance payment to suppliers

To minimise the impact of the foreign exchange on our product cost, we would reflect the prevailing exchange rate in our selling prices for back-to-back orders, where possible. In addition, we have also minimised our foreign exchange gain or loss for the past three (3) FYE 31 December 2009, as follows, through our Group's relatively short trade payables turnover period of 10-22 days:

	FYE 31 December		
	2007 RM'000	2008 RM'000	2009 RM'000
Gain/(Loss) on foreign exchange	<u>136</u>	<u>52</u>	<u>(12)</u>

Impact from interest rates

Our financial expenses only constitute approximately 1%-2% of our total expenses for the three (3) FYE 31 December 2007 to 2009 as we adopt a conservative stance in terms of gearing. Currently, our borrowings only relate to bankers' acceptances for our purchases as well as hire purchase of motor vehicles and are minimal. As such, any fluctuation in interest rates will not have a material impact on our profitability.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Impact from commodity prices

For the past three (3) FYE 31 December 2009, we are generally not materially impacted from fluctuations in commodity prices save for the significant increase in crude oil prices in 2008, which resulted in an increase in cost of AHPD products as well as an increase in transportation costs and travelling expenses.

Impact of inflation

For the past three (3) FYE 31 December 2009, there was no material impact of inflation on our profitability save for the general upward movement of costs in 2008, as a result of the significant increase in crude oil prices during the same year, which affected the local and global economy.

Government, economic, fiscal or monetary policies

Risks relating to political, economic and regulatory policies which may materially affect our business and financial performance are set out in Section 4.1 of this Prospectus.

There was no material impact arising from government, economic, fiscal or monetary policies on our profitability for the past three (3) FYE 31 December 2009 as we currently do not enjoy any incentives.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working Capital

Our primary source of funds is mainly derived from cash generated internally from our operations and to a lesser extent, credit terms granted by our suppliers as well as credit facilities extended to us by financial institutions.

As at 31 December 2009, our Group has total current assets of RM19.4 million whilst our current liabilities totalled RM8.1 million.

Our inventory turnover period for the FYE 31 December 2007 to 2009 ranged from 24 days to 49 days. Our inventory turnover period increased during the financial years under review mainly as a result of bulk purchases at year end as well as higher inventory levels of AHPD products.

The credit terms to our customers ranges from 30 to 120 days whilst the credit terms from our suppliers ranges from 30 to 90 days. However, we have been making prompt or early payments to certain of our suppliers to enjoy rebates from these suppliers through internally generated funds and/or bankers' acceptances. Before our Group makes these prompt or early payments to our suppliers, we will ensure that we have sufficient funding for our operations as part of our prudent liquidity management strategy.

For the FYE 31 December 2009, we generated a net cash inflow from operations of RM6.5 million and as at 31 December 2009, our fixed deposits and cash and bank balances totalled RM8.9 million whilst borrowings amounted to RM3.1 million.

Our Board is of the opinion that, after taking into account our current fixed deposits, cash and bank balances position, the banking facilities currently available to us and the proceeds to be raised from our Public Issue, we will have adequate working capital for our present and foreseeable requirements for a period of twelve (12) months from the date of this Prospectus.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

12.3.2 Cash Flow Summary

The following table sets out the summary of our proforma consolidated cash flow statement for the FYE 31 December 2009, which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial year under review and should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	RM'000
Net cash from operating activities	6,536
Net cash used in investing activities	(552)
Net cash used in financing activities	(2,074)
Net increase in cash and cash equivalents	3,910
Cash and cash equivalents at the beginning of financial year	1,235
Cash and cash equivalents at the end of financial year	5,145

Net cash from operating activities

During the FYE 31 December 2009, our Group generated a cash inflow of RM6.5 million from our operating activities on the back of a PBT of RM6.6 million after adjusting for the following:

- non-cash items totalling RM0.1 million;
- decrease in inventories, receivables and payables totalling RM1.0 million;
- interest received of RM0.1 million; and
- tax paid of RM1.0 million

Net cash used in investing activities

During the FYE 31 December 2009, we incurred a net cash outflow of RM0.6 million in investing activities due to the extension of our warehouse in Shah Alam and the purchase of a motor vehicle during the year.

Net cash used in financing activities

During the FYE 31 December 2009, we incurred a net cash outflow of RM2.1 million in financing activities due mainly to the repayment of advances and borrowings amounting to RM1.5 million as well as payment of dividends amounting to RM0.6 million.

Save as disclosed in Section 12.5 of this Prospectus, there is no legal, financial or economic restriction on the ability of our subsidiary companies to transfer funds to our Company in the form of cash dividends. Thus, we are confident we can meet our cash obligations as and when the need arises.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

12.3.3 Borrowings

Our total borrowings, which are all local borrowings and interest bearing, as at 31 December 2009 and as at the LPD are as follows:

	As at 31 December 2009 RM'000	As at LPD RM'000
Current		
Bankers' acceptances	2,850	1,890
Hire purchase payables	201	136
	<u>3,051</u>	<u>2,026</u>
Non-current		
Hire purchase payables	33	131
	<u>33</u>	<u>131</u>
Total borrowings	<u>3,084</u>	<u>2,157</u>
Gearing (times)*	0.2	0.1

Note:

* Calculated based on proforma shareholders' funds after Acquisitions but before our Public Issue

We have adopted a conservative stance in terms of gearing, i.e. we have minimal borrowings so as to manage our finance costs. Currently, our only borrowings relate to bankers' acceptances for our purchases as well as hire purchase of motor vehicles.

We have not defaulted on any payment of either interest and/or principal sum in relation to our borrowings during the FYE 31 December 2009 and up to the LPD.

As at the LPD, to the best of our Board's knowledge, neither our Company nor any of our subsidiary company is in breach of any terms and conditions or covenants associated with credit arrangements or bank loans which could materially affect our financial position and results or business operations or our shareholders' investments.

12.3.4 Material Capital Commitments

As at the LPD, there is no material capital commitment incurred or known to be incurred by us or our subsidiary companies, which upon become enforceable, may have a material impact on our financial position.

12.3.5 Material Litigation

As at the LPD, neither we nor our subsidiary companies are engaged in any litigation or arbitration, either as plaintiff or defendant, which may have a material and/or adverse effect on our financial position or business.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.3.6 Contingent Liabilities

As at the LPD, our Board is not aware of any contingent liability which has become enforceable or is likely to become enforceable, which in the opinion of our Directors, will or may substantially affect the ability of our Group to meet our obligations as and when they fall due.

12.4 KEY FINANCIAL RATIOS

The turnover period for our Group's trade receivables, trade payables and inventory for the three (3) FYE 31 December 2007 to 2009 is as follows:

	FYE 31 December		
	2007	2008	2009
	days	days	days
Trade receivables turnover period	93	93	88
- <i>AHPD</i>	104	103	100
- <i>FSED</i>	86	86	78
Trade payables turnover period	22	13	10
- <i>AHPD</i>	46	23	9
- <i>FSED</i>	10	8	10
Inventory turnover period	24	38	49
- <i>AHPD</i>	34	52	63
- <i>FSED</i>	19	30	38

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

12.4.1 Trade Receivables

The normal credit period granted to our customers ranges from 30 to 120 days. The trade receivables turnover period improved from 93 days to 88 days for the FYE 31 December 2009 mainly as a result of our effective credit control.

The ageing analysis of our trade receivables as at 31 December 2009 is as follows:

	Within Credit Period				Exceeding (Credit Period)	Total
	1-30 days	31-60 days	61-90 days	91-120 days	>120 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	2,806	2,190	904	635	1,129	7,664
Less: Provision for doubtful debts	-	-	-	-	(197)	(197)
Net trade receivables	2,806	2,190	904	635	932	7,467
% of trade receivables	37.6	29.3	12.1	8.5	12.5	100.0
Subsequent collections as at LPD	2,528	2,150	865	601	912	7,056
Trade receivables net of subsequent collections	278	40	39	34	20	411
% of trade receivables net of subsequent collections	67.7	9.7	9.4	8.2	5.0	100.0

Our Group's policy in respect of doubtful debts is to provide for trade receivables of which collection is uncertain or which is outstanding for more than twelve (12) months. A minimal provision for doubtful debts of 2.6% has been made for trade receivables of which collection is uncertain. Based on past track record, there have been minimal problems in debt collection due to our good business relationships with our customers.

The balance of the RM0.02 million overdue trade receivables (net of subsequent collections as at the LPD) relate mainly to our AHPD customers. Our Directors are of the opinion that these balances are recoverable and that no allowance for doubtful debts is required. They further confirm that there are no overdue trade receivables which are in dispute or under litigation.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

12.4.2 Trade Payables

The normal credit period granted by our suppliers ranges from 30 to 90 days. However, we have been paying in advance, i.e. before delivery of orders, to one of our major suppliers since 2006 in order to enjoy the advance payment rebate. In addition, we have also been making prompt payments directly to some of our other suppliers, i.e. upon receipt of goods, since 2008 in order to enjoy the early payment rebates.

The amount of purchases paid in advance for the three (3) FYE 31 December 2009 is as follows:

	FYE 31 December		
	2007	2008	2009
	RM'000	RM'000	RM'000
Purchases paid in advance	1,376	3,842	2,155
% of total purchases	7.9	18.0	12.3

The ageing analysis of our trade payables as at 31 December 2009 is as follows:

	Within Credit Period			Exceeding Credit Period		Total
	1-30 days	31-60 days	61-90 days	91-120 days	>120 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	227	16	7	4	29	283
% of trade payables	80.2	5.7	2.5	1.4	10.2	100.0

The minimal overdue trade payables relate to a consignment of new equipment which is under trial run at the customer's premise. The amount due will be settled upon a satisfactory completion of the trial run.

12.4.3 Inventories Turnover

Our inventories consist of AHPD products, and FSED equipment and supplies. We generally hold one (1) – three (3) months of inventories on hand to maintain a sustainable level of inventories to ensure timely deliveries to our customers. Our inventory turnover period increased during the financial years under review mainly as a result of bulk purchases at year end to obtain incentives from our suppliers as well as to mitigate any shortage of supplies during the extended festive seasons. In addition, we also increased our inventory of AHPD products, which generally have longer inventory turnover periods, as a result of higher sales from AHPD.

We review our inventories on a periodic basis or as and when the need arises to write off slow moving or obsolete inventories. Currently, our policy for inventory write-off is as follows:

- To immediately write-off outdated models of FSED equipment;
- To write-off demonstration FSED equipment which is more than one (1) year old;
- To write-off, on a prudent basis, undelivered customer specified FSED equipment when customers do not take delivery of the equipment as anticipated and sales of the equipment are uncertain; and
- To write off FSED supplies and AHPD products which have expiry dates of less than three (3) months.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Our Directors are of the opinion that there is no material slow-moving or obsolete inventory as at 31 December 2009.

12.5 DIVIDEND POLICY

Anitox Malaysia and SCC Corporation paid a first and final dividend of 15% less 26% tax and 15% (single tier) totalling RM0.4 million and RM0.6 million for the FYE 31 December 2007 and 2008 respectively.

Our Company presently does not have any formal dividend policy. Upon Listing, our Board intends to adopt a stable and sustainable dividend policy to allow our shareholders to participate in the profits of our Group while maintaining an optimal capital structure and ensuring sufficient funds for our future growth. In this regard, we envisage a dividend payout ratio of approximately 35% of our future net profits to our shareholders in each financial year.

Investors should take note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends, which are subject to our Board's absolute discretion.

Our ability to pay future dividends to our shareholders is subject to various factors including but are not limited to our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends and other distributions that we receive from our subsidiary companies. The payment of dividends or other distributions by our subsidiary companies will depend on their operation results, financial condition, capital expenditure plans, loan covenants and other factors that their respective board of directors deem relevant.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

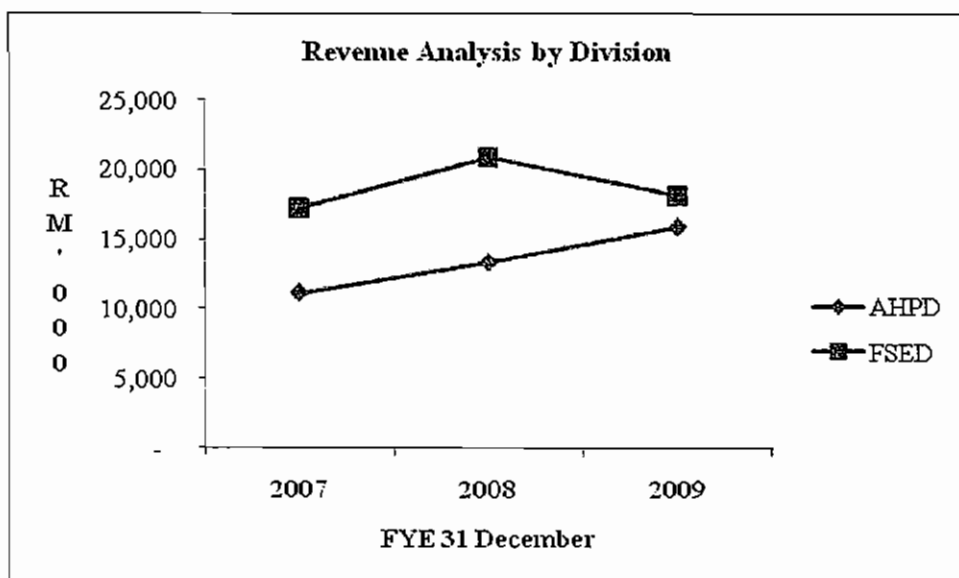
12.6 SIGNIFICANT TRENDS

Business and Financial Prospects

Based on our financial information as set out in Section 11 of this Prospectus, the following trend can be observed from our performance for the past three (3) FYE 31 December 2009:

12.6.1 Revenue Growth

Our Group revenue increased by 20.5% to RM34.2 million for the FYE 31 December 2008 mainly due to business expansion by our existing customers, introduction of new products, increased awareness of our products and increasing our coverage of the northern and southern regions of Malaysia. However, we experienced a slight decrease in revenue of 0.5% for the FYE 31 December 2009 mainly as a result of the global economic downturn in the second half of 2008 which resulted in a deferment in business expansion by our existing FSED customers. However, the decrease in revenue from FSED was partially offset by an increase in revenue from AHPD as illustrated below:



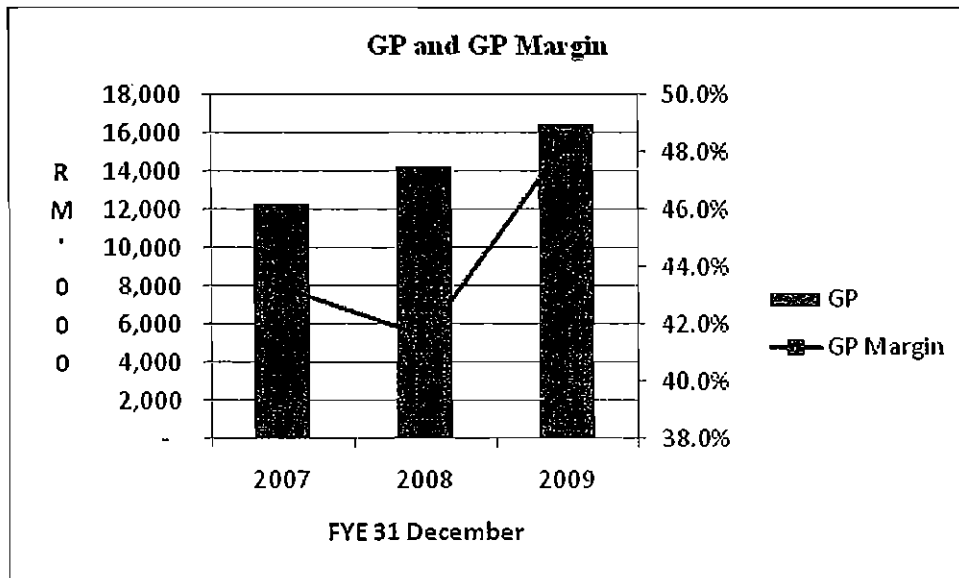
Going forward, we expect our AHPD to maintain its growth momentum with the introduction of the AMP as well as greater awareness of health issues and the global trend towards non-antibiotic feed additives.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.6.2 GP and GP Margin

Whilst we experienced a slight drop in GP margin for the FYE 31 December 2008 as illustrated below, our GP has been growing for the last three (3) FYE 31 December 2009 mainly due to increases in revenue. The slight drop in GP margin experienced during the FYE 31 December 2008 was mainly due to write-off of inventories and higher product and incidental costs arising from an increase in crude oil prices as well as a weakening of the RM against the USD. However, we managed to regain our GP margin during the FYE 31 December 2009 with the write-back of inventories previously written-off, increase in selling prices of AHPD products by SCC Corporation, lower cost of purchase of products arising from the strengthening of the RM against the USD and higher contribution from AHPD which generally commands a higher GP margin as compared to FSED.



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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(Cont'd)*

12.6.3 Directors' Declaration on our Group's Financial Performance

As at the LPD, to the best of our Directors' knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material impact on our financial performance, position and operations other than those discussed in this section and Sections 4, 6 and 7 of this Prospectus;
- (ii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed in this section and Section 4 of this Prospectus;
- (iii) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our revenue and/or profits, save for those that have been disclosed in this section and Sections 4, 6 and 7 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that have had, or that we reasonably expect to have, a material impact on our liquidity and capital resources other than those discussed in this section and Sections 4, 6 and 7 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of our future financial performance and position other than those discussed in this section and Sections 4 of this Prospectus.

Based on the outlook of the animal feed additives and food service equipment markets as set out in Sections 7 and 14 of this Prospectus, our Group's competitive strengths as set out in Section 6.3 of this Prospectus and our future plans as set out in Section 6.13 of this Prospectus, our Board is optimistic about the future prospects of our Group.

12.6.4 Order Book

We do not have any long term agreements with our customers. As at the LPD, we have received confirmed orders from our customers totalling RM3.2 million to be fulfilled within the next twelve (12) months. These orders are however subject to cancellation, deferral or rescheduling by our customers. Accordingly, our order book as at any particular date may not be indicative of our revenue for any succeeding period.

13. ACCOUNTANTS' REPORT



**BAKER TILLY
MONTEIRO HENG**

Chartered Accountants (AF 0117)

Monteiro & Heng Chambers
22 Jalan Tun Sambanthan 3
50470 Kuala Lumpur, Malaysia
phone : +603 2274 8988
fax : +603 2260 1708
email : audit@monteiroheng.com.my
www.monteiroheng.com.my

24 June 2010

The Board of Directors
SCC Holdings Berhad
(formerly known as SCC Holdings Sdn Bhd)
11, 15, 19 and 21, Jalan Hujan
Taman Overseas Union
58200 Kuala Lumpur

STRICTLY CONFIDENTIAL

Dear Sirs,

SCC HOLDINGS BERHAD *(formerly known as SCC Holdings Sdn Bhd)*
ACCOUNTANTS' REPORT

1. INTRODUCTION

This report has been prepared by Baker Tilly Monteiro Heng, an approved company auditor, for inclusion in the Prospectus in connection with the listing and quotation of the entire enlarged issued and paid-up share capital of SCC Holdings Berhad ("SCC Holdings") of RM21,378,500 comprising 42,757,000 SCC Holdings' ordinary shares of RM0.50 each ("SCC Holdings Share(s)") on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), and should not be relied upon for any other purposes.

2. DETAILS OF THE LISTING SCHEME

The listing scheme comprises the following:-

2.1 Acquisitions

(i) Acquisition of Anitox (M) Sdn Bhd ("Anitox Malaysia")

On 1 April 2010, SCC Holdings had entered into a conditional share purchase agreement to acquire Anitox Malaysia's entire issued and paid-up share capital of RM800,000 comprising 800,000 ordinary shares of RM1.00 each for a total purchase consideration of RM2,900,000, to be wholly satisfied by the issuance of 5,800,000 new SCC Holdings Shares at an issue price of RM0.50 per share. The acquisition of Anitox Malaysia was completed on 24 June 2010.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**2. DETAILS OF THE LISTING SCHEME (Continued)****2.1 Acquisitions (Continued)****(ii) Acquisition of SCC Corporation Sdn Bhd ("SCC Corporation")**

On 1 April 2010, SCC Holdings had entered into a conditional share purchase agreement to acquire SCC Corporation's entire issued and paid-up share capital of RM2,920,548 comprising 2,920,548 ordinary shares of RM1 each for a total purchase consideration of RM12,899,990, to be wholly satisfied by the issuance of 25,799,980 new SCC Holdings Shares at an issue price of RM0.50 per share. The acquisition of SCC Corporation was completed on 24 June 2010.

2.2 Public Issue

Public issue of 11,117,000 new ordinary shares of RM0.50 each in SCC Holdings payable in full upon application comprising:

- 2,000,000 new ordinary shares of RM0.50 each reserved for application by the public;
- 4,300,000 new ordinary shares of RM0.50 each reserved for application by our eligible employees and business associates / persons who have contributed to the success of the SCC Group; and
- 4,817,000 new ordinary shares of RM0.50 each reserved for placement to identified investors.

2.3 Listing

Upon the completion of the Public Issue, SCC Holdings proposes to seek the listing of and quotation for its entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities.

3. GENERAL INFORMATION**3.1 Background Information**

- 3.1.1** SCC Holdings was incorporated in Malaysia under the Companies Act, 1965 on 17 April 2000 as a private limited liability company under the name of SCC Holdings Sdn Bhd. On 15 January 2010, SCC Holdings Sdn. Bhd. was converted into a public limited liability company and assumed its present name. The principal activity of SCC Holdings is investment holding. Further details on its subsidiaries are set out in paragraph 3.4 below.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as *SCC Holdings Sdn. Bhd.*)
 Accountants' Report

3. GENERAL INFORMATION (Continued)

3.2 Share Capital of SCC Holdings

The authorised share capital of SCC Holdings was RM100,000 comprising 100,000 ordinary shares of RM1 each and its issued and paid-up share capital was RM2 comprising 2 ordinary shares of RM1 each at the date of incorporation.

On 21 December 2009, SCC Holdings had undertaken the share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in the Company into two (2) ordinary shares of RM0.50 each in SCC Holdings ("Share Split"). As a result of the Share Split, two (2) ordinary shares of RM1.00 each in SCC Holdings have been subdivided into four (4) ordinary shares of RM0.50 each in SCC Holdings.

Concurrently, the authorised share capital of SCC Holdings had increased from RM100,000 to RM100,000,000 through the creation of 199,800,000 ordinary shares of RM0.50 each.

The movements in the issued and paid-up share capital of SCC Holdings since its incorporation are as follows:-

Date of Allotment	Number of Ordinary Shares of RM1.00 each Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-up Capital RM
17 April 2000	2	1.00	Subscribers' shares	2
21 December 2009	-	0.50	Subdivision of shares on the basis of 1 ordinary share of RM1 each into 2 ordinary shares of RM0.50 each	2
27 January 2010	16	0.50	Cash	10
26 March 2010	39,980	0.50	Cash	20,000
24 June 2010	31,600,000	0.50	Acquisitions of SCC Corporations and Anitox Malaysia	15,820,000

Upon completion of the Public Issue as detailed in Section 2.2, the issued and paid-up share capital of SCC Holdings will be enlarged to RM21,378,500 comprising 42,757,000 SCC Holdings Shares.

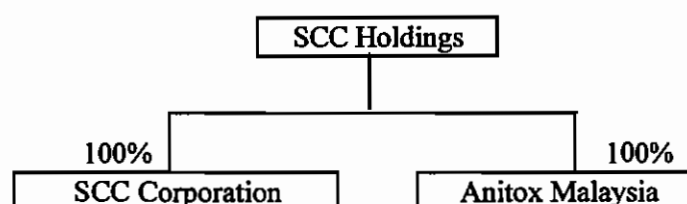
13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as *SCC Holdings Sdn. Bhd.*)
 Accountants' Report

3. GENERAL INFORMATION (Continued)

3.3 Group Structure

As at the date of this report, the group structure of SCC Holdings is as follows:-



3.4 Subsidiaries of SCC Holdings

The details of the subsidiaries of SCC Holdings as at the date of this report are as follows:-

Name	Date/ Country of Incorporation	Issued and Paid-up Share Capital RM	Effective Equity Interests	Principal Activities
SCC Corporation	15 March 1974 Malaysia	RM2,920,548	100%	Selling, marketing and distribution of livestock health products and clean feed solutions to feed mills and livestock industries; and selling, marketing and distribution of foodservice equipment, including provisions of installations, services and supply of ingredients and specialties products for food and beverage industries
Anitox Malaysia	15 March 1991 Malaysia	RM800,000	100%	Sale, marketing and distribution of animal health products from Anitox Corporation Inc.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD** (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report**4. DIVIDENDS**

Save as disclosed below, no other dividends have been paid or declared by SCC Holdings and its subsidiaries for the relevant financial years under review.

Company Name	Financial Year Ended 31 December	Issued and Paid-up Share Capital RM	Dividend Rate %	Type of Dividend	Net Amount of Dividend Paid RM
SCC Corporation	2007	2,920,548	10	Taxable	213,200
SCC Corporation	2008	2,920,548	15	Taxable	324,181
SCC Corporation	2009	2,920,548	15	Single-Tier	438,082
Anitox Malaysia	2007	800,000	10	Taxable	58,400
Anitox Malaysia	2008	800,000	15	Taxable	88,800
Anitox Malaysia	2009	800,000	15	Single-Tier	120,000

5. AUDITORS AND AUDITED FINANCIAL STATEMENTS

The financial year end of SCC Holdings and its subsidiaries is 31 December.

The auditors of SCC Holdings and its subsidiaries for the relevant financial periods/years under review are as follows:-

Company	Financial Year Ended ("FYE")/ Financial Period Ended ("FPE")	Auditors
SCC Holdings	FYE 31 March 2007, 31 March 2008 and 31 March 2009	Messrs. Lai Yeow Kwang & Co (Chartered Accountants, Malaysia)
	Nine (9) months FPE 31 December 2009	Messrs. Baker Tilly Monteiro Heng (Chartered Accountants, Malaysia)

13. ACCOUNTANTS' REPORT *(Cont'd)***SCC HOLDINGS BERHAD** *(formerly known as SCC Holdings Sdn. Bhd.)*
Accountants' Report

5. AUDITORS AND AUDITED FINANCIAL STATEMENTS (Continued)

Company	Financial Year Ended ("FYE")/ Financial Period Ended ("FPE")	Auditors
SCC Corporation	FYE 31 December 2007 and 2008	Messrs. Lai Yeow Kwang & Co (Chartered Accountants, Malaysia)
	FYE 31 December 2009	Messrs. Baker Tilly Monteiro Heng (Chartered Accountants, Malaysia)
Anitox Malaysia	FYE 31 December 2007 and 2008	Messrs. Lai Yeow Kwang & Co (Chartered Accountants, Malaysia)
	FYE 31 December 2009	Messrs. Baker Tilly Monteiro Heng (Chartered Accountants, Malaysia)

The auditors' reports on the financial statements of the above companies for the financial years/period under review were reported upon by the auditors without any modification.

There were no audited consolidated financial statements for SCC Holdings and its subsidiaries ("SCC Holdings Group") as the Acquisitions as described in Section 2.1 were only completed on 24 June 2010.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)****Accountants' Report****6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This report has been prepared on a basis consistent with the following accounting policies adopted by SCC Corporation in the preparation of its audited financial statements for the financial year ended 31 December 2009, which have been adopted by SCC Holdings as the group accounting policies for the relevant financial years/period under review and in accordance with Financial Reporting Standards in Malaysia, unless otherwise stated.

A. BASIS OF PREPARATION

FRS 1, First-time Adoption of Financial Reporting Standards, has been applied in preparing these financial statements. These financial statements for the FPE 31 December 2009 of SCC Holdings and FYE 31 December 2009 of SCC Corporation and Anitox Malaysia are the first set of financial statements prepared in accordance with FRS in Malaysia by the SCC Holdings Group.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening FRS balance sheet as at 1 January 2009 for the purpose of the first set of FRS financial statements. The accounting policies have been applied consistently by the SCC Holdings Group.

The financial statements of the SCC Holdings Group have been prepared under the historical cost basis, except as disclosed herein.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires the directors' best knowledge of current events and actions, and therefore actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the audited financial statements of the respective companies within the SCC Holdings Group.

B. NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS**(i) Adoption of New and Revised FRSs, Amendments to FRSs and IC Interpretations**

The SCC Holdings Group has adopted all the following new and revised FRS, amendments to FRSs and IC interpretations:-

New and Revised FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 4	Insurance Contracts
FRS 5	Non-current Assets Held for Sale and Discontinued Operations

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS (Continued)

(i) Adoption of New and Revised FRSs, Amendments to FRSs and IC Interpretations (Continued)

New and Revised FRSs (Continued)

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 107	Statement of Cash Flows (formerly known as Cash Flow Statements)
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 114 ₂₀₀₄	Segment Reporting
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 123 ₂₀₀₄	Borrowing Costs
FRS 124	Related Party Disclosures
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

Amendments to FRSs

FRS 119 ₂₀₀₄	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS (Continued)

(i) Adoption of New and Revised FRSs, Amendments to FRSs and IC Interpretations (Continued)

IC Interpretations ("IC Int")

IC Int 107	Introduction of the Euro
IC Int 110	Government Assistance – No Specific Relation to Operating Activities
IC Int 112	Consolidation – Special Purpose Entities
IC Int 113	Jointly Controlled Entities – Non Monetary Contributions by Ventures
IC Int 115	Operating Leases – Incentives
IC Int 121	Income Taxes – Recovery of Revalued Non-Depreciable Assets
IC Int 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int 129	Disclosure – Service Concession Arrangements
IC Int 131	Reserve – Barter Transactions Involving Advertising Transactions
IC Int 132	Intangible Assets – Web Site Costs
IC Int 201	Preliminary and Pre-operating Expenditure
IC Int 1	Changes in Existing Decommissioning, Restoration & Similar Liabilities
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments
IC Int 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds
IC Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical & Electronic Equipment
IC Int 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IC Int 8	Scope of FRS 2: Share-based Payments

The adoption of the above new and revised FRSs, amendments to FRSs and IC Int did not result in any substantial changes in the SCC Holdings Group's accounting policies and have any material impact on the results and the financial positions of SCC Holdings Group.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS (Continued)

(ii) New and Revised FRSs, Amendments to FRSs and IC Interpretations that are issued, not yet effective and have not been adopted early

The SCC Holdings Group has not adopted the following new and revised FRSs, amendments to FRS and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the SCC Holdings Group:-

		Effective for financial periods beginning on or after
<u>New FRSs</u>		
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
<u>Revised FRSs</u>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
FRS 3	Business Combinations	1 July 2010
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010 and 1 July 2010
FRS 2	Share-based Payment	1 January 2010 and 1 July 2010
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 and 1 July 2010
FRS 7	Financial Instruments: Disclosure	1 January 2010
FRS 8	Operating Segments	1 January 2010
FRS 107	Statement of Cash Flows	1 January 2010
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS (Continued)

(ii) New and Revised FRSs, Amendments to FRSs and IC Interpretations that are issued, not yet effective and have not been adopted early (Continued)

Amendments/Improvements to FRSs (Continued)

FRS 110	Events After the Reporting Period	1 January 2010
FRS 116	Property, Plant and Equipment	1 January 2010
FRS 117	Leases	1 January 2010
FRS 118	Revenue	1 January 2010
FRS 119	Employee Benefits	1 January 2010
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 127	Consolidated and Separate Financial Statements Investment in Associates	1 January 2010
FRS 128		1 January 2010
FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
FRS 131	Interests in Joint Ventures	1 January 2010
FRS 132	Financial Instruments: Presentation	1 January 2010
FRS 134	Interim Financial Reporting	1 January 2010
FRS 136	Impairment of Assets	1 January 2010
FRS 138	Intangible Assets	1 January 2010 and 1 July 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
FRS 140	Investment Property	1 January 2010

IC Int

IC Int 9	Reassessment of Embedded Derivatives	1 January 2010 and 1 July 2010
IC Int 10	Interim Financial Reporting and Impairment	1 January 2010
IC Int 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Int 12	Service Concession Arrangements	1 July 2010
IC Int 13	Customer Loyalty Programmes	1 January 2010
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Int 15	Agreements for the Construction of Real Estate Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int 16	Distributions of Non-cash Assets to Owners	1 July 2010
IC Int 17		1 July 2010

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as *SCC Holdings Sdn. Bhd.*)
 Accountants' Report
6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**B. NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS (Continued)****(ii) New and Revised FRSs, Amendments to FRSs and IC Interpretations that are issued, not yet effective and have not been adopted early (Continued)**

The SCC Holdings Group plans to adopt the above FRSs, Amendments to FRSs and Interpretations when they become effective in the respective financial periods. Unless otherwise described below, the adoption of the above FRSs, Amendments to FRSs and Interpretations upon their initial application are not expected to have any significant impact on the financial statements of the SCC Holdings Group. The SCC Holdings Group is exempted from disclosing the possible impact, if any, to the financial statements upon application of FRS 7 and FRS 139.

C. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of SCC Holdings and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as SCC Holdings.

Subsidiaries are those companies in which the SCC Holdings Group has long term equity interest and has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are consolidated from the date of acquisition, being the date on which the SCC Holdings Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the SCC Holdings Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the SCC Holdings Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Intragroup transactions, balances and unrealised gains on transactions are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the SCC Holdings Group.



13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****C. BASIS OF CONSOLIDATION (Continued)**

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the SCC Holdings Group's share of its net assets together with any unimpaired balance of goodwill which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the fair values of identifiable assets and liabilities of the acquiree as at the date of acquisition by the SCC Holdings Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of SCC Holdings.

D. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Section 6F.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the SCC Holdings Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement as incurred.

No depreciation is provided on freehold land. Factory building under construction is not depreciated until the assets are ready for its intended use. All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:-

Freehold buildings	2%
Motor vehicles	20%
Computers and printers	10%
Office equipment	10%
Renovation	10%
Furniture and fittings	5%
Machinery	10%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each balance sheet date. The effects of any revisions of the residual values and useful lives are included in the income statement for the financial year in which the changes arise.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****D. PROPERTY, PLANT AND EQUIPMENT (Continued)**

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the financial year the asset is derecognised.

E. INVESTMENTS

Investments in subsidiaries and other investments are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Section 6F.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

F. IMPAIRMENT OF ASSETS

The carrying amount of assets, other than inventories, deferred tax assets and financial assets (excluding investments in subsidiaries, associates and jointly controlled entities), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report
6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**G. INVENTORIES**

Inventories are valued by the management at the lower of cost and net realisable value. Cost is determined on the average cost basis.

Net realisable value represents the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

H. RECEIVABLES

Receivables are carried at anticipated realisable values. In estimating the realisable values, an allowance is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date. Bad debts are written off to the income statement during the financial year in which they are identified.

I. PAYABLES

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

J. BORROWINGS

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In the subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the income statement.

K. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past event and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the SCC Holdings Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.



13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report
6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**L. SHARE CAPITAL****Ordinary Shares**

Ordinary shares are recorded at the nominal value. The consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date.

Costs incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the income statement. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

M. BORROWING COSTS

Borrowing costs directly attributable to the acquisition and construction of property plant and equipment are capitalised as part of the costs of those assets, until such time the assets are substantially ready for their intended use. The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from that borrowing facility.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

N. TAXATION**(i) Current Tax**

The tax expense in the income statements represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

(ii) Deferred Tax

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report
6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**N. TAXATION (Continued)****(i) Deferred Tax (Continued)**

The carrying amount of deferred tax assets, if any, is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the SCC Holdings Group intends to settle its current tax assets and current tax liabilities on a net basis.

O. CURRENCIES**(i) Functional and Presentation Currency**

The individual financial statements of each entity in SCC Holdings are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is SCC Holdings Group's functional currency and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair values was determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in the income statement, any corresponding exchange gain or loss is recognised in the income statement.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report
6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**P. FINANCIAL INSTRUMENTS**

Financial instruments are recognised in the balance sheet when the SCC Holdings Group has become a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when SCC Holdings Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Q. REVENUE RECOGNITION

The SCC Holdings Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the SCC Holdings Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The SCC Holdings Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods

Revenue is recognised upon delivery of products and customers' acceptance, net of discounts and returns and when the significant risk and rewards of ownership have been passed to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

Interest income is recognised on an accruals basis.

(iii) Rental income

Rental income is recognised on an accruals basis.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD** *(formerly known as SCC Holdings Sdn. Bhd.)*
Accountants' Report**6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****R. EMPLOYEE BENEFITS****(i) Short Term Employee Benefits**

Wages, salaries, bonuses, social security contribution and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave and maternity leave are recognised when absences occur.

(ii) Post-Employment Benefits

The SCC Holdings Group contributes to the Employees Provident Fund, the national defined contribution plan. The contributions are charged to the income statement in the period to which they are related. Once the contributions have been paid, the SCC Holdings Group has no further payment obligations.

S. CASH AND CASH EQUIVALENTS

For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand, bank balances, deposits and demand deposits that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, net of bank overdrafts, bankers' acceptance and fixed deposits pledged to licensed banks.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.1 SCC Holdings' Audited Financial Statements (Continued)**

7.1.1 The audited income statements of SCC Holdings for the three (3) FYEs 31 March 2007, 31 March 2008 and 31 March 2009 and nine (9) months FPE 31 December 2009 are as follows:-

	Note	For the Financial Years/Period			
		1.4.2006 to 31.3.2007 RM'000	1.4.2007 to 31.3.2008 RM'000	1.4.2008 to 31.3.2009 RM'000	1.4.2009 to 31.12.2009 RM'000
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross profit ("GP")		-	-	-	-
Administrative expenses		(1)	(1)	(2)	(3)
Finance cost		-	-	-	-
Loss before taxation ("LBT")	7.1.5(a)	(1)	(1)	(2)	(3)
Taxation	7.1.5(b)	-	-	-	-
Net Loss for the financial years/period		(1)	(1)	(2)	(3)
GP margin (%)		-	-	-	-
LBT margin (%)		-	-	-	-
Effective tax rate (%) *		N/A	N/A	N/A	N/A
Gross loss per share ("LPS") (RM)		(656.50)	(682.00)	(674.00)	(707.00)
Net LPS (RM)		(656.50)	(682.00)	(674.00)	(707.00)

Note:

* *Not applicable as SCC Holdings did not derive any taxable income during the financial years/period under review.*

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.1 SCC Holdings' Audited Financial Statements (Continued)

7.1.2 The audited balance sheets of SCC Holdings as at 31 March 2007, 31 March 2008, 31 March 2009 and 31 December 2009 are as follows:-

Note	As at			
	31.3.2007	31.3.2008	31.3.2009	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Current assets				
Prepayments	-	-	-	152
Cash in hand	*	*	*	*
TOTAL ASSET	-	-	-	152
EQUITY AND LIABILITY				
Equity attributable to equity holders of SCC Holdings				
Share capital	7.1.5(c) *	*	*	*
Accumulated losses	(11)	(12)	(14)	(17)
Total equity	(11)	(12)	(14)	(17)
Current liability				
Other payables and accruals	7.1.5(d) 11	12	14	169
Total liability	11	12	14	169
TOTAL EQUITY AND LIABILITY	-	-	-	152

Note:

* RM2.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.1 SCC Holdings' Audited Financial Statements (Continued)

7.1.3 The audited statements of changes in equity of SCC Holdings based on the three (3) FYE 31 March 2007, 31 March 2008 and 31 March 2009 and nine (9) months FPE 31 December 2009 are as follows:-

	Share Capital RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 April 2006	*	(10)	(10)
Net loss for the financial year	-	(1)	(1)
At 31 March 2007	*	(11)	(11)
Net loss for the financial year	-	(1)	(1)
At 31 March 2008	*	(12)	(12)
Net loss for the financial year	-	(2)	(2)
At 31 March 2009	*	(14)	(14)
Net loss for the financial period	-	(3)	(3)
At 31 December 2009	*	(17)	(17)

Note:

* RM2.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report
7. AUDITED FINANCIAL STATEMENTS (Continued)**7.1 SCC Holdings' Audited Financial Statements (Continued)**

- 7.1.4 The audited cash flow statements of SCC Holdings based on based on the three (3) FYE 31 March 2007, 31 March 2008 and 31 March 2009 and nine (9) months FPE 31 December 2009 are as follows:-

	For the Financial Years/Period			
	1.4.2006 to 31.3.2007 RM'000	1.4.2007 to 31.3.2008 RM'000	1.4.2008 to 31.3.2009 RM'000	1.4.2009 to 31.12.2009 RM'000
CASH FLOWS FROM				
OPERATING ACTIVITIES				
Loss for the financial years / period /				
Operating loss before working				
capital changes	(1)	(1)	(1)	(3)
Changes in Working Capital				
Increase in receivables	-	-	-	(152)
Increase in other payables				
and accruals	1	1	1	155
Net Operating Cash Flows	-	-	-	-
CASH FLOWS FROM				
INVESTING ACTIVITIES	-	-	-	-
CASH FLOWS FROM				
FINANCING ACTIVITIES	-	-	-	-
NET INCREASE IN CASH AND				
CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS				
AT THE BEGINNING OF THE				
FINANCIAL YEARS / PERIOD	*	*	*	*
CASH AND CASH EQUIVALENTS				
AT THE END OF THE				
FINANCIAL YEARS / PERIOD	*	*	*	*
ANALYSIS OF CASH AND				
CASH EQUIVALENTS				
Cash in hand	*	*	*	*

Note:

* RM2.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report
7. AUDITED FINANCIAL STATEMENTS (Continued)**7.1 SCC Holdings' Audited Financial Statements (Continued)****7.1.5 Notes to the Audited Financial Statements of SCC Holdings****(a) LOSS BEFORE TAX**

Loss before tax is arrived at after charging the following:

	For the Financial Years / Period Ended			
	1.4.2006	1.4.2007	1.4.2008	1.4.2009
	to	to	to	to
	31.3.2007	31.3.2008	31.3.2009	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Audit fee	^	^	^	2
^ RM300.				

(b) TAXATION

No provision for income tax has been made in the financial years/period under review as SCC Holdings has not derived any taxable income during the financial years/period under review.

A reconciliation of income tax expense applicable to loss before taxation at the effective income tax rate of SCC Holdings are as follows:

	For the Financial Period/Years Ended			
	1.4.2006	1.4.2007	1.4.2008	1.4.2009
	to	to	to	to
	31.3.2007	31.3.2008	31.3.2009	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	(1)	(1)	(2)	(3)
Taxation at applicable statutory tax rate of 27% (2008: 26% and 2009: 25%)	^	^	#	(1)
Tax effects of:				
- non-deductible expenditure	*	*	∞	1
Tax expense for the financial years/period	-	-	-	-
^ (RM355).				
* RM355.				
# (RM337).				
∞ RM337.				

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.1 SCC Holdings' Audited Financial Statements (Continued)

7.1.5 Notes to the Audited Financial Statements of SCC Holdings (Continued)

(c) SHARE CAPITAL

	Number of Ordinary Shares					Amount		
	← 31.3.2007	31.3.2008	As at 31.3.2009	31.12.2009	← 31.3.2007	31.3.2008	31.3.2009	31.12.2009
	Unit'000	Unit'000	Unit'000	Unit'000	RM'000	RM'000	RM'000	RM'000
Authorised								
At the beginning of the financial years / period								
- ordinary shares of RM1 each	100	100	100	100	100	100	100	100
Subdivision of each share into two (2) ordinary shares of RM0.50 each	-	-	-	100	-	-	-	-
Created during the financial years/period at RM0.50 each	-	-	-	199,800	-	-	-	99,900
At the end of the financial years/period								
- ordinary shares of:-								
- RM1.00 each	100	100	100	-	100	100	100	-
- RM0.50 each	-	-	-	200,000	-	-	-	100,000



13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.1 SCC Holdings' Audited Financial Statements (Continued)

7.1.5 Notes to the Audited Financial Statements of SCC Holdings (Continued)

(c) SHARE CAPITAL (Continued)

	Number of Ordinary Shares				Amount			
	← 31.3.2007	31.3.2008	As at 31.3.2009	→ 31.12.2009	← 31.3.2007	31.3.2008	As at 31.3.2009	→ 31.12.2009
	Unit'000	Unit'000	Unit'000	Unit'000	RM'000	RM'000	RM'000	RM'000
Issued and Fully Paid								
At the beginning of the financial years / period	*	*	*	*	#	#	#	#
- ordinary shares of RM1 each								
Subdivision of each share into two (2) ordinary shares of RM0.50 each	-	-	-	^	-	-	-	-
At the end of the financial years / period								
- ordinary shares of RM0.50 each	*	*	*	-	#	#	#	#
- RM1.00 each				∞	-	-	-	-
- RM0.50 each	-	-	-	∞	-	-	-	-
* Two (2) ordinary shares of RM1.00 each.								
^ Two (2) ordinary shares of RM0.50 each.								
∞ Four (4) ordinary shares of RM0.50 each.								
# RM2.								



13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.1 SCC Holdings' Audited Financial Statements (Continued)

7.1.5 Notes to the Audited Financial Statements of SCC Holdings (Continued)

(d) OTHER PAYABLES AND ACCRUALS

	← As at →			
	1.4.2006 to 31.3.2007 RM'000	1.4.2007 to 31.3.2008 RM'000	1.4.2008 to 31.3.2009 RM'000	1.4.2009 to 31.12.2009 RM'000
Other payables	11	12	14	167
Accruals	^	^	^	2
	11	12	14	169

Other payables represent payments made on behalf of SCC Holdings by SCC Corporation, a company in which the directors of SCC Holdings have interests. The amount outstanding is unsecured, interest free and repayable on demand.

(e) FINANCIAL INSTRUMENTS

(i) Financial Risk Management Objectives and Policies

SCC Holdings has limited number of transactions and does not have significant exposure to financial risks. Financial support from SCC Corporation is available as and when required.

(ii) Fair Values

1) Recognised Financial Instruments

The carrying amounts of the financial assets and financial liabilities as at the balance sheet date approximate their fair values.

2) Unrecognised Financial Instruments

There were no unrecognised financial instruments as at 31 December 2009 that are required to be disclosed.

(f) SUBSEQUENT EVENTS

- (i) On 27 January 2010, the issued and paid-up share capital of SCC Holdings was increased from RM2 to RM10 via the issuance of an additional 16 ordinary shares of RM0.50 each for cash.
- (ii) On 26 March 2010, the issued and paid-up share capital of SCC Holdings was further increased from RM10 to RM20,000 via the issuance of an additional 39,980 ordinary shares of RM0.50 each for cash.



13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD *(formerly known as SCC Holdings Sdn. Bhd.)*
Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.1 SCC Holdings' Audited Financial Statements (Continued)

7.1.5 Notes to the Audited Financial Statements of SCC Holdings (Continued)

(f) SUBSEQUENT EVENTS (Continued)

- (iii) On 1 April 2010, SCC Holdings had entered into a conditional share purchase agreement to acquire the entire equity interests in SCC Corporation and Anitox Malaysia for a total consideration of RM12.9 million and RM2.9 million respectively. The acquisitions of SCC Corporation and Anitox Malaysia were completed on 24 June 2010 and the considerations were settled via the issuance of 25.8 million and 5.8 million new SCC Holdings' ordinary shares of RM0.50 each respectively.

(g) COMPARATIVE FIGURES

- (i) The comparative figures have been audited by a firm of chartered accountants other than Messrs. Baker Tilly Monteiro Heng.
- (ii) These financial statements are the first set of financial statements prepared by SCC Holdings in accordance with FRSs in Malaysia. The directors have voluntarily disclosed three years' comparative figures which have been prepared in accordance with the FRSs as disclosed in Note 6.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements**

7.2.1 The audited income statements of SCC Corporation for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 are as follows:-

	Note	FYE 31 December		
		2007 RM'000	2008 RM'000	2009 RM'000
Revenue	7.2.5(b)	22,685	27,291	26,139
Cost of Sales		(13,229)	(16,281)	(13,015)
Gross Profit ("GP")		9,456	11,010	13,124
Distribution costs		(2,136)	(2,440)	(2,252)
Administrative expenses		(4,275)	(5,280)	(5,459)
Other income		575	660	643
Other expenses		(414)	(600)	(619)
Finance costs	7.2.5(c)	(167)	(169)	(63)
Profit before taxation ("PBT")	7.2.5(d)	3,039	3,181	5,374
Taxation	7.2.5(f)	(858)	(930)	(1,428)
Net profit for the financial year		2,181	2,251	3,946
GP margin (%)		41.68%	40.34%	50.21%
PBT margin (%)		13.40%	11.66%	20.56%
Effective tax rate (%)		27.48%	27.70%	27.07%
Gross earnings per share ("EPS") (RM)		1.04	1.09	1.84
Net EPS (RM)		0.75	0.77	1.35

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)

Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.2 SCC Corporation's Audited Financial Statements (Continued)

7.2.2 The audited balance sheets of SCC Corporation as at 31 December 2007, 31 December 2008 and 31 December 2009 are as follows:-

		As at 31 December		
	Note	2007 RM'000	2008 RM'000	2009 RM'000
NON-CURRENT ASSET				
Property, plant and equipment	7.2.5(g)	2,727	2,622	2,625
Current Assets				
Inventories	7.2.5(h)	1,183	1,654	1,391
Trade receivables	7.2.5(i)	7,068	6,968	4,969
Other receivables	7.2.5(j)	429	805	1,262
Fixed deposits with banks	7.2.5(k)	1,925	3,289	5,306
Cash and bank balances	7.2.5(l)	380	700	2,817
TOTAL CURRENT ASSETS		10,985	13,416	15,745
TOTAL ASSETS		13,712	16,038	18,370
EQUITY AND LIABILITIES				
Equity attributable to equity holders of SCC Corporation				
Share capital	7.2.5(m)	2,921	2,921	2,921
Retained earnings	7.2.5(n)	4,493	6,420	9,928
		7,414	9,341	12,849
NON-CURRENT LIABILITIES				
Hire purchase payables	7.2.5(o)	174	75	33
Deferred taxation	7.2.5(p)	118	130	103
TOTAL NON-CURRENT LIABILITIES		292	205	136
CURRENT LIABILITIES				
Trade payables	7.2.5(q)	525	453	285
Other payables and accruals	7.2.5(r)	1,745	2,850	2,562
Short term borrowings	7.2.5(s)	2,932	2,644	1,564
Hire purchase payables	7.2.5(o)	122	99	175
Amount owing to directors	7.2.5(t)	195	288	-
Tax payable		487	158	799
TOTAL CURRENT LIABILITIES		6,006	6,492	5,385
TOTAL LIABILITIES		6,298	6,697	5,521
TOTAL EQUITY AND LIABILITIES		13,712	16,038	18,370

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements (Continued)**

7.2.3 The audited statements of changes in equity of SCC Corporation for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 are as follows:-

			Non- Distributable	Distributable	
	Note	Share Capital RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2007					
As previously reported		2,921	729	1,796	5,446
Prior year adjustments	7.2.5(u)	-	(729)	729	-
As restated		2,921	-	2,525	5,446
Net profit for the financial year		-	-	2,181	2,181
Dividends paid	7.2.5(v)	-	-	(213)	(213)
At 31 December 2007		2,921	-	4,493	7,414
Net profit for the financial year		-	-	2,251	2,251
Dividends paid	7.2.5(v)	-	-	(324)	(324)
At 31 December 2008		2,921	-	6,420	9,341
Net profit for the financial year		-	-	3,946	3,946
Dividends paid	7.2.5(v)	-	-	(438)	(438)
At 31 December 2009		2,921	-	9,928	12,849

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.2 SCC Corporation's Audited Financial Statements (Continued)

7.2.4 The audited cash flow statements of SCC Corporation for the financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 are as follows:-

	2007 RM'000	2008 RM'000	2009 RM'000
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Profit before taxation	3,039	3,181	5,374
Adjustments for:			
Bad debts recovered	(60)	(5)	(33)
Bad debts written off	15	68	86
Depreciation	287	305	326
Gain on disposal of property, plant and equipment	(9)	(14)	-
Property, plant and equipment written off	-	-	4
Interest income	(30)	(111)	(97)
Interest expenses	148	150	43
Inventories written back	(764)	-	(660)
Inventories written off	-	564	-
Operating profit before working capital changes	2,626	4,138	5,043
(Increase)/Decrease in inventories (Note 1)	(59)	(1,034)	922
(Increase)/Decrease in receivables (Note 2)	(2,653)	(340)	1,488
Increase/(Decrease) in payables and accruals	725	1,033	(455)
Net cash generated from operations	639	3,797	6,998
Taxation paid	(659)	(1,247)	(813)
Interest income	30	111	97
Interest expenses	(145)	(141)	(33)
Net Cash (used in)/from Operating Activities	(135)	2,520	6,249
CASH FLOWS FROM			
INVESTING ACTIVITIES			
Purchase of property, plant and equipment *	(358)	(200)	(133)
Proceeds from disposal of property, plant and equipment	9	14	-
Net Cash Used in Investing Activities	(349)	(186)	(133)



13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.2 SCC Corporation's Audited Financial Statements (Continued)

	2007 RM'000	2008 RM'000	2009 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(3)	(9)	(10)
Net change in onshore foreign loans currency	216	(1,180)	-
Net change in amount owing to a director	75	94	(288)
Fixed deposits held as security values	(31)	(32)	(31)
Payments to hire purchase creditors	(42)	(122)	(166)
Dividends paid	(213)	(324)	(438)
Net cash from/(used in) financing activities	2	(1,573)	(933)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(482)	761	5,183
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	181	(301)	460
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	(301)	460	5,643
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	380	700	2,817
Fixed deposits placed with licensed banks	1,925	3,289	5,306
Bank overdrafts	(8)	(6)	-
Bankers' acceptance	(1,744)	(2,638)	(1,564)
	553	1,345	6,559
Less: Fixed deposits pledged with licensed banks	(854)	(885)	(916)
	(301)	460	5,643

* During the 2009 financial year, SCC Corporation acquired property, plant and equipment amounting to RM333,211 (2008: RM200,118 and 2007: RM697,759) of which RM279,393 (2008: RM Nil and 2007: RM375,607) were acquired under hire purchase instalment plans. Cash payments amounting to RM133,211 (2008: RM Nil and 2007: RM36,607) were made towards the hire purchase.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report
7. AUDITED FINANCIAL STATEMENTS (Continued)**7.2 SCC Corporation's Audited Financial Statements (Continued)**

Additional information presented by the directors of SCC Corporation:-

Note 1: The significant increase in inventories for SCC Corporation as at 31 December 2008 was mainly due to bulk purchase at year end in order to obtain incentives from its suppliers as well as to mitigate any shortage of supplies during the long festive seasons. In addition, SCC Corporation also purchased the supplies in bulk in food service equipment division, i.e. popcorn seeds in anticipation of an increase in the price of popcorn seeds.

Note 2: The significant increase in receivables for SCC Corporation as at 31 December 2007 was mainly due to an increase in revenue during the last quarter of 2007 arising from the SCC Corporation's participation in the Food Hotel Malaysia and Livestock Asia exhibitions held in the months of August 2007 and October 2007 respectively.

7.2.5 Notes to the SCC Corporation's Audited Financial Statements**(a) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated by the director of SCC Corporation and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(1) Critical judgements in applying accounting policies

In the process of applying SCC Corporation's accounting policies, the directors of SCC Corporation are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(2) Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as *SCC Holdings Sdn. Bhd.*)
 Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.2 SCC Corporation's Audited Financial Statements (Continued)

7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)

(a) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(2) Key sources of estimation uncertainty (Continued)

(i) Depreciation of property, plant and equipment

Management estimates the useful lives of SCC Corporation's property, plant and equipment to be within 5 to 50 years. SCC Corporation estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Impairment of non-current assets

SCC Corporation reviews the carrying amount of its non-current assets, which include property, plant and equipment, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

As at the end of the financial years under review, the directors are of the view that there is no indication of impairment to these assets and therefore no independent professional valuation was procured by SCC Corporation during the financial year to determine the carrying amount of these assets. The carrying amounts of property, plant and equipment are disclosed in Section 7.2.5(g).

(iii) Allowance for writedown in inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the carrying value of inventories.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as *SCC Holdings Sdn. Bhd.*)
 Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.2 SCC Corporation's Audited Financial Statements (Continued)

7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)

(a) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(2) Key sources of estimation uncertainty (Continued)

(iv) Allowance for doubtful debts

SCC Corporation makes allowances for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable according to the original terms of receivables. Significant judgement is required in the assessment of the recoverability of receivables where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(b) REVENUE

Revenue represents income from sale of goods and provision for maintenance services net of discounts.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.2 SCC Corporation's Audited Financial Statements (Continued)

7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)

(c) FINANCE COSTS

	2007 RM'000	2008 RM'000	2009 RM'000
Bank charges	18	18	20
Bankers' acceptance charges	71	112	33
Onshore foreign currency loan interests	74	27	-
Bank overdraft interests	^	3	-
Hire purchase interests	3	9	10
	<u>167</u>	<u>169</u>	<u>63</u>

Note:

^ RM207

(d) PROFIT BEFORE TAXATION

Profit before tax is arrived at after charging/(crediting) the following:

	2007 RM'000	2008 RM'000	2009 RM'000
After charging:-			
Audit fee	6	6	20
Bad debt written off	15	68	85
Depreciation	287	306	326
Directors' remunerations			
- fees	6	6	6
- salaries and allowances	252	252	252
- other emoluments	678	893	795
Inventories written off	-	564	-
Staff costs (Section 7.2.5(e))	3,589	4,325	4,611
Property, plant and equipment written off	-	-	5
Realised loss on foreign exchange	-	-	12
Rental of premises	209	221	247
	<u>209</u>	<u>221</u>	<u>247</u>

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.2 SCC Corporation's Audited Financial Statements (Continued)

7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)

(d) PROFIT BEFORE TAXATION (Continued)

	2007 RM'000	2008 RM'000	2009 RM'000
And crediting:-			
Rental income	109	124	113
Gain on disposal of property, plant and equipment	9	14	-
Management fees received	113	349	398
Fixed deposit interests	28	111	96
Interest income	2	1	*
Inventories written back	764	-	660
Realised gain on foreign exchange	136	52	-
Bad debts recovered	60	4	33

Note:

* RM139

(e) STAFF COSTS

	2007 RM'000	2008 RM'000	2009 RM'000
Salaries, wages, allowances, incentives, overtime and commissions	2,971	3,644	3,888
Defined contribution	444	543	565
Other staff related expenses	174	138	158
	<u>3,589</u>	<u>4,325</u>	<u>4,611</u>
Included in staff costs were remunerations for key management personnel other than directors			
- salaries, wages, allowances, incentives, overtime and commissions	283	476	528
- defined contribution plan	58	75	83
- other staff related expenses	2	3	3
	<u>343</u>	<u>554</u>	<u>614</u>

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements (Continued)****7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)****(f) TAXATION**

	2007	2008	2009
	RM'000	RM'000	RM'000
Income tax			
- current financial year	804	865	1,454
- prior financial years	23	53	-
Deferred tax (Section 7.2.5(p))			
- current financial year	31	16	1
- prior financial years	-	(4)	(27)
	858	930	1,428

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company are as follows:

	2007	2008	2009
	RM'000	RM'000	RM'000
Profit before taxation	3,039	3,181	5,374
Taxation at applicable statutory tax rate of 25% (2008: 26% and 2007: 27%)	821	827	1,343
Income not subject to tax	(1)	-	-
Expenses not deductible for tax reporting purpose	52	59	115
Expenses double deducted for tax reporting purpose	(34)	(5)	(3)
(Over)/underaccrual of tax in prior years	23	53	(23)
Effects on opening deferred tax resulting from reduction in tax rate	(3)	(4)	(4)
Tax expense for the financial year	858	930	1,428

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.2 SCC Corporation's Audited Financial Statements (Continued)

7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)

(g) PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM'000	Freehold Building RM'000	Factory Building under Construction		Motor Vehicles RM'000	Computers and Printers RM'000	Office Equipment RM'000	Renovation RM'000	Furniture and Fittings RM'000	Machinery RM'000	Total RM'000
			RM'000	RM'000							
Cost											
At 1 January 2007	331	497	913	717	510	345	-	95	69	3,477	
Additions	-	-	47	418	163	23	23	7	16	697	
Disposals	-	-	-	(184)	-	-	-	-	-	(184)	
Reclassification	384	576	(960)	-	-	-	-	-	-	-	
At 31 December 2007	715	1,073	-	951	673	368	23	102	85	3,990	
Additions	-	-	-	117	35	28	-	20	-	200	
Disposals	-	-	-	(42)	-	-	-	-	-	(42)	
At 31 December 2008	715	1,073	-	1,026	708	396	23	122	85	4,148	
Additions	-	-	-	279	19	23	-	9	3	333	
Write-off	-	-	-	-	(5)	(243)	-	(36)	(5)	(289)	
At 31 December 2009	715	1,073	-	1,305	722	176	23	95	83	4,192	



13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.2 SCC Corporation's Audited Financial Statements (Continued)

7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)

(g) PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold Land RM'000	Freehold Building RM'000	Factory Building under Construction RM'000	Motor Vehicles RM'000	Computers and Printers RM'000	Office Equipment RM'000	Furniture and Fittings RM'000	Machinery RM'000	Total RM'000
Accumulated Depreciation									
At 1 January 2007	-	52	-	561	160	276	62	49	1,160
Depreciation for the financial year	-	36	-	149	67	21	4	8	287
Disposals	-	-	-	(184)	-	-	-	-	(184)
At 31 December 2007	-	88	-	526	227	297	66	57	1,263
Depreciation for the financial year	-	35	-	167	71	22	4	4	305
Disposals	-	-	-	(42)	-	-	-	-	(42)
At December 2008	-	123	-	651	298	319	70	61	1,526
Depreciation for the financial year	-	36	-	188	72	19	5	4	326
Write-off	-	-	-	-	(1)	(243)	(35)	(6)	(285)
At December 2009	-	159	-	839	369	95	40	59	1,567
Net Book Value									
At 31 December 2007	715	985	-	425	446	71	36	28	2,727
At 31 December 2008	715	950	-	375	410	77	52	24	2,622
At 31 December 2009	715	914	-	466	353	81	55	24	2,625



13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)****Accountants' Report****7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements (Continued)****7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)****(g) PROPERTY, PLANT AND EQUIPMENT (Continued)**

Certain motor vehicles with total net book values of RM300,486 (2008: RM225,364 and 2007: RM373,757) were acquired under hire purchase arrangements.

Freehold land and buildings with total net book values of RM1,629,158 (2008: RM1,664,931 and 2007: RM1,700,705) have been pledged to a licensed bank to secure the credit facilities granted to SCC Corporation.

(h) INVENTORIES

	2007	2008	2009
	RM'000	RM'000	RM'000
At costs:			
Trading inventories	1,183	1,654	1,391

(i) TRADE RECEIVABLES

Trade receivables are non-interest bearing and SCC Corporation's normal trade credit terms ranges from 30 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

	2007	2008	2009
	RM'000	RM'000	RM'000
Trade receivables	7,148	7,112	5,166
Less: Allowance for doubtful debts	(80)	(144)	(197)
	<u>7,068</u>	<u>6,968</u>	<u>4,969</u>

The currency exposure profile of trade receivables are as follows:-

	2007	2008	2009
	RM'000	RM'000	RM'000
United States Dollars	-	302	77
Singapore Dollar	4	-	7
Bruneian Dollar (Brunei)	74	-	23
Ringgit Malaysia	6,990	6,667	4,862
	<u>7,068</u>	<u>6,969</u>	<u>4,969</u>

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements (Continued)****7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)****(j) OTHER RECEIVABLES AND DEPOSITS**

	2007	2008	2009
	RM'000	RM'000	RM'000
Other receivables	373	755	1,200
Deposits	56	50	62
	<u>429</u>	<u>805</u>	<u>1,262</u>

Included in other receivables are the following:-

- (a) Amounts totalling RM584,213 (2008: RM371,622 and 2007: RM18,415) owing by companies in which certain directors of SCC Corporation has interests. The said amounts outstanding are non-trade in nature, unsecured and repayable on demand; and
- (b) Amounts totalling RM605,947 (2008: RM367,193 and 2007: RM326,189) representing advance payments made to the suppliers.

The currency exposure profiles of other receivables are as follows:-

	2007	2008	2009
	RM'000	RM'000	RM'000
United States Dollars	323	291	606
New Zealand Dollars	-	8	-
Euro Dollar	-	68	-
Ringgit Malaysia	50	388	594
	<u>373</u>	<u>755</u>	<u>1,200</u>

Included in deposits is an amount of RM5,000 (2008 and 2007: RM Nil) representing deposits paid towards the purchase of a motor vehicle for a consideration of RM156,760 (2008 and 2007: RM Nil). The balance of the purchase consideration was disclosed as a capital commitment in Section 7.2.5(v).

(k) FIXED DEPOSITS PLACED WITH LICENSED BANKS

Fixed deposits with licensed banks have varying maturity dates of between one (1) to twelve (12) months, which bear effective interest rates ranging from 1.5% and 2.5% per annum for the financial years under review.

Included in fixed deposits placed with licensed banks are amounts of RM916,668 (2008: RM885,670 and 2007: RM854,066) pledged to licensed banks to secure the credit facilities granted to SCC Corporation as disclosed in Section 7.2.5(s).

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as *SCC Holdings Sdn. Bhd.*)
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements (Continued)****7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)****(l) CASH AND BANK BALANCES**

The currency exposure profile of cash and bank balances are as follows:-

	2007 RM'000	2008 RM'000	2009 RM'000
US Dollars	36	146	107
Ringgit Malaysia	344	554	2,710
	<u>380</u>	<u>700</u>	<u>2,817</u>

(m) SHARE CAPITAL

	2007 RM'000	2008 RM'000	2009 RM'000
Ordinary shares of RM1 each:-			
Authorised			
At 1 January / 31 December	<u>500</u>	<u>500</u>	<u>500</u>
Issued and fully paid			
At 1 January / 31 December	<u>2,921</u>	<u>2,921</u>	<u>2,921</u>

(n) RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to frank dividends to their shareholders under limited circumstances.

SCC Corporation had opted to disregard the tax credits under the Section 108 of the Income Tax Act, 1967 ("Section 108 Balance") and opted to pay dividends under the single tier system.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements (Continued)****7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)****(o) HIRE PURCHASE PAYABLES**

	2007	2008	2009
	RM'000	RM'000	RM'000
Minimum hire purchase payments			
Within twelve months (included under current liabilities)	131	106	185
After the next twelve months (included under long term liabilities)			
- later than one year but not later than five years	186	80	35
	<u>317</u>	<u>186</u>	<u>220</u>
Less: Future interest charges	21	12	12
Present value of hire purchase liabilities	<u>296</u>	<u>174</u>	<u>208</u>
Represented by:			
Current	122	99	175
Non-current	174	75	33
	<u>296</u>	<u>174</u>	<u>208</u>

Hire purchase payables bear interest at rates between 2.28% to 4.18% per annum.

(p) DEFERRED TAXATION

	2007	2008	2009
	RM'000	RM'000	RM'000
At 1 January	87	118	130
Adjustment to opening balance due to change in tax rate	-	(4)	(4)
Overprovision in prior year	-	-	(24)
Transfer to income statement (Section 7.2.5(f))	31	16	1
At 31 December	<u>118</u>	<u>130</u>	<u>103</u>

Deferred taxation comprises mainly the temporary differences between the net book values and the corresponding tax written down value of property, plant and equipment.

(q) TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to SCC Corporation ranges from 30 to 90 days.



13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements (Continued)****7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)****(q) TRADE PAYABLES (Continued)**

The currency exposure profile of trade payables balances are as follows:-

	2007 RM'000	2008 RM'000	2009 RM'000
United State Dollars	82	221	87
Ringgit Malaysia	443	232	198
	<u>525</u>	<u>453</u>	<u>285</u>

Included in trade payables is an amount of RM1,528 (2008: RM80,859 and 2007: RM Nil) owing to a company in which certain directors of SCC Corporation have interests.

(r) OTHER PAYABLES AND ACCRUALS

	2007 RM'000	2008 RM'000	2009 RM'000
Other payables	373	965	599
Accruals	1,372	1,885	1,963
	<u>1,745</u>	<u>2,850</u>	<u>2,562</u>

The currency exposure profiles of other payables are as follows:-

	2007 RM'000	2008 RM'000	2009 RM'000
United State Dollars	-	-	128
Ringgit Malaysia	1,745	2,850	2,434
	<u>1,745</u>	<u>2,850</u>	<u>2,562</u>

(s) SHORT TERM BORROWINGS

	2007 RM'000	2008 RM'000	2009 RM'000
Bank overdrafts			
- secured	7	-	-
- unsecured	1	6	-
Bankers' acceptance (Note 1)	1,744	2,638	1,564
Onshore foreign currency loans	1,180	-	-
	<u>2,932</u>	<u>2,644</u>	<u>1,564</u>

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements (Continued)****7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)****(s) SHORT TERM BORROWINGS (Continued)**

Secured bank overdrafts for the 2007 financial year were secured over certain freehold land and buildings and certain fixed deposits of SCC Corporation and bore interest at the rate of 1 % per annum above the bank's base lending rate.

Bankers' acceptances are secured over the freehold land and buildings of SCC Corporation and bears interest at rates ranging from 4.58% to 5.14% per annum.

Onshore foreign currency loan for the 2007 financial year was secured by the freehold land and building of SCC Corporation and bore interest at the rate of 7.7% per annum.

Additional information presented by the directors of SCC Corporation:-

Note 1: The increase in bankers' acceptances for SCC Corporation in 2008 was mainly due to the higher utilisation of bankers' acceptance facilities in order to substitute its onshore foreign currency loans which bore higher interest rate of 7.7% p.a. as compared with charges for bankers' acceptance which ranged from 4.6% to 5.1% p.a.

(t) AMOUNT DUE TO A DIRECTOR

Amount due to a director for the 2007 and 2008 financial years comprised of payments made on behalf by a director which were unsecured, interest free and has no fixed terms of repayment.

(u) DIVIDENDS PAID

	2007 RM'000	2008 RM'000	2009 RM'000
First and final dividend of 15% (2008: 15% and 2007: 10%) less income tax paid	213	324	438

(v) CAPITAL COMMITMENTS

	2007 RM'000	2008 RM'000	2009 RM'000
Capital expenditure approved and contracted for but not provided for in the financial statements (Section 7.2.5(j))	-	-	152

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements (Continued)****7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)****(w) SIGNIFICANT RELATED PARTY TRANSACTIONS**

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with SCC Corporation or that has an interest in SCC Corporation that gives it significant influence over SCC Corporation's financial operating policies.

It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in SCC Corporation resides with, directly or indirectly.

The nature of the relationship with the related parties is as follows:

Related Parties	Nature of Relationship
Anitox (M) Sdn. Bhd.	It is a company in which certain directors of the Company, namely Chee Long Sing @ Cher Hwee Seng, Cher Sew Seng and Goh Keng Chin @ Goh Ah Heng have interests.
Chee Long Sing @ Cher Hwee Seng	He is a director of SCC Holdings, SCC Corporation and Anitox Malaysia
SCC Biotech Sdn. Bhd.	It is a company in which the directors of SCC Corporation have interests.
SCC Food Manufacturing Sdn Bhd (formerly known as Double Vitality Sdn Bhd)	It is a company in which certain directors of SCC Corporation, namely Cher Sew Seng and Goh Keng Chin @ Goh Ah Heng have interests.
SCC Holdings Berhad (formerly known as SCC Holdings Sdn Bhd)	It is a company in which the directors of SCC Corporation have interests.
Kumsan Enterprises (M) Sdn Bhd	It is a company in which a director of the Company, namely Chee Long Sing @ Cher Hwee Seng has interest.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements (Continued)****7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)****(w) SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)**

Significant transactions between SCC Corporation and its related parties during the financial years under review were as follows:-

	2007	2008	2009
	RM'000	RM'000	RM'000
Anitox Malaysia			
- purchases	850	695	391
- sales	-	19	196
- rental expenses paid/payable	36	36	90
- management fee received/receivable	113	350	398
Chee Long Sing @ Cher Hwee Seng			
- rental expenses paid/payable	36	36	36
Kumsan Enterprises (M) Sdn Bhd			
- purchases	-	-	8

The director of SCC Corporation is of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(x) FINANCIAL INSTRUMENTS**(i) Financial Risk Management and Objectives**

SCC Corporation does not have written risk management and guidelines. However, the management meets periodically to analyse and formulate measures to manage SCC Corporation's exposure to market risks, including principally changes in interest rates and currency exchange rates. Generally, SCC Corporation employs a conservative strategy regarding risk management. As SCC Corporation's exposure to market risk is kept at a minimum level, SCC Corporation has not used any derivatives financial instruments for trading purposes.

(a) Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to SCC Corporation. For trade receivables, SCC Corporation adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, SCC Corporation adopts the policy of dealing only with low risk credit quality counterparties. As SCC Corporation does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the balance sheets.

SCC Corporation has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

13. ACCOUNTANTS' REPORT *(Cont'd)***SCC HOLDINGS BERHAD** *(formerly known as SCC Holdings Sdn. Bhd.)*
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements (Continued)****7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)****(x) FINANCIAL INSTRUMENTS (Continued)****(i) Financial Risk Management and Objectives (Continued)****(b) Liquidity and Cash Flow Risk**

Liquidity risk is the risk that SCC Corporation will encounter difficulty in meeting financial obligations due to shortage of funds. SCC Corporation maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities.

SCC Corporation adopts prudent liquidity risk management by maintaining sufficient cash, and available funding through an adequate amount of committed credit facilities. Due to dynamic nature of the underlying businesses, SCC Corporation aims at maintaining flexibility in funding by keeping committed credit lines available.

(c) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of SCC Corporation's financial instruments will fluctuate because of changes in market interest rates. SCC Corporation's exposure to interest rate risk arises primarily from their loans and borrowings and cash deposits placed with the financial institutes.

SCC Corporation's policy is to manage interest cost using mix of fixed and floating rate debts, which depends on the interest rates market and economic conditions. For interest income from cash deposits, SCC Corporation managed the interest rate risks by placing cash deposits with reputable financial institutions on varying maturities and interest rate terms.

(d) Foreign currency risk

SCC Corporation is exposed to transactional currency risk primarily through sales and purchases that are denominated in United States Dollars, Brunei Dollars, Singapore Dollars Euro Dollars and New Zealand Dollars, i.e. other than the functional currency of the operations to which they relate. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

(ii) Fair Values**(a) Recognised Financial Instruments**

The fair values of financial assets and financial liabilities of SCC Corporation approximate their carrying values on the balance sheet of SCC Corporation.

(b) Unrecognised Financial Instruments

There were no unrecognised financial instruments as at 31 December 2009 that are required to be disclosed.



13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.2 SCC Corporation's Audited Financial Statements (Continued)****7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)****(y) COMPARATIVE FIGURES**

- (i) The comparative figures have been audited by a firm of chartered accountants other than Messrs. Baker Tilly Monteiro Heng.
- (ii) These financial statements are the first set of financial statements prepared by the Company in accordance with FRSs in Malaysia. The directors have voluntarily disclosed two years' comparative figures which have been prepared in accordance with the FRSs as disclosed in Note 6.
- (iii) **Reclassifications**

The comparative figures for the advance payments paid to suppliers and non-trade balances in trade receivables have been reclassified to conform with the current financial year's presentation as summarised below:-

	2007		2008	
	As Originally Reported RM	As Reclassified RM	As Originally Reported RM	As Reclassified RM
Balance Sheet				
Trade receivables	N/A	N/A	7,356	6,968
Other receivables and deposits	56	429	50	805
Trade payables	N/A	N/A	86	453
Cash Flow Statement				
Decrease/(Increase) in receivables	N/A	N/A	91	(268)
Increase in payables and accruals	N/A	N/A	380	739

N/A: Not applicable.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report
7. AUDITED FINANCIAL STATEMENTS (Continued)**7.2 SCC Corporation's Audited Financial Statements (Continued)****7.2.5 Notes to the SCC Corporation's Audited Financial Statements (Continued)****(y) COMPARATIVE FIGURES (Continued)****(iv) Prior Year Adjustments**

The prior year adjustments were in relation to the following fundamental errors made in the prior years and the effects of the said adjustments are as detailed below:-

	Capital Reserve RM'000	Retained Earnings RM'000
2007		
As previously Reported	729	1,796
Adjustments for:-		
- realisation of the revaluation surplus arising from the disposal of a long leasehold land and building not recognised in the FYE 31 March 2006	(426)	426
- provision for diminution in value of investment in unquoted shares incorrectly recognised in the capital reserve account	149	(149)
- gain on disposal of a long leasehold land and building incorrectly recognised in the capital reserve account	(452)	452
As restated	<u>-</u>	<u>2,525</u>

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.3 Anitox Malaysia's Audited Financial Statements**

7.3.1 The audited income statements of Anitox Malaysia for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 are as follows:-

	Note	FYE 31 December		
		2007 RM'000	2008 RM'000	2009 RM'000
Revenue	7.2.5(b)	6,571	7,649	8,488
Cost of Sales		(3,723)	(4,425)	(5,147)
Gross Profit ("GP")		2,848	3,224	3,341
Selling and distribution cost		(204)	(171)	(205)
Administrative expenses		(1,709)	(2,170)	(1,911)
Other income		114	169	231
Other expenses		(183)	(184)	(167)
Finance cost	7.2.5(c)	(64)	(68)	(28)
PBT	7.2.5(d)	802	800	1,261
Taxation	7.2.5(f)	(206)	(211)	(303)
PAT		596	589	958
GP margin (%) (Note 1)		43.34%	42.15%	39.36%
PBT margin (%) (Note 2)		12.21%	10.46%	14.86%
Effective tax rate (%)		25.56%	25.00%	24.03%
Gross EPS (RM)		1.00	1.00	1.58
Net EPS (RM)		0.75	0.74	1.20

Additional information presented by the directors of Anitox Malaysia:-

Note 1: The GP margin declined slightly from 43.34% to 42.15% for the FYE 31 December 2008 was mainly due to an increase in the cost of purchase of its products and incidental costs, as a result of an increase in crude oil prices, as well as a weakening of the Ringgit Malaysia against United States Dollar in the second half of 2008 which led to higher cost of purchase of its products.

The GP Margin decreased from 42.15% to 39.36% for the FYE 31 December 2009 was mainly due to an increase in the cost of purchase of its products, arising from an increase in selling prices by its supplier.



13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.3 Anitox Malaysia's Audited Financial Statements (Continued)****7.3.1 (Continued)**

Note 2: The decrease in PBT margin from 12.2% to 10.5% for the FYE 31 December 2008 was mainly due to an increase in directors' incentive.

The increase in PBT margin from 10.5% to 14.9% for the FYE 31 December 2009 was mainly due to a decrease in directors' incentives.

7.3.2 The audited balance sheets of Anitox Malaysia as at 31 December 2007, 31 December 2008 and 31 December 2009 are as follows:-

	Note	2007 RM'000	2008 RM'000	2009 RM'000
Non-Current Assets				
Property, plant and equipment	7.3.5(g)	1,610	1,655	1,936
Investment in marketable securities	7.3.5(h)	23	37	24
Total Non-Current Assets		1,633	1,692	1,960
Current Assets				
Inventories	7.3.5(i)	334	939	761
Trade receivables	7.3.5(j)	1,394	1,980	2,499
Other receivables and deposits	7.3.5(k)	14	9	93
Fixed deposits placed with a licensed bank		1,256	1,595	111
Cash and bank balances		477	764	658
Total Current Assets		3,475	5,287	4,122
TOTAL ASSETS		5,108	6,979	6,082
EQUITY AND LIABILITIES				
Equity attributable to equity holder of Anitox Malaysia				
Share capital	7.3.5(l)	800	800	800
Retained earnings	7.3.5(m)	786	1,286	2,124
Total Equity		1,586	2,086	2,924

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.3 Anitox Malaysia's Audited Financial Statements (Continued)

	Note	2007 RM	2008 RM	2009 RM
Non current liabilities				
Hire purchase payables	7.3.5(n)	91	26	-
Deferred taxation	7.3.5(o)	6	7	7
		97	33	7
Current liabilities				
Trade payables	7.3.5(p)	294	192	-
Other payables, deposits and accruals	7.3.5(q)	1,453	1,999	1,665
Amount owing to a director	7.3.5(r)	699	919	-
Short term borrowings	7.3.5(s)	688	1,585	1,286
Hire purchase payables	7.3.5(n)	121	117	26
Tax payable		170	48	174
Total current liabilities		3,425	4,860	3,151
Total liabilities		3,522	4,893	3,158
TOTAL EQUITY AND LIABILITIES		5,108	6,979	6,082

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.3 Anitox Malaysia's Audited Financial Statements (Continued)**

7.3.3 The audited statements of changes in equity of Anitox Malaysia for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 are as follows:-

		<u>Distributable</u>		
	Note	Share Capital RM	Retained Earnings RM	Total Equity RM
Balance at 1 January 2007		800	248	1,048
Net profit for the financial year		-	596	596
Dividend paid	7.3.5(t)	-	(58)	(58)
Balance at 31 December 2007		800	786	1,586
Net profit for the financial year		-	589	589
Dividend paid	7.3.5(t)	-	(89)	(89)
Balance at 31 December 2008		800	1,286	2,086
Net profit for the financial year		-	958	958
Dividend paid	7.3.5(t)	-	(120)	(120)
Balance at 31 December 2009		800	2,124	2,924

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.3 Anitox Malaysia's Audited Financial Statements (Continued)**

7.3.4 The audited statements of cash flows of Anitox Malaysia for the three (3) financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 are as follows:-

	2007 RM'000	2008 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	802	800	1,261
Adjustments for:			
Depreciation	111	128	150
Interest expenses	58	62	22
Gain on disposal of property, plant and equipment	(2)	(18)	-
Gain on disposal of marketable securities	-	-	(1)
Gross dividend income	(1)	(1)	(1)
Interest income	(10)	(43)	(20)
Operating profit before working capital changes	958	928	1,411
Changes in Working Capital			
Decrease/(Increase) in inventories (Note 1)	(101)	(605)	178
Increase in receivables (Note 2)	(13)	(580)	(603)
Increase/(Decrease) in payables and accruals	573	444	(525)
Net cash generated from operations	1,417	187	461
Interests paid	(32)	(51)	(17)
Interest received	10	43	20
Tax paid	(33)	(333)	(177)
Net Operating Cash Flows	1,362	(154)	287
CASH FLOWS FROM INVESTING ACTIVITIES			
Gross dividend received	1	1	1
Proceeds from sales of plant and equipment	2	40	-
Proceeds from disposal of marketable securities	-	-	14
Investment in marketable securities	-	(14)	-
Purchase of property, plant and equipment	(71)	(142)	(433)
Net Investing Cash Flows	(68)	(115)	(418)

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.3 Anitox Malaysia's Audited Financial Statements (Continued)

	2007 RM'000	2008 RM'000	2009 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in amount owing to a director	626	220	(918)
Interests paid	(26)	(11)	(6)
Net change in onshore foreign currency loan	(491)	(100)	-
Payment to hire purchase payables	(30)	(121)	(117)
Dividends paid	(58)	(89)	(120)
Net Financing Cash Flows	21	(101)	(1,161)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,315	(370)	(1,292)
CASH AND CASH EQUIVALENTS AT THE BEGINNING FINANCIAL YEAR	(170)	1,145	775
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	1,145	775	(517)
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	477	764	658
Deposits placed with licensed banks	1,256	1,596	111
Bankers' acceptance	(588)	(1,585)	(1,286)
	1,145	775	(517)

Additional information presented by the directors of Anitox Malaysia:-

Note 1: The significant increase in inventories for Anitox Malaysia in 2008 was mainly due to bulk purchases at year end to obtain incentives from its supplier as well as an increase in inventory level arising from an anticipated increase in sales in 2009.

Note 2: The significant increase in receivables in Anitox Malaysia in 2008 and 2009 were mainly due to bulk purchases at year end by its customers in order to enjoy Anitox Malaysia's incentive promotion. In addition, Anitox Malaysia also experienced an increase in receivables due to sales in the last quarter of 2009 arising from Anitox Malaysia's participation in the Livestock Asia exhibition in October 2009.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report
7. AUDITED FINANCIAL STATEMENTS (Continued)**7.3 Anitox Malaysia's Audited Financial Statements (Continued)****7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements****(a) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated by the director of Anitox Malaysia and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(1) Critical judgements in applying accounting policies

In the process of applying Anitox Malaysia's accounting policies, the directors of Anitox Malaysia are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(2) Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) Depreciation of property, plant and equipment

Management estimates the useful lives of Anitox Malaysia's property, plant and equipment to be within 5 to 50 years. Anitox Malaysia estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report
7. AUDITED FINANCIAL STATEMENTS (Continued)**7.3 Anitox Malaysia's Audited Financial Statements (Continued)****7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)****(a) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)****(2) Key sources of estimation uncertainty (Continued)****(ii) Impairment of non-current assets**

Anitox Malaysia reviews the carrying amount of its non-current assets, which include property, plant and equipment, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

As at the end of the financial years under review, the directors of Anitox Malaysia are of the view that there is no indication of impairment to these assets and therefore no independent professional valuation was procured by Anitox Malaysia during the financial year to determine the carrying amount of these assets. The carrying amounts of property, plant and equipment and investments are disclosed in Sections 7.3.5(g) and (h) respectively.

(iii) Allowance for writedown in inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the carrying value of inventories.

(iv) Allowance for doubtful debts

Anitox Malaysia makes allowances for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable according to the original terms of receivables. Significant judgement is required in the assessment of the recoverability of receivables where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.



13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report
7. AUDITED FINANCIAL STATEMENTS (Continued)**7.3 Anitox Malaysia's Audited Financial Statements (Continued)****7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)****(b) REVENUE**

Revenue represents sale of goods net of discounts.

(c) FINANCE COSTS

	2007 RM'000	2008 RM'000	2009 RM'000
Bank charges	6	6	5
Bankers' acceptance	27	50	16
Bank overdraft interests	5	1	1
Hire purchase interests	1	6	6
Onshore foreign currency loan interests	25	5	-
	<u>64</u>	<u>68</u>	<u>28</u>

(d) PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging and crediting:-

	2007 RM'000	2008 RM'000	2009 RM'000
After charging:			
Audit fee	3	3	8
Depreciation	111	128	150
Directors' emoluments			
- fees	300	300	300
- salaries and bonuses	1,040	1,202	948
Management fee	113	350	398
Rental of premises	-	2	27
Staff costs (Section 7.3.5(e))	238	297	230
And crediting:			
Rental income	101	108	162
Gross dividend received	1	1	1
Interest on loan stocks received	*	*	*
Fixed deposit interest received	10	42	20
Gain on disposal of property, plant and equipment	2	18	-
Gain on disposal of investment in marketable securities	-	-	1

Note

* RM2



13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.3 Anitox Malaysia's Audited Financial Statements (Continued)****7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)****(e) STAFF COSTS**

	2007	2008	2009
	RM'000	RM'000	RM'000
Salaries, wages, allowances, incentives, overtime and commissions	110	124	102
Defined contribution	126	171	126
Other staff related expenses	2	2	2
	<u>238</u>	<u>297</u>	<u>230</u>

Included in staff costs were
remunerations for key management
personnel other than directors

- salaries, wages, allowances, incentives, overtime and commissions	55	80	100
- defined contribution	7	10	12
	<u>62</u>	<u>90</u>	<u>112</u>

(f) TAXATION

	2007	2008	2009
	RM'000	RM'000	RM'000
Income tax			
- current financial year	200	200	301
- prior financial years	3	11	-
Deferred taxation			
- current financial year	5	^	2
- prior years	(3)	-	-
	<u>205</u>	<u>211</u>	<u>303</u>

^ RM385.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD** *(formerly known as SCC Holdings Sdn. Bhd.)*
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.3 Anitox Malaysia's Audited Financial Statements (Continued)****7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)****(f) TAXATION (Continued)**

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company are as follows:

	2007 RM'000	2008 RM'000	2009 RM'000
Profit before taxation	802	800	1,261
Taxation at applicable statutory tax rate of 25%/26%/27%	217	208	315
Tax effects of:			
Non-taxable income	-	(2)	-
Non-deductible expenditure	23	24	22
Differential in tax rate	(35)	(30)	(34)
Expenses qualifying for tax incentives	-	*	-
Prior years	-	11	-
Tax expense for the financial years	205	211	303

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.3 Anitox Malaysia's Audited Financial Statements (Continued)

7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)

(g) PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM'000	Freehold Buildings RM'000	Capital Work-in- Progress RM'000	Machinery RM'000	Office Equipment RM'000	Computers and Printers RM'000	Motor Vehicles RM'000	Total RM'000
Cost								
At 1 January 2007	540	810	-	485	13	27	126	2,001
Additions	-	-	-	42	-	-	271	313
Disposals	-	-	-	-	-	-	(38)	(38)
At 31 December 2007	540	810	-	527	13	27	359	2,276
Additions	-	-	18	113	-	2	62	195
Disposals	-	-	-	-	-	-	(88)	(88)
At 31 December 2008	540	810	18	640	13	29	333	2,383
Additions	-	362	-	68	1	1	-	432
Reclassification	-	18	(18)	-	-	-	-	-
At 31 December 2009	540	1,190	-	708	14	30	333	2,815

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.3 Anitox Malaysia's Audited Financial Statements (Continued)

7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)

(g) PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold Land RM'000	Freehold Buildings RM'000	Capital Work-in- Progress RM'000	Machinery RM'000	Office Equipment RM'000	Computers and Printers RM'000	Motor Vehicles RM'000	Total RM'000
Accumulated Depreciation								
At 1 January 2007	-	-	-	485	9	13	86	593
Depreciation for the financial year	-	27	-	8	1	3	72	111
Disposals	-	-	-	-	-	-	(38)	(38)
At 31 December 2007	-	27	-	493	10	16	120	666
Depreciation for the financial year	-	27	-	31	*	3	67	128
Disposals	-	-	-	-	-	-	(66)	(66)
At 31 December 2008	-	54	-	524	10	19	121	728
Depreciation for the financial year	-	34	-	45	1	4	67	151
At 31 December 2009	-	88	-	569	11	23	188	879
Net Book Value								
At 31 December 2007	540	783	-	34	3	11	239	1,610
At 31 December 2008	540	756	18	116	3	10	212	1,655
At 31 December 2009	540	1,102	-	139	3	7	145	1,936



13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.3 Anitox Malaysia's Audited Financial Statements (Continued)****7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)****(g) PROPERTY, PLANT AND EQUIPMENT**

Motor vehicles with total net book values of RM145,506 (2008: RM212,064 and 2007: RM216,668) were acquired under hire purchase arrangements.

Freehold land and buildings with total net book values of RM1,641,104 (2008: RM1,296,160 and 2007: RM1,323,163) have been pledged to a licensed bank to secure the credit facilities granted to Anitox Malaysia.

The factory building under construction of Anitox Malaysia in the 2007 financial year represented the progress billings on the construction of a factory building at the estimated cost of RM379,538. The balance of the construction costs is disclosed as a capital commitment in Section 7.3.5(u).

(h) INVESTMENTS IN MARKETABLE SECURITIES

	2007 RM'000	2008 RM'000	2009 RM'000
Quoted securities in Malaysia, at cost	<u>23</u>	<u>37</u>	<u>24</u>
Market value	<u>23</u>	<u>31</u>	<u>27</u>

(i) INVENTORIES

	2007 RM'000R	2008 M'000	2009 RM'000
At costs:			
Trading inventories	<u>334</u>	<u>939</u>	<u>761</u>

(j) TRADE RECEIVABLES

Trade receivables are non-interest bearing and Anitox Malaysia's normal trade credit terms ranges from 90 days to 120 days. Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)

Accountants' Report

7. **AUDITED FINANCIAL STATEMENTS (Continued)**7.3 **Anitox Malaysia's Audited Financial Statements (Continued)**7.3.5 **Notes to the Anitox Malaysia's Audited Financial Statements (Continued)**(k) **OTHER RECEIVABLES AND DEPOSITS**

	2007 RM	2008 RM	2009 RM
Other receivables	6	-	76
Deposits	8	9	17
	<u>14</u>	<u>9</u>	<u>93</u>

Included in other receivables are amounts totalling RM62,165 (2008 and 2007: RM Nil) represents advanced payments made to the suppliers.

(l) **SHARE CAPITAL**

	2007 RM'000	2008 RM'000	2009 RM'000
Ordinary shares of RM1 each:-			
Authorised			
At 1 January / 31 December			
- 1,000,000 ordinary shares	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Issued and fully paid-up			
At 1 January / 31 December			
- 800,000 ordinary shares	<u>800</u>	<u>800</u>	<u>800</u>

(m) **RETAINED EARNINGS**

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances.

Anitox Malaysia had irrevocable opted to disregard the tax credits under the Section 108 of the Income Tax Act, 1967 ("Section 108 Balance") and opted to pay dividends under the single tier system.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.3 Anitox Malaysia's Audited Financial Statements (Continued)****7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)****(n) HIRE PURCHASE PAYABLES**

	2007	2008	2009
	RM'000	RM'000	RM'000
Minimum hire purchase payments:			
Within twelve months (included under current liabilities)	126	123	27
After the next twelve months (included under long term liabilities)			
- later than one year but not later five years	95	28	-
	<u>221</u>	<u>151</u>	<u>27</u>
Less: Future finance charges			
Present value of hire purchase liabilities	(9)	(8)	(1)
	<u>212</u>	<u>143</u>	<u>26</u>
Representing by:			
Current	121	117	26
Non-current	91	26	-
	<u>212</u>	<u>143</u>	<u>26</u>

The hire purchase liabilities bear interest at 6.95% (2008: 4.21% to 6.95% and 2007: 4.21% to 6.95%) per annum.

(o) DEFERRED TAXATION

	2007	2008	2009
	RM'000	RM'000	RM'000
At 1 January	4	6	7
Recognised in the income statement (Section 7.3.5(f))	2	1	-
At 31 December	<u>6</u>	<u>7</u>	<u>7</u>

Deferred taxation comprises mainly the temporary differences between the net book values and the corresponding tax written down value of property, plant and equipment.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.3 Anitox Malaysia's Audited Financial Statements (Continued)****7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)****(p) TRADE PAYABLES**

Trade payables are non-interest bearing and the normal trade credit term granted to Anitox Malaysia ranges from 30 to 90 days.

(q) OTHER PAYABLES AND ACCRUALS

	2007 RM'000	2008 RM'000	2009 RM'000
Other payables	140	351	412
Deposits	-	24	38
Accruals	1,313	1,624	1,215
	<u>1,453</u>	<u>1,999</u>	<u>1,665</u>

Included in other payables is an amount of RM399,175 (2008: RM349,619 and 2007: RM113,412) owing to a company in which the directors of Anitox Malaysia have interests. The said amounts outstanding are non-trade in nature, unsecured and repayable on demand basis.

Included in accruals are amount totalling RM1.2 million (2008: RM1.62 million and 2007: RM1,307 million) represent the emoluments payable to directors and staff.

(r) AMOUNT DUE TO A DIRECTOR

Amount due to a director represent payments made on behalf which are unsecured, interest free and have no fixed terms of repayment.

(s) SHORT TERM BORROWINGS

	2007 RM'000	2008 RM'000	2009 RM'000
Bankers' acceptance	588	1,585	1,286
Onshore foreign currency loan	100	-	-
	<u>688</u>	<u>1,585</u>	<u>1,286</u>

The short term borrowings of Anitox Malaysia are secured by way of:

- (a) First party charge over the freehold land and buildings of Anitox Malaysia; and
- (b) Joint and several guarantees by the directors of Anitox Malaysia.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.3 Anitox Malaysia's Audited Financial Statements (Continued)****7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)****(t) DIVIDENDS PAID**

	2007	2008	2009
	RM'000	RM'000	RM'000
First and final dividend of 15% (2008: 15% and 2007: 10%) less income tax paid	<u>58</u>	<u>89</u>	<u>120</u>

(u) CAPITAL COMMITMENTS

	2007	2008	2009
	RM'000	RM'000	RM'000
Capital expenditure approved and contracted for but not provided for in the financial statements (Section 7.3.5(g))	<u>-</u>	<u>362</u>	<u>-</u>

(v) SIGNIFICANT RELATED PARTIES TRANSACTIONS

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with Anitox Malaysia or that has an interest in Anitox Malaysia that gives it significant influence over Anitox Malaysia's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in Anitox Malaysia resides with, directly or indirectly.

The nature of the relationship with the related party is as follows:

Related Parties	Nature of Relationship
SCC Corporation Sdn. Bhd.	It is a company in which the directors of Anitox Malaysia have interests.
McDota (M) Sdn Bhd	A company in which the directors of Anitox Malaysia have interests.
SCC Holdings Berhad (formerly known as SCC Holdings Sdn Bhd)	It is a company in which the directors of the Company have interests.

13. ACCOUNTANTS' REPORT (Cont'd)**SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)**
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.3 Anitox Malaysia's Audited Financial Statements (Continued)****7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)****(v) SIGNIFICANT RELATED PARTIES TRANSACTIONS (Continued)**

During the financial years under review, the significant related party transactions are as follows:

	2007 RM'000	2008 RM'000	2009 RM'000
SCC Corporation			
- sales	850	695	391
- purchases	-	19	196
- rental income received/receivable	36	36	90
- management fees paid/payable	113	350	398
McDota (M) Sdn Bhd,			
- rental expenses paid/payable	-	-	27

The Directors of Anitox Malaysia are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(w) FINANCIAL INSTRUMENTS**(i) Financial Risk Management and Objectives**

Anitox Malaysia does not have written risk management and guidelines. However, the management meets periodically to analyse and formulate measures to manage Anitox Malaysia's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, Anitox Malaysia employs a conservative strategy regarding risk management. As Anitox Malaysia's exposure to market risk is kept at a minimum level, Anitox Malaysia has not used any derivatives financial instruments for trading purposes.

(a) Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to Anitox Malaysia. For trade receivables, Anitox Malaysia adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, Anitox Malaysia adopts the policy of dealing only with low risk credit quality counterparties. As Anitox Malaysia does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the balance sheets.

13. ACCOUNTANTS' REPORT *(Cont'd)***SCC HOLDINGS BERHAD** *(formerly known as SCC Holdings Sdn. Bhd.)*
Accountants' Report**7. AUDITED FINANCIAL STATEMENTS (Continued)****7.3 Anitox Malaysia's Audited Financial Statements (Continued)****7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)****(w) FINANCIAL INSTRUMENTS (Continued)****(i) Financial Risk Management and Objectives (Continued)****(a) Credit Risk (Continued)**

Anitox Malaysia has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(b) Liquidity and Cash Flow Risk

Liquidity risk is the risk that Anitox Malaysia will encounter difficulty in meeting financial obligations due to shortage of funds. Anitox Malaysia maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities.

Anitox Malaysia adopts prudent liquidity risk management by maintaining sufficient cash, and available funding through an adequate amount of committed credit facilities. Due to dynamic nature of the underlying businesses, Anitox Malaysia aims at maintaining flexibility in funding by keeping committed credit lines available.

(c) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of Anitox Malaysia's financial instruments will fluctuate because of changes in market interest rates. Anitox Malaysia's exposure to interest rate risk arises primarily from their loans and borrowings and cash deposits placed with the financial institutes.

Anitox Malaysia's policy is to manage interest cost using mix of fixed and floating rate debts, which depends on the interest rates market and economic conditions. For interest income from cash deposits, Anitox Malaysia managed the interest rate risks by placing cash deposits with reputable financial institutions on varying maturities and interest rate terms.

(d) Foreign currency risk

Anitox Malaysia is exposed to transactional currency risk primarily through sales and purchases that are denominated in United States Dollars, i.e. other than the functional currency of the operations to which they relate. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as SCC Holdings Sdn. Bhd.)
 Accountants' Report

7. AUDITED FINANCIAL STATEMENTS (Continued)

7.3 Anitox Malaysia's Audited Financial Statements (Continued)

7.3.5 Notes to the Anitox Malaysia's Audited Financial Statements (Continued)

(w) FINANCIAL INSTRUMENTS (Continued)

(ii) Fair Values

(a) Recognised Financial Instruments

The fair values of financial assets and financial liabilities of Anitox Malaysia approximate their carrying values on the balance sheets of Anitox Malaysia

(b) Unrecognised Financial Instruments

There were no unrecognised financial instruments as at 31 December 2009 that are required to be disclosed.

(x) COMPARATIVE FIGURES

(i) The comparative figures have been audited by a firm of chartered accountants other than Messrs. Baker Tilly Monteiro Heng.

(ii) These financial statements are the first set of financial statements prepared by Anitox Malaysia in accordance with FRSs in Malaysia. The directors have voluntarily disclosed two years' comparative figures which have been prepared in accordance with the FRSs as disclosed in Note 6.

(iii) Reclassification

The comparative figures for the non-trade balances in trade payables have been reclassified to conform with the current financial year's presentation as summarised below:-

	2007		2008	
	As Originally Reported RM'000	As Reclassified RM'000	As Originally Reported RM'000	As Reclassified RM'000
Balance Sheet				
Trade payables	408	294	542	192
Other payables, deposits and accruals	1,340	1,453	1,650	1,999

13. ACCOUNTANTS' REPORT (Cont'd)

SCC HOLDINGS BERHAD (formerly known as *SCC Holdings Sdn. Bhd.*)
Accountants' Report

8. EVENTS AFTER BALANCE SHEET DATE

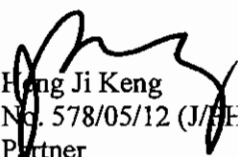
Other than as disclosed elsewhere in this Report, there were no other significant events between the date of the last audited financial statements used in the preparation of this Report and the date of this Report which will materially affect the content of this Report.

9. AUTHORISATION OF AUDITED FINANCIAL STATEMENTS

As at the date of this Report, no audited financial statements have been prepared in respect of any period subsequent to 31 December 2009 for the SCC Holdings Group and its subsidiaries.

Yours faithfully,


Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants


Heng Ji Keng
No. 578/05/12 (J/BH)
Partner



13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 511477-A
LAI YEOW KWANG & CO. (AF: 0009)
Chartered Accountants

Page 5
黎耀光會計公司
特許公眾會計師
114A, Jalan Sultan Abdul Samad,
Brickfields, 50470 Kuala Lumpur.
Tel: 22742464, 22742180

SCC HOLDINGS SDN. BHD.
(Incorporated in Malaysia)


REPORT OF THE AUDITORS TO THE MEMBERS

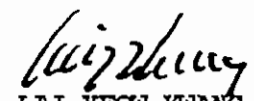
We have audited the financial statements set out on pages 6 to 10. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - i) the state of affairs of the Company as at 31 March 2007 and of the results and cash flows of the Company for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


LAI YEOW KWANG & CO.
No. AF: 0009
Chartered Accountants


LAI YEOW KWANG
No. 166/03/08(J/FH)
Partner

Dated: 27 JUL 2007

13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 620122-M

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Page 5

LAI YEOW KWANG & CO. (AF: 0009)
Chartered Accountants

黎耀光會計公司
特許公眾會計師
114A, Jalan Sultan Abdul Samad,
Brickfields, 50470 Kuala Lumpur.
Tel: 22742464, 22742180

SCC HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

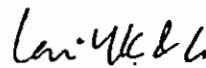
REPORT OF THE AUDITORS TO THE MEMBERS


We have audited the financial statements set out on pages 6 to 10. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - i) the state of affairs of the Company as at 31 March 2008 and of the results and cash flows of the Company for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


LAI YEOW KWANG & CO.
No. AF: 0009
Chartered Accountants


LAI POOI CHAN
No. 2828/03/09(J)
Partner

Dated: 25 AUG 2008

13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 511477-A

Page 5

LAI YEOW KWANG & CO. (AF: 0009)
Chartered Accountants

黎耀光會計公司
特許公眾會計師
114A, Jalan Sultan Abdul Samad,
Brickfields, 50470 Kuala Lumpur.
Tel: 22742464, 22742180

SCC HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements set out on pages 6 to 10. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - i) the state of affairs of the Company as at 31 March 2009 and of the results and cash flows of the Company for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


LAI YEOW KWANG & CO.
No. AF: 0009
Chartered Accountants


LAI YEOW KWANG
No. 166/03/10 (J/PH)
Partner

Dated: 28 AUG 2009

13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 511477 - A



**BAKER TILLY
MONTEIRO HENG**

Chartered Accountants (AF 0117)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SCC HOLDINGS BERHAD**

(formerly known as SCC Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

Monteiro & Heng Chambers
22 Jalan Tun Sambanthan 3
50470 Kuala Lumpur, Malaysia
phone : +603 2274 8988
fax : +603 2260 1708
email : audit@monteiroheng.com.my
www.monteiroheng.com.my

Report on the financial statements

We have audited the accompanying financial statements of **SCC HOLDINGS BERHAD** *(formerly known as SCC Holdings Sdn. Bhd.)*, which comprise the balance sheet as at 31 December 2009 of the Company, and the income statement, statement of changes in equity and cash flow statement of the Company for the nine months financial period ended 31 December 2009, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 20.

The audited financial statements of the Company for the financial year ended 31 March 2009 were audited by another firm of Chartered Accountants and were reported by the auditors to the members without any modification on 28 August 2009.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards and the provisions of the Companies Act, 1965 ("the Act") in Malaysia. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

It is our responsibility to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 511477 - A

Opinion

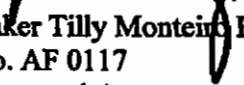
In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards and the provisions of the Act in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2009 and of its financial performance and cash flows for the financial period then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Act in Malaysia, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants


Heng Ji Keng
No. 578/05/10 (P/PH)
Partner

Kuala Lumpur

Date: 29 MAR 2010

13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 17769-T

Page 5

LAI YEOW KWANG & CO. (AF: 0009)
Chartered Accountants

黎耀光會計公司
特許公眾會計師
114A, Jalan Sultan Abdul Samad,
Brickfields, 50470 Kuala Lumpur.
Tel: 22742464, 22742180

SCC CORPORATION SDN. BHD.
(Incorporated in Malaysia)


REPORT OF THE AUDITORS TO THE MEMBERS


We have audited the financial statements set out on pages 6 to 17. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - i) the state of affairs of the Company as at 31 December 2007 and of the results and cash flows of the Company for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


LAI YEOW KWANG & CO.
No. AF: 0009
Chartered Accountants


LAI YEOW KWANG
No. 166/03/10(J/PH)
Partner

Dated: 5 MAY 2008

13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 17769-T

Page 6

LAI YEOW KWANG & CO. (AF: 0009)
Chartered Accountants

黎耀光會計公司
特許公眾會計師
114A, Jalan Sultan Abdul Samad,
Brickfields, 50470 Kuala Lumpur.
Tel: 22742464, 22742180

SCC CORPORATION SDN. BHD.
(Incorporated in Malaysia)

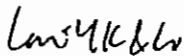
REPORT OF THE AUDITORS TO THE MEMBERS

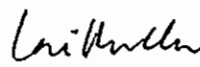
We have audited the financial statements set out on pages 7 to 20. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - i) the state of affairs of the Company as at 31 December 2008 and of the results and cash flows of the Company for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


LAI YEOW KWANG & CO.
No. AF: 0009
Chartered Accountants


LAI POOI CHAN
No. 2828/04/11(J)
Partner

Dated: 12 JUN 2009 .

13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 17769-T



**BAKER TILLY
MONTEIRO HENG**

Chartered Accountants (AF 0117)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SCC CORPORATION SDN. BHD.**
(Incorporated in Malaysia)

Monteiro & Heng Chambers
22 Jalan Tun Sambanthan 3
50470 Kuala Lumpur, Malaysia
phone : +603 2274 8988
fax : +603 2260 1708
email : audit@monteiroheng.com.my
www.monteiroheng.com.my

Report on the financial statements

We have audited the accompanying financial statements of **SCC CORPORATION SDN. BHD.**, which comprise the balance sheet as at 31 December 2009 of the Company, and the income statement, statement of changes in equity and cash flow statement of the Company for the financial year ended 31 December 2009, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 39.

The audited financial statements of the Company for the financial year ended 31 March 2009 were audited by another firm of Chartered Accountants and were reported by the auditors to the members without any modification on 12 June 2009.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards and the provisions of the Companies Act, 1965 ("the Act") in Malaysia. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

It is our responsibility to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 17769-T

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards and the provisions of the Act in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2009 and of its financial performance and cash flows for the financial year then ended.

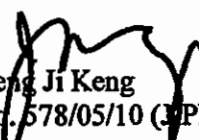
Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Act in Malaysia, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants


Heng Ji Keng
No. 578/05/10 (JPH)
Partner

Kuala Lumpur

Date: 29 MAR 2010

13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 213921-M

Page 5

LAI YEOW KWANG & CO. (AF: 0009)
Chartered Accountants

黎耀光會計公司
特許公眾會計師
114A, Jalan Sultan Abdul Samad,
Brickfields, 50470 Kuala Lumpur.
Tel: 22742464, 22742180

ANITOX (M) SDN. BHD.
(Incorporated in Malaysia)


REPORT OF THE AUDITORS TO THE MEMBERS


We have audited the financial statements set out on pages 6 to 16. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - i) the state of affairs of the Company as at 31 December 2007 and of the results and cash flows of the Company for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


LAI YEOW KWANG & CO.
No. AF: 0009
Chartered Accountants


LAI YEOW KWANG
No. 166/03/10(J/PH)
Partner

Dated: 24 MAR 2008

13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 213921-M

Page 6

LAI YEOW KWANG & CO. (AF: 0009)
Chartered Accountants

黎耀光會計公司
特許公眾會計師
114A, Jalan Sultan Abdul Samad,
Brickfields, 50470 Kuala Lumpur.
Tel: 22742464, 22742180

ANITOX (M) SDN. BHD.
(Incorporated in Malaysia)

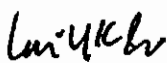
REPORT OF THE AUDITORS TO THE MEMBERS


We have audited the financial statements set out on pages 7 to 19. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - i) the state of affairs of the Company as at 31 December 2008 and of the results and cash flows of the Company for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


LAI YEOW KWANG & CO.
No. AF: 0009
Chartered Accountants


LAI POOI CHAN
No. 2828/04/11(J)
Partner

Dated: 12 JUN 2009

13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 213921 - M



**BAKER TILLY
MONTEIRO HENG**

Chartered Accountants (AF 0117)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ANITOX (M) SDN. BHD.**
(Incorporated in Malaysia)

Monteiro & Heng Chambers
22 Jalan Tun Sambanthan 3
50470 Kuala Lumpur, Malaysia
phone : +603 2274 8988
fax : +603 2260 1708
email : audit@monteiroheng.com.my
www.monteiroheng.com.my

Report on the financial statements

We have audited the accompanying financial statements of **ANITOX (M) SDN. BHD.**, which comprise the balance sheets as at 31 December 2009 of the Company, and the income statement, statement of changes in equity and cash flow statement of the Company for the financial year ended 31 December 2009, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 37.

The audited financial statements of the Company for the financial year ended 31 December 2008 were audited by another firm of Chartered Accountants and were reported by the auditors to the members without any modification on 12 June 2009.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 ("the Act") in Malaysia. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

It is our responsibility to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)

Company No. 213921 - M

Opinion

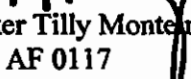
In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards and the provisions of the Act in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2009 and of its financial performance and cash flows for the financial year then ended.

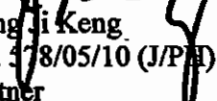
Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Act in Malaysia, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants


Heng Ji Keng
No. 478/05/10 (J/P/H)
Partner

Kuala Lumpur

Date: 29 MAR 2010

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

PROTEGE ASSOCIATES SDN BHD (675767-H)
SUITE C-06-06, PLAZA MONT' KIARA
2 JALAN KIARA, MONT' KIARA
50480 KUALA LUMPUR, MALAYSIA
GEN +603 6201 9301 FAX +603 6201 7302
www.protege.com.my

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ASSOCIATES

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The Board of Directors
SCC Holdings Berhad
19 & 21 Jalan Hujan,
Taman Overseas Union,
58200 Kuala Lumpur

Dear Sirs,

**Executive Summary of the Animal Feed Additives and Food Service Equipment
Markets in Malaysia**

This Executive Summary of the Animal Feed Additives and Food Service Equipment Markets in Malaysia is prepared by Protégé Associates Sdn. Bhd. ("Protégé Associates") for inclusion in the Prospectus of SCC Holdings Berhad ("SCC" or "the Company") in relation to the proposed listing of and quotation for the entire issued and paid-up share capital of SCC on the ACE Market of Bursa Malaysia Securities Berhad.

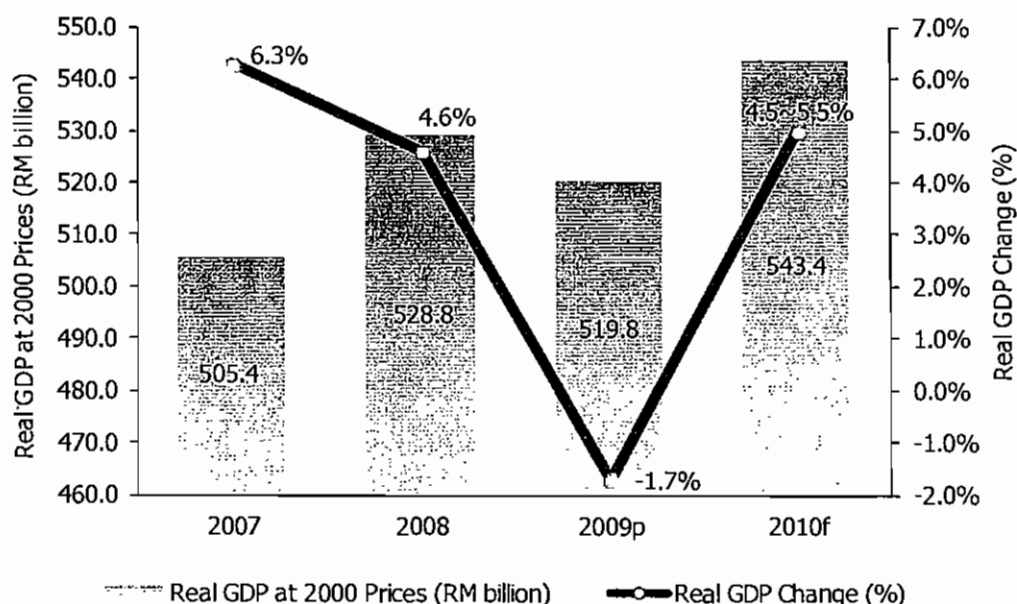
14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



MALAYSIA ECONOMIC OVERVIEW

Despite the positive results revealed in most of Malaysia's key economic indicators for 2008, the global economic slowdown had a more profound and pronounced effect on the Malaysian economy in the first half of 2009. Nevertheless, stronger macroeconomic fundamentals and fiscal support from the government has also had a significant role to play in thwarting prolonged economic recession on the local front. As a result, the Malaysian economy exhibited signs of substantial recovery in the latter half of 2009. Overall, the Malaysian economy recorded an annual contraction of 1.7 percent or a real gross domestic product ("GDP") at 2000 prices of RM519.20 billion. Figure 1 depicts Malaysia's real GDP at 2000 prices from 2007 to 2010.

Figure 1: Malaysia's Real GDP, 2007-2010f



Note:

- 1) *p denotes preliminary, f denotes forecast*
- 2) *Beginning 2007, real GDP has been rebased to 2000 prices from 1987 prices previously*

Source: Bank Negara Malaysia and Department of Statistics Malaysia

The Malaysian Government acknowledges that it has been a challenging year for the Malaysian economy in 2009 as it faced the full impact of the global recession, although its macroeconomic support through monetary and fiscal policies such as the announced additional RM60 billion stimulus packages has mitigated the severity of the economic

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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downturn by boosting domestic demand. The government has committed to continued vigilance in the economy, promising continued supportive and accommodative macroeconomic policies as the economy seeks to return to high gear in 2010. Meanwhile, the changing of guards at the Government set-up has also offered hope – and to some extent, good results – for a more stable political environment and concerted efforts in addressing the volatile economic conditions. Positive signs continue to show at the marketplace as the Kuala Lumpur Composite Index ("KLCI") has peaked above 1,300 points twice in the first quarter of 2010. The Malaysian economy also grew by 4.5 percent in the fourth quarter of 2009 (year-on-year), which has prompted the government to slate 4.5 percent growth as an achievable target for the Malaysian economy in 2010, with an additional upside of 1.0 percent growth.

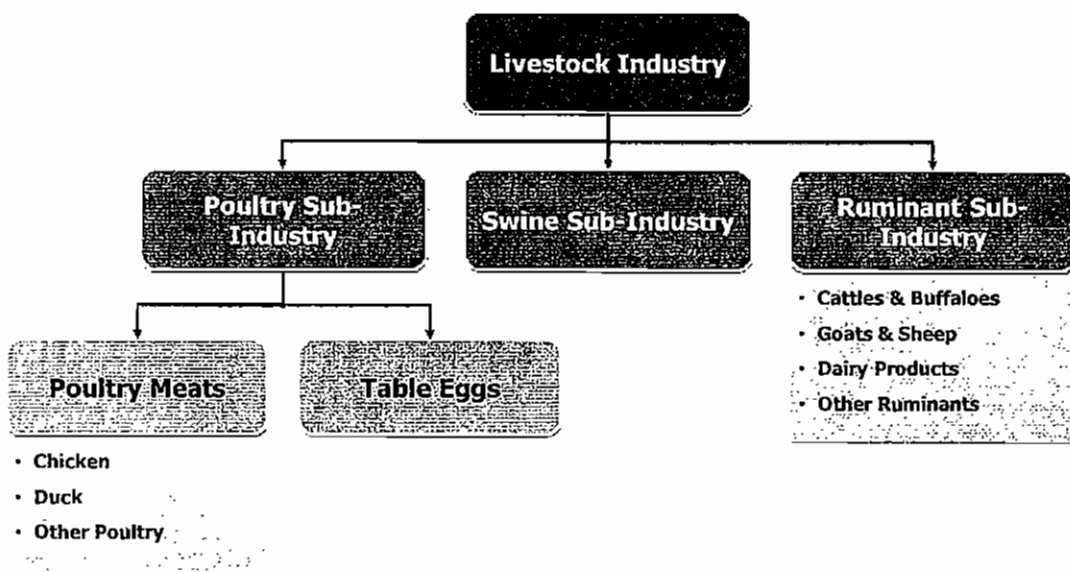
Although the government will remain supportive in its policy stance, the bulk of future growth is expected to come from recovering private sector activity, catalysed by strong macroeconomic fundamentals and a strong financial sector. Favourable labour market conditions leading to rising disposable income is likely to fuel improvements in domestic demand, while global economic recovery is likely to have an optimistic effect on domestic consumer confidence. These conditions are likely to promote private investment into the country's key economic sectors including agriculture, manufacturing and services.

ANIMAL FEED ADDITIVES MARKET

Overview of the Malaysian Livestock Industry

The Malaysian livestock industry represents an important component of the country's agriculture sector, and contributes significantly as a major source of protein-rich food for its population. It is the largest food industry in Malaysia in terms of production value with total output in 2008 valued at RM9.85 billion representing growth of 9.2 percent from 2007. Production and consumption of livestock products in Malaysia is dominated by poultry products, which accounted for 74 percent of industry value in 2008. Chicken is the most popular meat in Malaysia given the universality of its consumption across all races and religions.

Figure 2: Segmentation of the Livestock Industry



Source: Protégé Associates

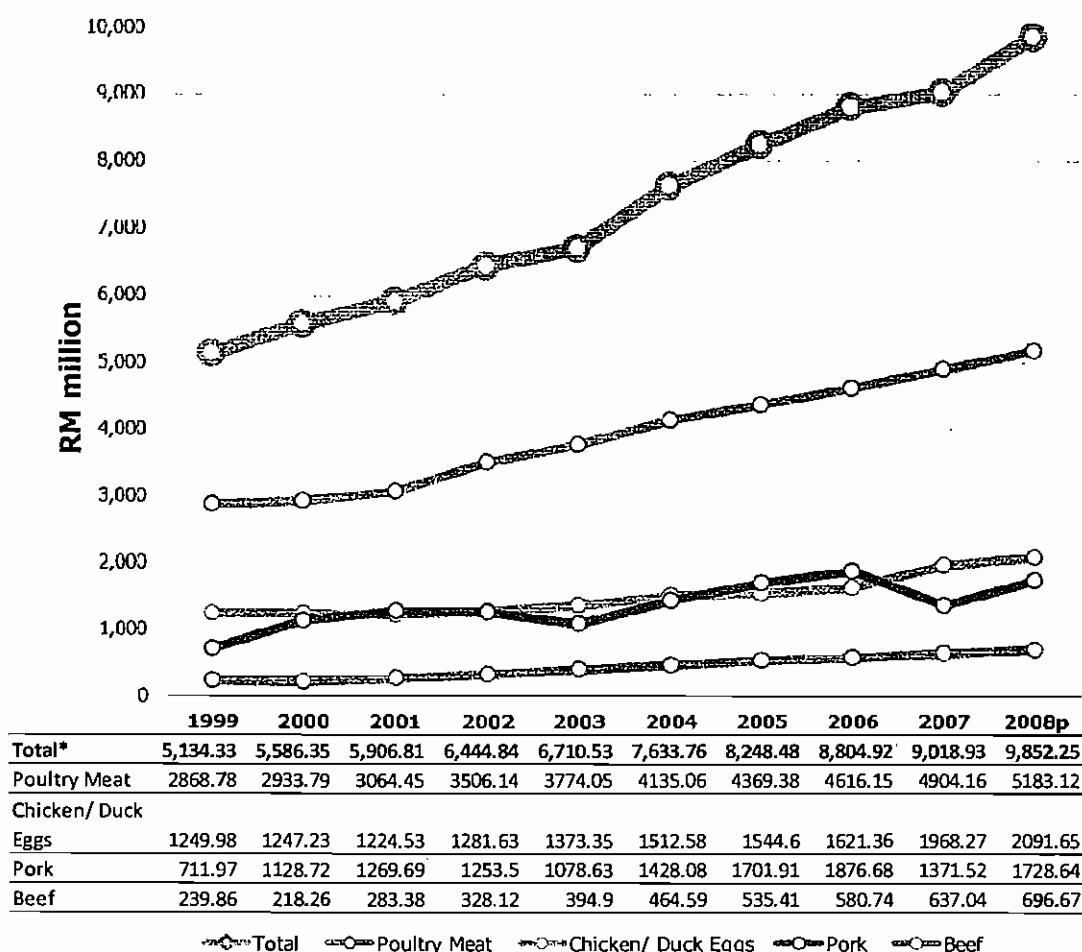
The vast majority of locally produced livestock products are used for local consumption due to several factors. Malaysia's high agricultural feasibility makes it economically sensible to locally produce livestock for national food self-sufficiency, rather than to rely on imports. The government has also been careful to ensure that the local livestock industry is focused on catering to local consumers before entering the more lucrative export market in line with national food security policies. With meat, dairy product and egg consumption on the rise, growing local livestock production will serve mainly to cater to local consumers while limiting

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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the ability of individual local producers to meet the critical quantity demanded by the export market.

Figure 3: Production Value of Major Livestock Commodities in Malaysia, 1999-2008



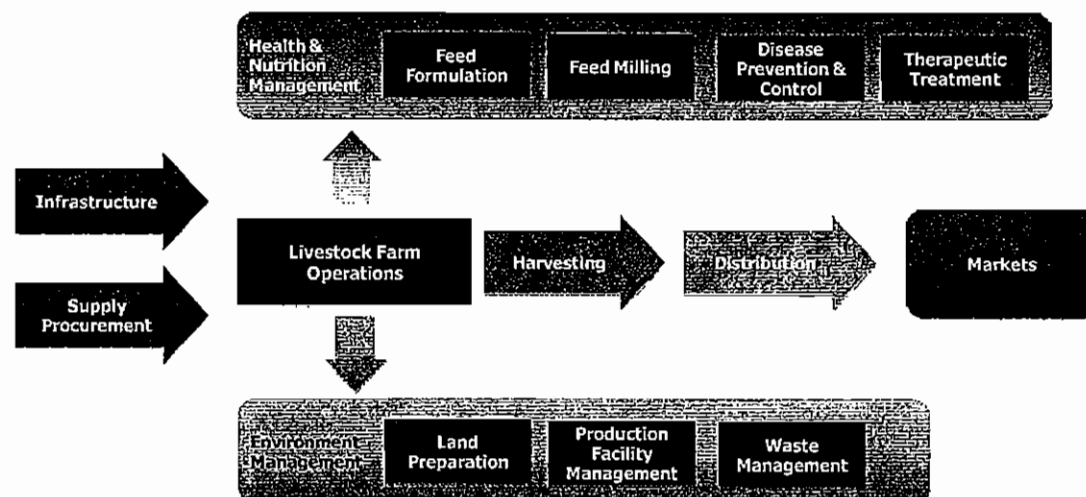
Note:

p Projection

* Total includes total value of above as well as other livestock commodities

Source: Department of Veterinary Sciences ("DVS") Malaysia, Protégé Associates

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**Animal Health Management in the Livestock Production Chain****Figure 4: Integrated Livestock Production Chain***Source: Protégé Associates*

Animal health and nutrition management is vital as it has a strong bearing on end-product quality and yield. It ensures that animals are safe for human consumption, free of disease, and of an acceptable level of quality and taste. It also helps decrease mortality rates, ensuring that animals grow healthily to marketable size. Given the eminence of health and nutrition management, integrated farms have begun treating health and nutrition management as a holistic function that is monitored and controlled throughout the lifecycle of livestock farms. This has given rise to the need for total feed development and management systems and services related to the formulation and maintenance of such systems. SCC Holdings Bhd ("SCC") and its subsidiaries, SCC Corporation Sdn Bhd and Anitox (M) Sdn Bhd are involved in the development and maintenance of "Clean Feed Development Programmes" for integrated livestock farms.

Feed Additives & Livestock Animal Health Management

Good feed management practices are crucial to ensuring the health of farmed livestock. Apart from safekeeping feed from harmful parasites, pollutants and mold, an optimal mix of feed additives into macronutrients plays an increasingly important role in guaranteeing the health and growth of livestock. In effective formulation of livestock feed, micro-ingredients in the form of feed additives are added to macronutrients to formulate an optimal feed mix for better animal health and livestock product quality. Feed additives are defined as products which provide specific health or nutrition effects in a relatively concentrated manner.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**Overview of the Animal Feed Additives Market in Malaysia**

The first documented use of feed additives in livestock farming dates back to the 1930s during the Second World War. Farmers looked for synthetic compounds to supplement conventional livestock feed, discovering urea in the process. Farmers realised that a small amount of urea translated to greater livestock production. The post-war economic recovery brought about greater attention to animal feed and feed additives development leading to the discovery of folic acid (1946), Cobalamin (1948), other vitamins and proteins. In 1950, the first antibiotic feed additive appeared on the market, revolutionising the global feed additives market. Antibiotic feed additives quickly became the feed additive of choice for livestock due to its efficacy in promoting growth through constant inhibition of bacterial infections throughout the lifecycle of livestock animals.

As early as the 1970s, developed economies especially in Europe began phasing out the use of antibiotics as feed additives due to a growing concern that antibiotics-infused livestock could compromise human health upon consumption. By the mid-1980s, scientists developed grounds for previous claims that the protracted use of in-feed antibiotics throughout the lifespan of livestock could develop eventual antibiotic resistance, and foster the mutation of new resistant bacterial strains. Antibiotics kill most bacteria in an environment, but surviving strains can adapt and develop resistance to these antibiotics, and consequently pass on this resistance to other strains of bacteria. The continued use of antibiotics in this manner could not only serve to taint livestock products, but also propagate mutated strains that can be transmitted as fatal infections to humans. By 1998, the European Union ("EU") no longer authorised the use of antibiotics as growth promoters, banning the use of antibiotics that were also used to treat humans.

In line with the developments and discoveries in the EU region concerning animal feed additives and antibiotic use, the global livestock industry has gradually shifted to non-antibiotic alternatives as feed additives. The Malaysian livestock industry is similarly affected by these trends, with livestock producers gradually shifting away from antibiotic use albeit at a lagged pace. Malaysia's animal feed additives market is a mature market; the use of feed additives to improve livestock yield has been common practice for the past half-century. The advanced development of the local poultry products sub-industry in the past has contributed to the prevalence of feed additives usage in Malaysia's livestock production landscape. The poultry sub-industry is highly regarded as the most advanced livestock sub-industry in the country, employing the latest advancements in production and management techniques and technologies.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

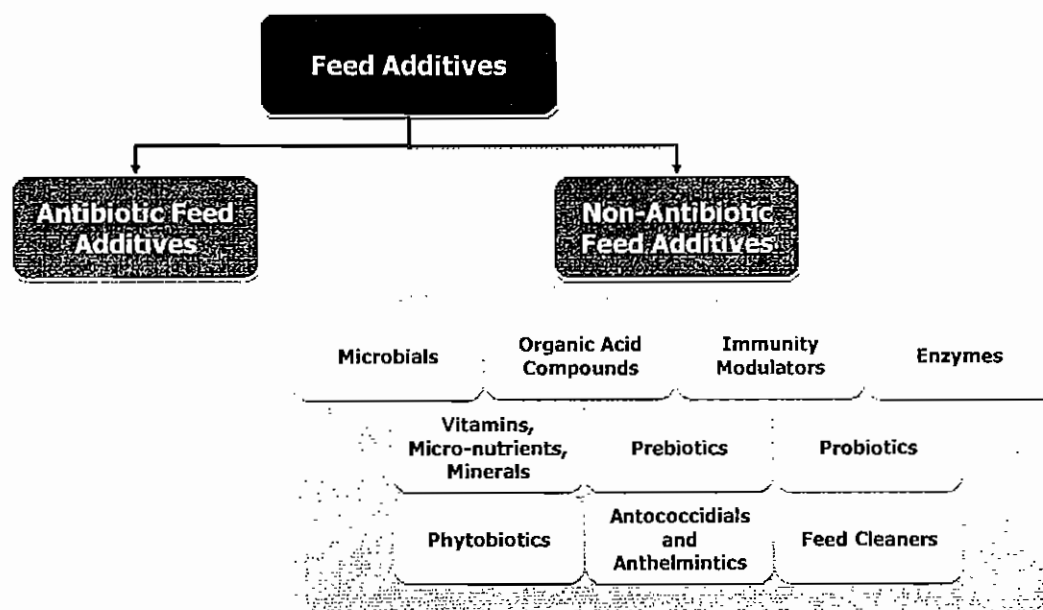


Although the use of animal feed additives in general has reached a mature stage, the majority of feed additives used by Malaysian livestock farmers still consist of in-feed antibiotics. Malaysia's lagged shift towards non-antibiotic feed additives is attributable to several reasons including the high cost of non-antibiotic feed additives, low awareness of their benefits and the lack of regulations to register and control feed additives used in the livestock industry. Nevertheless, these factors are likely to only restrain demand for non-antibiotic feed additives in the short to medium run, as education, eventual regulation and the global imperative for food safety are likely to coax Malaysian livestock producers onto non-antibiotic feed additives. The growth of the non-antibiotic feed additives market will likely spur the overall animal feed additives market moving forward, as will the continued growth of Malaysia's modernising livestock industry, particularly the robust poultry and swine sub-industries.

Segmentation of Feed Additives

Feed additives are substances added in small or micro quantities to macronutrients of animal feed to provide specific health or nutrition effects in a concentrated manner.

Figure 5: Feed Additive Types



Source: Protégé Associates

Antibiotic Feed Additives

In-feed antibiotics are mixed into feed formulations at low doses to inhibit bacterial pathogens throughout the lifespan of livestock. Antibiotics were first used as feed additives

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



due to its ability to promote growth by constantly inhibiting bacterial pathogens in animals. With the current widespread use of biologicals, better and cleaner production facilities, better waste management, the pressure of disease on livestock welfare has greatly reduced, reducing the effectiveness of antibiotics as a growth promoter.

Non-Antibiotic Feed Additives

Non-antibiotic feed additives are considered the greener, cleaner and healthier alternative to antibiotic feed additives. Non-antibiotic feed additives fall into one of five categories of functions as depicted in Figure 6.

Figure 6: Functions of Non-Antibiotic Feed Additives

Function	Description
Technological Additives	Influences the technological aspects of feed by improving handling or hygiene characteristics. Does not directly influence nutritional value. <i>Example: Organic acid and anti-mould/ anti-bacteria additives for feed preservation</i>
Sensory Additives	Improve the voluntary intake of feed by stimulating appetite. Enhancing flavour or colour of feed <i>Example: Flavour extracts and phytogenic extracts to encourage feeding</i>
Nutritional Additives	Supply specific nutrients required for optimal animal growth, but are available in macronutrients in insufficient quantities. <i>Example: Proteins, Vitamins, Minerals</i>
Zootechnical Additives	Enables more efficient use of nutrients consumed by animals. Also called pro-nutrients, which improve nutritional value of a diet without necessarily providing more nutrients directly <i>Example: Enzymes, prebiotics and direct-fed microbials to enhance the conditions of intestinal tract</i>
Coccidiostats and Histomonostats	Controls intestinal health through direct effects on parasites

Source: EU Feed Additives and Premixture Association, Protégé Associates

The following are the major types of non-antibiotic feed additives and their functions:

- 1) **Direct-fed Microbials** – Good bacteria that alter the intestine's microbial balance to prevent the proliferation of pathogenic bacteria. Improves overall health and growth of livestock.
- 2) **Organic Acid Compounds** – Maintain a low pH in the gastro-intestinal tract to inhibit pathogenic bacteria proliferation. Low pH also aids digestion and nutrient absorption. Also added to feed as a technological feed additive for feed preservation.
- 3) **Immune Modulators** – Enhances the immunity of farm animals.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- 4) **Enzymes** – A pro-nutrient to improve digestion of nutrients, leading to better nutrition.
- 5) **Vitamins, Micro-Nutrients and Minerals** – Amino acids, vitamin and mineral supplements to ensure optimal nutrition for farm animals.
- 6) **Prebiotics** – Prebiotics stimulate the growth or activity of beneficial bacteria in the digestive system (mainly intestines) of livestock. Work to improve digestion and strengthening the immune system.
- 7) **Probiotics** – Live microorganisms including bacteria which when introduced to the digestive system of livestock can present health benefits. Probiotics can have a host of benefits including improving immune function and promoting mineral absorption
- 8) **Phytobiotics** – Natural substances that can enhance immune functions, and increase palatability of animal feed. Certain phytogetic extracts, such as garlic extracts also have anti-microbial and antioxidant properties
- 9) **Antococcidials and Anthelmintics** – Antococcidials is an anti-parasitic against coccidiosis which infects poultry animals. Anthelmintics are also an anti-parasitics.
- 10) **Feed Cleaners** – Includes technological feed additives anti-mold and anti-fungal additives that preserve the cleanliness and enhance the shelf life of milled animal feed.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**Market Dynamics Analysis of the Animal Feed Additives Market in Malaysia**

The total revenue of the animal feed additives market in Malaysia stood at RM203.3 million in 2009. By 2014, it is expected to grow to RM270.8 million, representing a Compound Annual Growth Rate ("CAGR") of 5.9 percent over the next 5 years.

Figure 7: Market Dynamics Scorecard for the Animal Feed Additives Market in Malaysia

Key Market Indicator		Measurement	Trends
Market Age		Mature	-
2009 Market Size (RM million)		203.3	
2010 Market Growth Rate (%)		5.0	-
2014 Forecast Market Size (RM million)		270.8	
Forecast Period Market CAGR (2010 – 2014) (%)		5.9	-
Estimated Number of Market Players in 2009	Antibiotic	50-60	Stable
	Non-Antibiotic	50-60	Increasing
Pricing Trends	Antibiotic	Low	Decreasing
	Non-Antibiotic	Premium Pricing	Slight Increase

Note:

There is a heavy overlap between market players selling antibiotic and non-antibiotic feed additives

Source: Protégé Associates

In Malaysia, the practice of using feed additives for the improvement of health and nutrition in livestock is also well-cultured, having been used for over 50 years. Globally, the phasing out of in-feed antibiotics has commenced in more developed countries, with meaningful strides made through the complete ban of antibiotics' usage as growth promotants by the EU region in 2006. Malaysia is trending the same way, although at a lagged pace. The need and usage of antibiotics in Malaysia and the rest of the developing world still stands at a high degree and continue to be relevant.

Non-antibiotic feed additives feature a greater level of product and technological development. These additives are gaining favour due to its cleaner and greener impact on animals, the environment and food safety. Current environmental, animal welfare and health concerns related to in-feed antibiotic use has accelerated the development and adoption of non-antibiotic feed additives. Price competition is high especially for antibiotic feed additives due to a considerable degree of commoditisation among such products. The profit margins for non-antibiotic feed additives are generally greater.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



The demand for non-antibiotic feed additives has not yet picked up in Malaysia; usage is still at the growth stage where the degree of new product category development and technological innovation is still very high. As a result, there is a high degree of product differentiation and a strong potential for better profit margins. Non-antibiotic feed additives exhibit a high propensity for future growth, due to concerns of in-feed antibiotics' impact on the environment and food safety. However, growth of this segment is likely to come at the expense of the antibiotic feed additives segment, which will likely see a gradual decline as pressures to move to cleaner and greener non-antibiotic feed additives mount.

Market Size and Growth

Figure 8: Market Size and Revenue Forecast for the Animal Feed Additives Market in Malaysia, 2009-2014

Year	Market Size (RM million)	Growth Rate (%)
2009	203.3	-
2010	213.5	5.0
2011	225.3	5.5
2012	237.6	5.5
2013	253.1	6.5
2014	270.8	7.0

CAGR (2009 – 2014): 5.9 percent

Note:

All figures are rounded; the base year is 2009.

Source: Protégé Associates

The animal feed additives market is largely expected to grow in correlation with the local livestock industry. Animal feed additives will remain an absolute necessity to the health and nutrition management of livestock farms. In the shorter term future, the market is expected to expand at a slow pace due to the enduring preference of Malaysian farmers for lower-value antibiotic animal feed additives. This preference, combined with a high level of price competition within the antibiotics segment is likely to limit short term growth despite an expected increase in usage volume. Substitution of antibiotics for non-antibiotic alternatives is still slow, but is likely to pick up in the medium term future. The shift towards non-antibiotic alternatives is inevitable given the advancement in non-antibiotic feed additives in the past decade, and their value to animal welfare and farm productivity. Increased substitution for higher-value non-antibiotic feed additives during this period will cause the market growth to accelerate, albeit at a gradual pace to reflect the general resistance-to-change of livestock farmers.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



The non-antibiotics feed additives market is estimated to value at RM94.1 million in 2009, likely to grow at a CAGR of 7.3 percent from 2009 to 2014. In terms of value, non-antibiotic feed additives constituted 46.3 percent of the animal feed additives market in 2009.

Figure 9: Market Size and Revenue Forecast for the Non-Antibiotic Animal Feed Additives Market in Malaysia, 2009-2014

Year	Market Size (RM million)	Growth Rate (%)
2009	94.1	-
2010	100.2	6.5
2011	106.7	6.5
2012	114.2	7.0
2013	123.4	8.0
2014	133.8	8.5

CAGR (2009 – 2014): 7.3 percent

Note: All figures are rounded; the base year is 2009.

Source: Protégé Associates

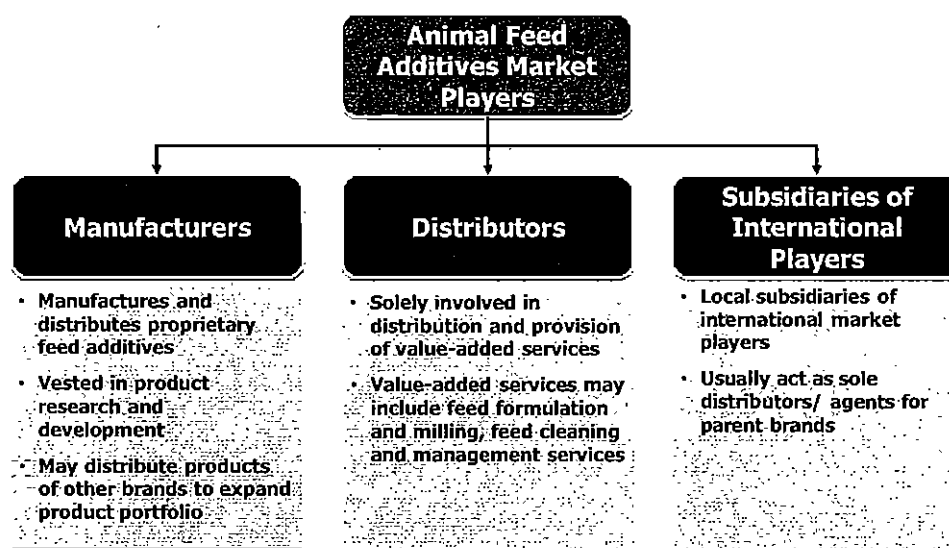
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14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**Competitive Landscape and Key Market Players**

The Malaysian animal feed additives market is highly competitive with between 50 and 60 market players. It comprises manufacturers, distributors, and local subsidiaries of global market players. Many of these market players also manufacture/ distribute animal health products other than feed additives such as veterinary pharmaceuticals, environment management products and vaccines. There is a heavy overlap between market players distributing antibiotic and non-antibiotic feed additives. The majority distribute both types, with only a handful focusing on either type of feed additives.

Figure 10: Categorisation of Animal Feed Additives Market Players

Source: Protégé Associates

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

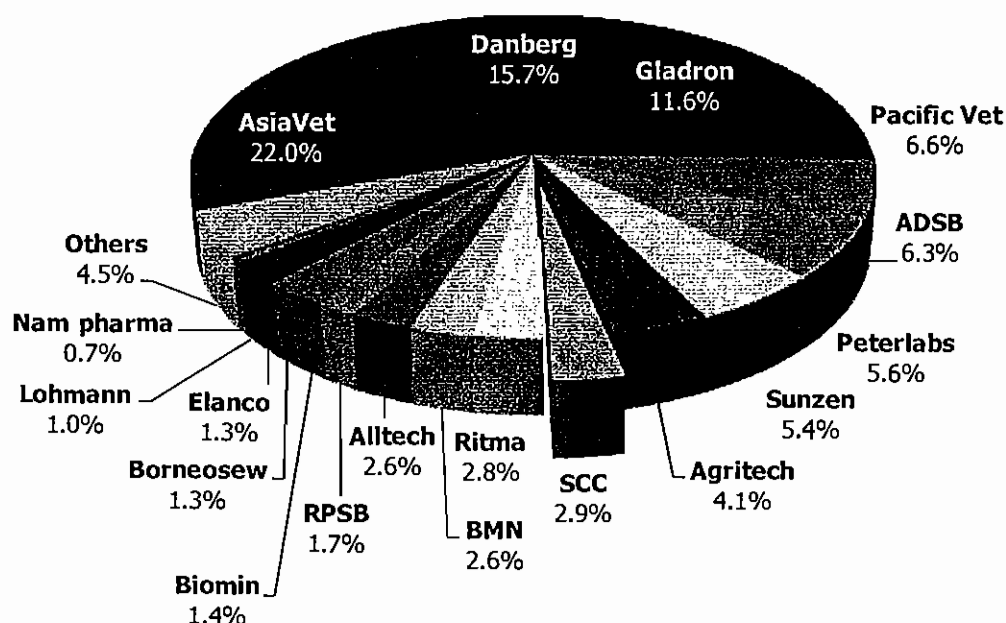
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Market Share Analysis

The following Figure 11 is a market share breakdown of key market players including SCC by revenue within the wider animal health market in 2008. The animal health market (including animal feed additives, biologicals, environment maintenance products and veterinary pharmaceuticals) was valued at RM483.5 million in 2008.

Figure 11: Market Share of Key Market Players within the Animal Health Market by Revenue, 2008



Note:

- 1) Revenues of market players could not be segmented further according to various animal health product types e.g. feed additives, biological, veterinary pharmaceuticals, etc
- 2) Gladron's 2008 revenue estimated based on the average growth of other key market players
- 3) SCC's market share is based solely on the revenue of its animal health division
- 4) Elanco's 2008 revenue is estimated as a proportion of ELSB's 2008 revenue. The assumed proportion reflects the Elanco's proportion of Eli Lilly's total revenue on a global basis
- 5) 2008 revenues for Agro-Farmchem, Rhone Ma and PPSB were not obtainable from the Companies' Commission of Malaysia ("CCM") during the time of this report
- 6) In terms of animal feed additives, SCC, Alltech, Biomin and Lohmann distribute only non-antibiotic type additives

Source: Protégé Associates, CCM

Based on SCC's revenue for the financial year ended 31 December 2009 and the Malaysian animal feed additives market in 2009, illustrated below is SCC's estimated market share. Based on market share, SCC is among the top 10 companies involved in the distribution of

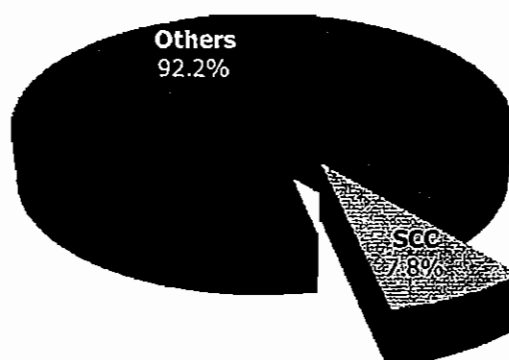
14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



animal feed additives in Malaysia. Other market players in the top 10 include notable animal health market players such as:

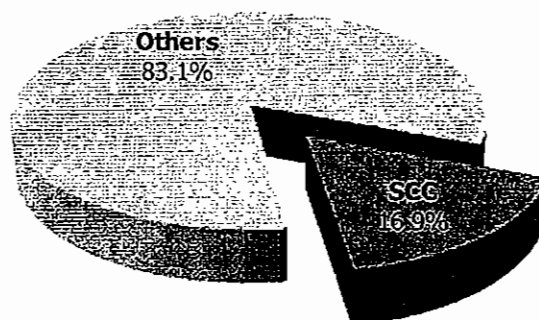
- Asia Veterinary Sdn Bhd ("AsiaVet")
- Danberg (M) Sdn Bhd ("Danberg")
- Gladron Chemicals Sdn Bhd ("Gladron")
- Pacific Vet Group Sdn Bhd ("Pacific Vet")
- Age D'Or Sdn Bhd ("ADSB")
- Peterlabs Sdn Bhd ("Peterlabs")
- Sunzen Biotech Bhd ("Sunzen")
- Agritech Enterprise Sdn Bhd ("Agritech")
- Ritma Prestasi Sdn Bhd ("Ritma")

Figure 12: Market Share of SCC within the Animal Feed Additives Market, 2009



Source: Protégé Associates

Figure 13: Market Share of SCC within the Non-Antibiotic Feed Additives Segment, 2009



Note:

Market share of other player not obtainable due to the lack of similar revenue segmentation or latest official financial information

Source: Protégé Associates

Demand/Supply Conditions

Factors Driving Demand for Animal Feed Additives

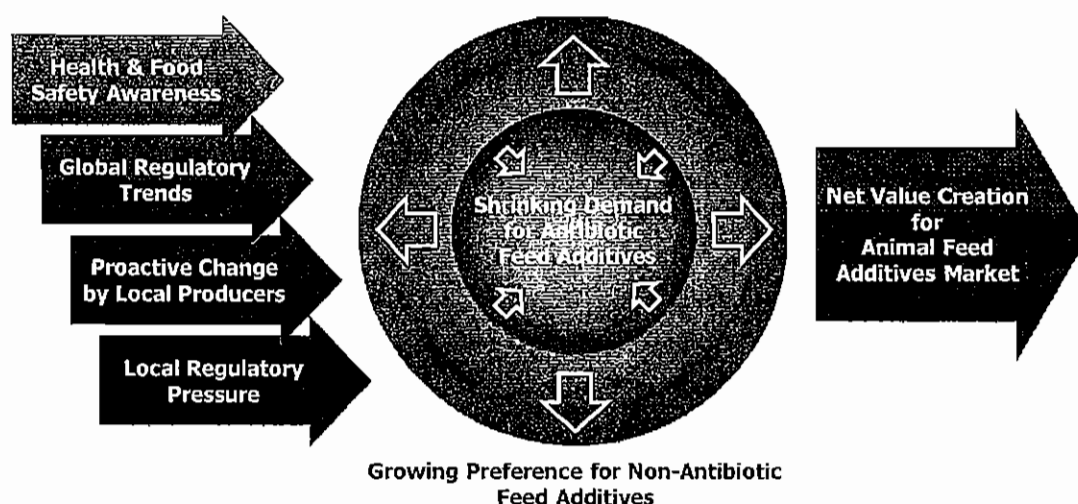
1) Growing Local Livestock Production to Fulfil Local and Export Demand

Local demand for livestock products has been mainly spurred by the increasing consumption of meat and dairy products in the dietary habit of Malaysians. Malaysians' consumption per capita of livestock products has increased by 28 percent in the past decade. Their growing taste for meat and dairy products has been brought on by growing affluence and increasing westernisation of her community. Growth in local demand for livestock products is also caused by continued population growth in the country.

Although the export market for locally produced livestock products is small, there are indications of possible future growth. Malaysia is self-sufficient in poultry and pork production. For poultry products, Singapore remains Malaysia's largest export market. High self-sufficiency of pork production has also prompted the DVS to promote pork exports, with China as a key destination for the food commodity. China's persistent shortage of pork and Malaysia's ability to export the food commodity will likely promote the export growth of locally produced livestock products moving forward.

2) Changing Preference towards Usage of Non-Antibiotic Feed Additives

Figure 14: Changing Preference towards Non-Antibiotic Feed Additives



Source: Protégé Associates

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

While the change in preference towards non-antibiotic additives appears to represent cannibalisation within the Malaysian animal feed additives market, the gradual substitution is able to create market value for reasons including:

- Higher Price and Value of Non-antibiotic Feed Additives
- Commoditisation of Antibiotic Feed Additives
- Potential for Scientific Development of Non-antibiotic Feed Additives

3) Potential for Scientific Advancement in Non-Antibiotic Feed Additives

Scientific research and development in the area of non-antibiotic feed additives is still far from maturity, and the market for such products is far from saturation. As opposed to in-feed antibiotics, whose efficacy is in decline due to diminishing disease pressure in the modern farming environment, and whose product development and differentiation has been limited, non-antibiotic feed additives represent a technology on the rise. This bodes well for the value of the animal feed additives market both locally and globally. The potential for product development perpetuates a need for farmers to constantly replace and upgrade the feed additives used to better and higher-value products.

Factors Restraining Demand for Animal Feed Additives

1) Small Export Market for Local Livestock Products

Malaysia's livestock industry caters mainly to domestic demand and does not focus on export activities. The local industry currently exports poultry meat and eggs, mainly to Singapore. Even so, the proportion and value of livestock exports is small. It is estimated that exports make up approximately 10 percent of Malaysia's poultry production. Swine exports have been negligible since Singapore banned imported pigs from Malaysia after the Nipah virus outbreak in 1998. Limited exports in the short to long run are expected to put a leash on local livestock production, and restrict growth of feed additives demand.

2) Persistent Use of Antibiotic Feed Additives

Although a portion of larger and more integrated farms have embraced the use of non-antibiotic animal feed additives, the majority of small-to-medium sized farms, which make up the bulk of livestock farmers in Malaysia are still persistent in their use of antibiotic feed additives. The slow rate of replacement is due to the lack of environmental or animal welfare concern, low awareness on value of non-antibiotic feed additives and rising production costs.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

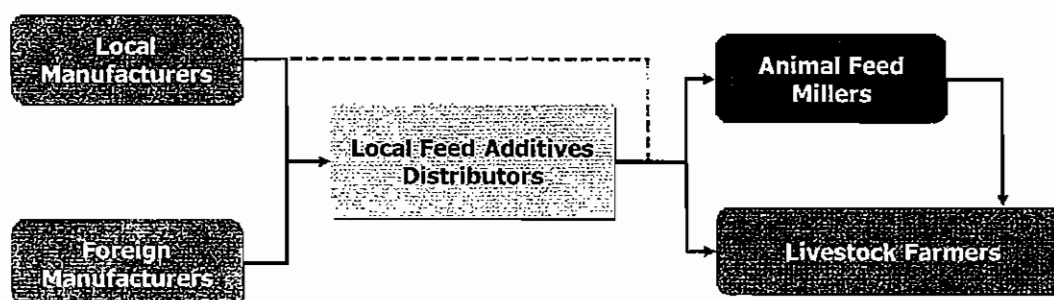


3) Disease Outbreaks Affecting Livestock Industry

Disease outbreaks affecting livestock, such as the Nipah virus outbreak in 1998 and the bird flu outbreak in 2005 will affect the supply and demand for livestock products both locally and globally. Similar outbreaks in the future could have similar effects on livestock demand and supply, as well as the demand for animal feed additives.

Key Distribution Landscape

Figure 15: Key Distribution Landscape of Animal Feed Additives



Source: Protégé Associates

Feed additives used by Malaysian livestock farmers comprise a combination of locally developed and imported products. Non-antibiotic feed additives are commonly imported from countries such as the US, Canada and the EU region due to greater scientific advancement in these economies concerning the development and use of cleaner, greener animal feed additives. Local development of non-antibiotic feed additives is limited but not non-existent. Companies such as Sunzen Biotech Bhd for example develop and market proprietary feed additives for the local livestock industry.

Feed additives are typically distributed to two types of users: Feed millers are companies that manufacture animal feed through the mixture of macronutrients and a combination of animal feed additives according to basic or customised proprietary formulations. Larger integrated farms especially in the poultry sub-industry prefer to mill their own animal feed; these farms usually possess the feed formulation expertise to ensure optimal livestock nutrition, as well as the means and economies of scale to manufacture feed independently.

Critical Success Factors

1) Proven Product Quality and Company Track Record

High quality feed additives can markedly improve livestock growth and health to better productivity, while tainted or errant products can cause health complications or increase

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

livestock mortality rates. Due to the risks involved to their operations and profitability, farmers hold in utmost importance the proven quality of feed additive products used.

2) Provision of Value Added Services

Although the use of in-feed antibiotics remains dominant, Malaysian farmers are expected to switch to non-antibiotic feed additives given time. In this transition period, it is a key competitive advantage for animal feed additives manufacturers and distributors to provide value-added services on top of feed additive products in order to bridge this gap. Such services include product education, consultative services and other integrated livestock health and nutrition management services.

3) Product Differentiation

In order to avoid heavy price competition through product commoditisation, market players must be active in achieving product differentiation through technological development and branding. For feed additive manufacturers, research and development is key to developing products that are substantially different from current products.

Barriers to Entry**1) Track Record of Incumbent Market Players**

New market entrants will have to compete against established market players who are well-experienced, and already have a wide range of high-quality proven feed additive products. These market players have also established a good brand reputation among local livestock farmers, many of which would have formed some degree of brand loyalty.

2) High Capital and Technological Expertise Requirements

Feed additives manufacturing is a capital intensive activity requiring substantial investment in technological research and development, machinery and equipment, manufacturing and logistics facilities and others. The need for high technology research and development coupled with the suitable technical expertise for such initiatives is especially pertinent.

3) High Adoption Rate of Feed Additives

The use of feed additives in livestock farming is by no means new in Malaysia. At present, the vast majority of local livestock farmers use feed additives in their operations. Hence, new market players entering the industry have to encourage product and supplier substitution among local livestock farmers.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**Threat of Substitution**

There are currently no good substitutes to animal feed additives. There is substitution between antibiotic and non-antibiotic, and also competition within each category, but there are no substitutes to feed additives as a whole category.

Government Regulations**Feed Act 2009**

The Feed Act 2009 came into effect on 1 January 2010. The purpose of the Act is to regulate feed quality by controlling the manufacture, import, sale and use of animal feed and feed additives as a means to ensure that animal welfare is preserved, and resulting animal products are not contaminated so that they are safe for human consumption. A Feed Board has been established under the Feed Act 2009 and is chaired by the Director of the DVS.

The functions of the Feed Board are as follows:

- 1) to administer, enforce and ensure the effective implementation of the Feed Act 2009
- 2) to advise the Minister in the making of regulations under the Feed Act 2009
- 3) to regulate the quality and safety of feed and feed additives
- 4) to regulate the feed industry, particularly in the manufacturing, distributing, utilizing and importing of feed and feed additive (including issuing licences) and
- 5) to implement quality and safety assurance programmes for feed

The salient provisions of the Act are as follows:

- 1) Regulating the importation of feed and feed additive by the Feed Board.
- 2) Feeds imported, manufactured, distributed, possessed, sold or utilized for the feeding of animals shall comply with the prescribed feed specifications.
- 3) All feeds imported, manufactured, distributed, possessed, sold or utilized for the feeding of animals shall comply with the prescribed feed specifications.
- 4) All feeds or feed additives kept, stored, packaged, labelled or transported shall comply with the prescribed conditions for proper keeping, storing, packaging, labelling and transporting of feed or feed additives.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- 5) Limitation for a person (except for a Veterinary Surgeon for treatment purpose) to
 - a) incorporate any antibiotic, hormone or other chemical into feed; or
 - b) introduce any antibiotic, hormone or other chemical* directly or through a medium into animals
- 6) Regulating the possession of any feed or feed additive which contains antibiotics, hormones or other chemicals.

Note: "Chemical" includes antioxidants, preservatives, binding agents, colouring substances, flavouring agents and non-antibiotic medicaments

At present, the Feed Board has yet to take in applications for or issue licences under the Feed Act 2009.

Food Regulations 1985

The Food Regulations is aimed at ensuring the safety of food sold to consumers and the ethical sale of food to consumers. Its regulation of incidental constituents – including foreign, extraneous, toxic, noxious or harmful substances that is contained or present in or on any food and includes metal contaminant, microorganisms and their toxins, drug residue and pesticide residue other than food additives – makes provisions such as:

- 1) **Incidental Constituents** – No person shall keep, carry, spread or use, or cause or permit to be kept, carried, spread or used, any toxic, noxious or harmful substance so as to expose a food intended for sale to the risk of contamination by that substance at any time in the course of the preparation, manufacture, storage, packaging, carriage, delivery, or exposure for sale, of the food.
- 2) **Drug Residue** - No person shall import, sell, expose or offer for sale or delivery, any food intended for human consumption which contains drug residues greater than the amount as set out by the Food Regulations. Drugs include all substances used internally or externally for therapeutic, prophylactic or growth promotion purposes or for modification of physiological function or behaviour in animals. These include antibiotics.

Reliance and Vulnerability to Imports

The Malaysian animal feed additives market features many imported products, distributed by local distributors or subsidiaries set up by international market players.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**Future Outlook**

The Malaysian animal feed additives market faces a bright outlook moving forward, with steady growth likely to eventuate in tandem with trends of steady growth within Malaysia's livestock industry and animal health market. It is also expected to expand at a slightly accelerating pace moving forward as livestock farmers gradually switch to the use of higher-value non-antibiotic feed additives from in-feed antibiotics. Malaysia's animal feed additives market is expected to grow at a CAGR of 5.9 percent over the next five years to value at RM270.8 million in 2014. Growth within the market will be propagated by a number of key market drivers including:

- Growing Local Livestock Production to Fulfil Increasing Local and Export Demand
- Potential for Scientific Advancement in Non-Antibiotic Feed Additives
- Changing Preference towards Usage of Non-Antibiotic Feed Additives

The changing preference towards the use of non-antibiotic feed additives is likely to be driven by several sub factors including the heightened awareness of health and food safety implications related to in-feed antibiotic use, global regulatory trends, impending local regulatory controls on in-feed antibiotic use and the proactive change by local farmers to non-antibiotics due to greater environmental and animal welfare concern.

Nonetheless, market players need to be aware of the following market restraints, which may put downward pressure on market demand moving forward.

- Small Export Market for Local Livestock Products
- Persistent Use of Antibiotic Feed Additives
- Disease Outbreaks Affecting Livestock Industry

Based on the above, the growth of the Malaysian animal feed additives market is expected to remain positive during the forecast period.



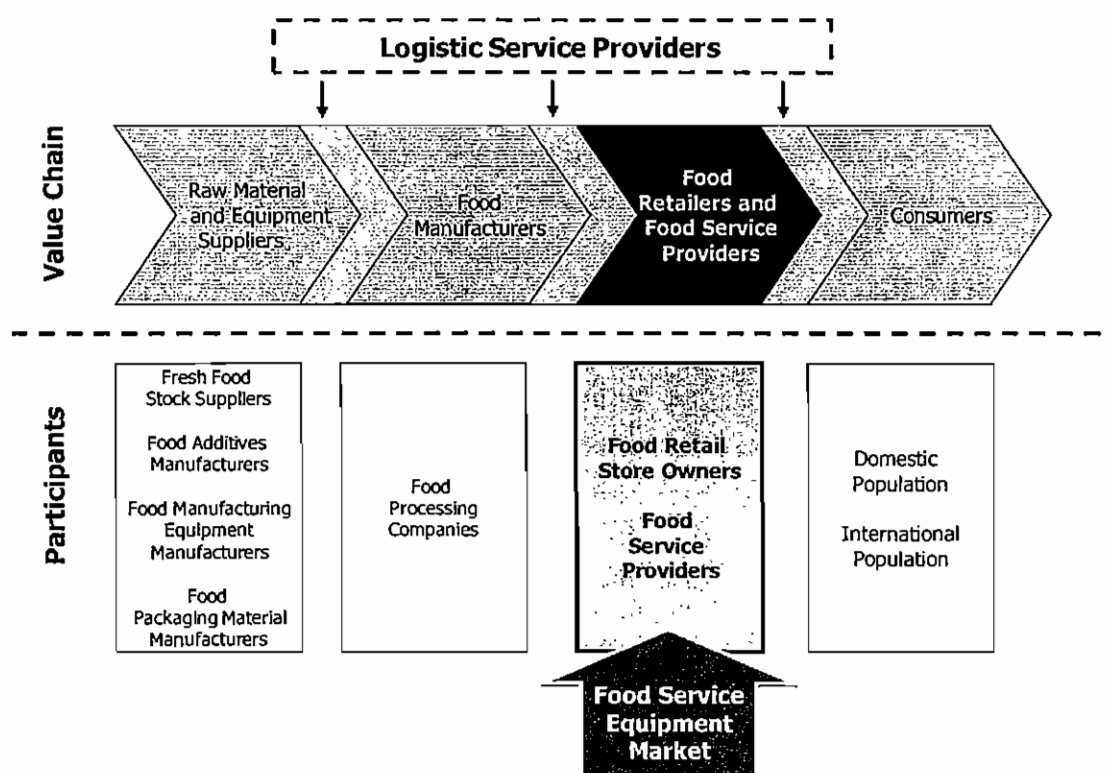
FOOD SERVICE EQUIPMENT MARKET

Food service equipment includes all industrial-grade equipment used to aid the final preparation and delivery of meals to customers, usually at food service outlets. This equipment include hot cooking equipment such as industrial gas stoves and cooker hoods, rotisseries, grills, fryers, coffee makers, popcorn machines, and cold food service equipment such as freezers, refrigerators, salad counters and drinks dispenses. The category of equipment also covers ware-washing equipment, such as dish and utensil washers and dryers. Food service equipment are highly specialised for application in large kitchens and are suited for the use of restaurants, cafés, fast food joints and other food service providers. This industrial-grade equipment is used to increase operational efficiency through faster cooking times, larger cooking quantities and consistent end-product taste and quality. The local food service equipment market derives its demand mainly from the demand of Malaysia's food market, specifically the food service market.

Overview of the Malaysian Food Market

Malaysia is currently one of Asia's more affluent nations with a per capita income of approximately RM27,674. Its economy is underpinned by a solid foundation of mixed economy comprising agricultural, services and manufacturing industries. The strong growth in income and population in Malaysia has led to a shift in food consumption behaviours that has overseen greater intake of wheat-based products, dairy products, seafood, fruit, vegetables and more significantly meat, from a more traditional starchy staple. Malaysia's household spend over 20 percent of their monthly expenditure on food with the consumption of meat constituting for more than half of the amount. The consumption of red meat and poultry continued to register double-digit growth on the back of growing affluence of consumers and change in eating habits which are leaning more towards westernised meals where meat are featured more extensively. Meanwhile, the majority urban population of Malaysia (approximately 70 percent of population) are increasingly turning to supermarkets and hypermarkets for their retailing needs due to its added convenience and wider range of products sold.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Food Market Value Chain**Figure 16: Market Value Chain of the Food Market in Malaysia**

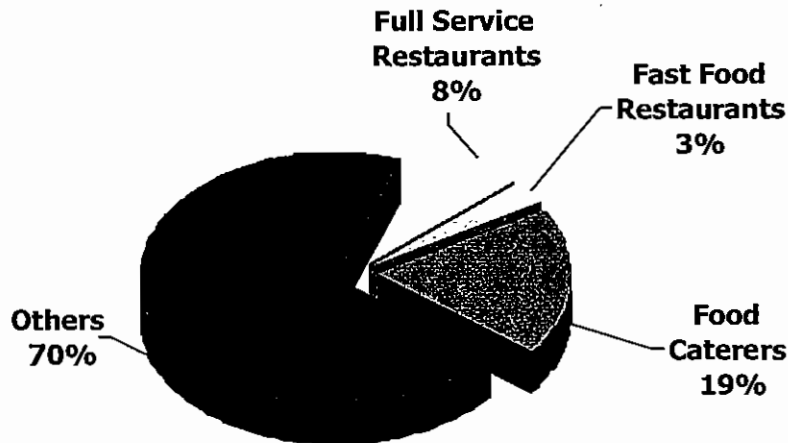
Source: Protégé Associates

Demand/ Supply Conditions**Malaysia's Food Service Market**

Malaysia has a comparatively huge and rapidly expanding food service market. The Malaysian food service market was estimated to be worth over USD5 billion in 2008, with growth estimated to average around 7-8 percent per annum over the 5 years preceding 2008. The food service market caters to the 28 million Malaysians as well as a large transient population of tourist and business travellers of almost 21 million people annually. A combination of a more hectic lifestyle and higher spending power has positively impacted the food services market and this trend is expected to be sustained moving forward.

The local food service market is today represented by a diverse mix of market participants ranging from the low end food stalls operating in outdoor and open space areas by the roadside to covered air-conditioned food courts to sophisticated high end restaurants operating either as restaurant chains or as single site restaurants.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**Figure 17: Market Structure of Malaysia's Food Services Market, 2007**

Source: Protégé Associates

Market Outlook and Prospect for the Food Service Equipment Market

Rapid growth of the food service market directly impacts demand for food service equipment. Specifically, the rapid growth of the full service restaurant and quick service restaurant ("QSR") segments is a likely major factor of growth for the food service equipment market as these outlets are perennial users of industrial-grade cooking and food preparation equipment. Their preference for such equipment is due to their desire to maintain the consistency of food portions and quality from meal-to-meal and from outlet-to-outlet for chain restaurants, as well as to improve cost control through efficient cooking practices and minimising the necessity of skilled labour. The preference to use food service equipment is likely to persist, especially for those appealing to the mass consumer.

The growth of full service restaurants and QSRs will propagate food service equipment demand through the following means:

- Increased usage of equipment leading to increased wear-and-tear. This necessitates direct replacement of parts and equipment.
- Upgrading of kitchen equipment to increase cooking efficiency as a means to cope with greater traffic. Equipment may also be upgraded to improve food quality.
- Demand growth in these segments is expected to lead to a growing number of full service restaurant and QSR outlets, and the introduction of new food service brands into the market. Organic growth will increase demand for food service equipment.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*



BRAND | FINANCE | MARKET

Fast-growing demand within the food service market is also attracting smaller food outlets to develop into full service restaurants, and encouraging single-site restaurants to burgeon into restaurant chains. The evolution of food outlets such as hawker stalls and old-style coffee shops into full service restaurants has been particularly evident in recent times. The burgeoning of old-style coffee shops such as Old Town Kopitiam, Kluang Station, Killiney's Kopitiam and others is likely to encourage other similarly themed brands to build franchises in the same vein. Shifting from small stalls to full service chain restaurants necessitates the use of food service equipment to aid efficient operations. This is true despite the tradition-factor of certain types of food. Strategic decoupling among old-style coffee shop franchises is particularly evident; an image of tradition is maintained while modern machinery and equipment such as coffee machines, steamers and fryers are used to churn out products consistently and quickly. Strategic decoupling in this sense is likely to persist as an acceptable practice among such outlets as it is acceptable to the majority of mass consumers. This is likely to contribute to robust growth within the food service equipment market in the future.

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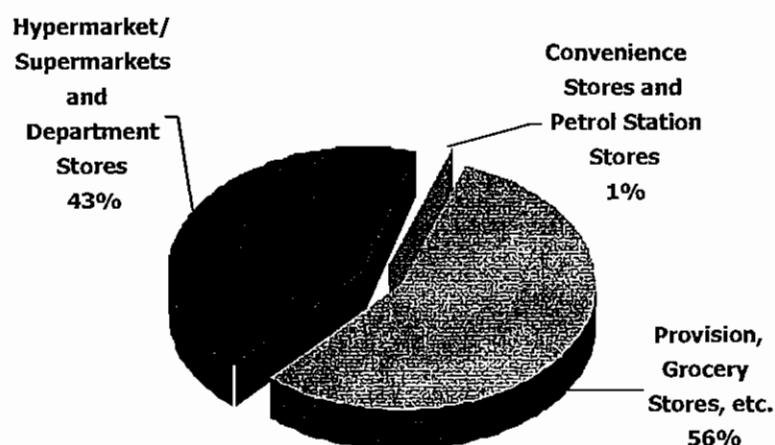
14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Malaysia's Food Retail Market

Being one of the top developing nations in the region, the Malaysian food retail market is a huge and booming market that is estimated to be worth approximately USD10 billion in 2008. The food retail market has over the past five years registered growth of approximately 6 to 7 percent annually and has accelerated in tandem with the growing affluence of the country's population as well as increasing sophistication and modernisation of local's lifestyles.

Figure 18: Market Structure of Malaysia's Food Retail Market, 2007



Source: Protégé Associates

Market Outlook and Prospect for the Food Service Equipment Market

Greater demand for convenience among shoppers has not only increased their demand for processed foods such as frozen, chilled and dried foods, but has presented food retail outlets with a glaring opportunity to market fully-prepared, ready to eat foods and meals to the convenience-conscious consumer. Over recent years, it has become increasingly common for retail outlets, typically larger supermarkets and hypermarkets to offer a full range of fully prepared foods to consumers. These typically include roasted and fried meats, breads and other baked foods, confectionaries, and generic fast foods. As more food retail outlets offer food services, the demand for food service equipment by supermarkets and hypermarkets will likely increase.

The growing popularity of hypermarkets and supermarkets as the food retail outlet of choice among Malaysian consumers will likely drive demand for in-house prepared foods, which is in turn expected to drive demand for food service equipment.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**Market Dynamics Scorecard**

The size of Malaysia's food service equipment market was estimated at RM291.7 million in 2009. By 2014, the market size is expected to grow to RM434.5 million, representing a CAGR of 8.3 percent over the next 5 years.

Figure 19: Market Dynamics Scorecard for the Food Service Equipment Market in Malaysia

Key Market Indicator	Measurement	Trends
Market Age	Growth	-
2009 Market Size (RM million)	291.7	
2010 Market Growth Rate (%)	7.5	-
2014 Forecast Market Size (RM million)	434.5	
Forecast Period Market CAGR (2010 – 2014) (%)	8.3	-
Estimated Number of Market Players in 2009	20-25	Stable
Pricing Trends	-	Stable

Source: Protégé Associates

Market Size and Growth

Figure 20: Market Size and Revenue Forecast for the Food Service Equipment Market in Malaysia, 2009-2014

Year	Market Size (RM million)	Growth Rate (%)
2009	291.7	-
2010	313.5	7.5
2011	338.6	8.0
2012	367.4	8.5
2013	398.6	8.5
2014	434.5	9.0

CAGR (2009 – 2014): 8.3 percent

Note: All figures are rounded; the base year is 2009.

Source: Protégé Associates

Growth in demand for food service equipment in Malaysia exhibits strong positive correlation with the growth of the local food service industry. Food service equipment investments are also vital as a pre-emptive to the expansion and proliferation of new service outlets and

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

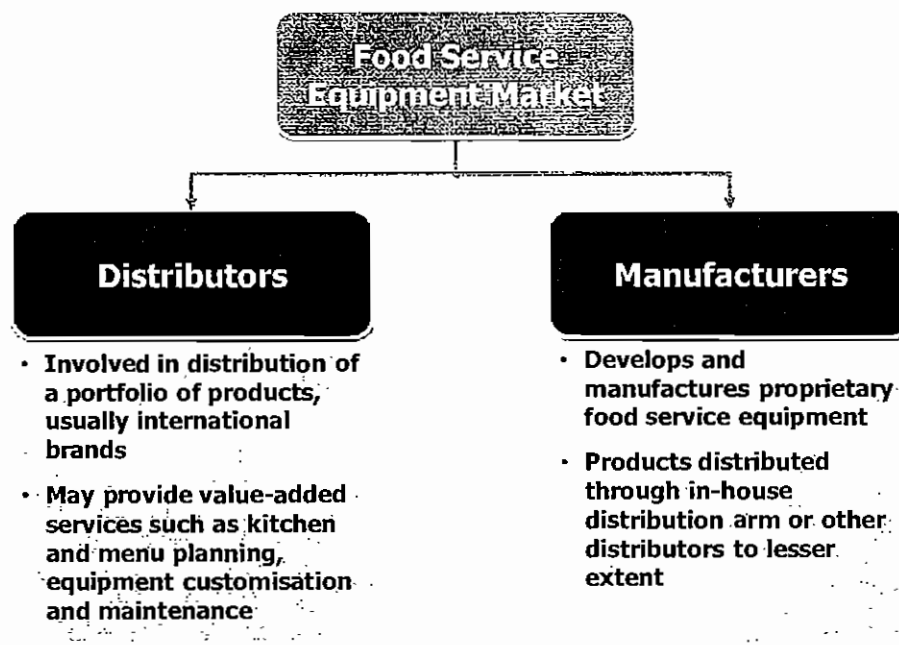


franchise establishments. As such, food service equipment growth is a good leading indicator for the demand growth of food services in the country.

Apart from the overriding trends concerning food service demand, the food service equipment market in Malaysia has been and will continue to be buoyed by the growth of food establishment franchising in the country. Despite the soft economy of the past two years, franchising activities particularly among international QSR establishments and home-grown food service chains has burgeoned. Homegrown food service players such as Secret Recipe and Old Town White Coffee have also looked to franchising to diversify and expand operations. The growth of franchising, in anticipation of consumer trends favouring food services is also a likely boon for the food service equipment demand.

Competitive Analysis

Figure 21: Categorisation of Food Service Equipment Market Players



Source: Protégé Associates

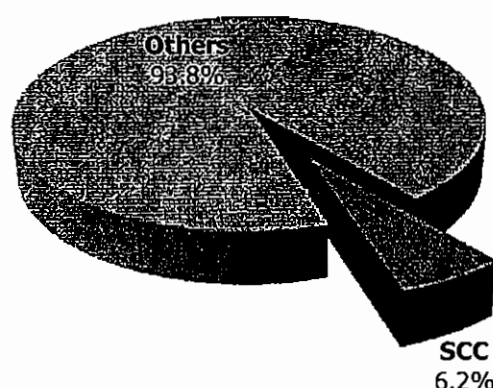
Key market players (distributors) include NKR Continental Sdn Bhd, Ultimate Circle Sdn Bhd, SCC, F&B Equipment Sdn Bhd, Crafs Equipment Malaysia Sdn Bhd, Hocatsu (M) Sdn Bhd, Simplex Sdn Bhd, F&B Facilities Sdn Bhd, Catering Equipment Services Sdn Bhd, Hussman Tempcool (M) Sdn Bhd, CA Impact (M) Sdn Bhd and Allied Food Service Equipment Sdn Bhd. Key local manufacturers include MSM Equipment Manufacturer Sdn Bhd and CKE Holdings Sdn Bhd.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Based on SCC's revenue for the financial year ended 31 December 2009 and the Malaysian food service equipment market in 2009, illustrated below is SCC's estimated market share. Based on the market share, SCC is among the top 10 companies involved in the distribution of food service equipment in Malaysia.

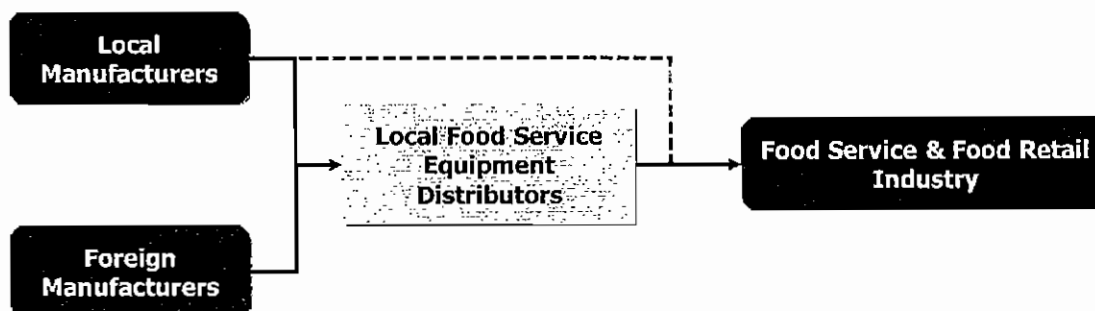
Figure 22: Market Share of SCC within the Food Service Equipment Market, 2009



Source: Protégé Associates

Key Distribution Landscape

Figure 23: Key Distribution Landscape of Food Service Equipment



Source: Protégé Associates

The majority of food service equipment used by the local food service and food retail industries are imported products; there are only a few local manufacturers manufacturing food service equipment in Malaysia. For these manufacturers, distribution is done independently as well as through the wider network of local food service equipment distributors. These distributors also carry a wide portfolio of other food service equipment brands originating from the international market.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**Critical Success Factors****1) Building Good Relationship with QSR and Full Service Restaurant Chains**

It is crucial for food service equipment market players to acquire the patronage of food service establishment chains, such as full service restaurant chains and international QSR brands. Building and maintaining good working relationships with these chain restaurants is a genuine competitive advantage due to its ability to build demand quantity, increase economies of scale and establish one's market profile.

2) Sound Inventory and Logistics Management

It is essential that the capability to stock up food service equipment be complemented with sound inventory management as a mean to minimise inventory holding cost. Food service equipment providers need to hold the balance between keeping machine and spare part inventory to reduce delivery time and optimising inventory keeping costs.

3) Large Capitalisation

With a larger capital base, food service equipment market players are better equipped to purchase and store inventory of large and costly food service equipment. The ability to purchase more inventories is vital, especially if market players are to service food service chains which typically require equipment supply in large volumes.

Barriers to Entry**1) Established Track Record**

Potential customers usually prefer reliable and reputable food service equipment market players that possess established market reputation and carry established equipment brands. As new market players, it would prove difficult to acquire distributorship for internationally reputed brands of food service equipment given their lack of track record.

2) Strong Business Relationship

Building viable and strong business relationships with equipment brand owners and large customers alike is not an easy task for any new entrants as relationships require a significant amount of time to establish.

3) High Working Capital Requirements

In order to run the business operations smoothly, a high working capital is required to purchase larger quantities of food service equipment. In addition, food service equipment

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



market players will have to hold inventories for spare parts and replacement equipment for quick service/ delivery for priority customers.

Threat of Substitution

There are no good substitutes for food service equipment.

Government Regulation

There are no key government regulations specifically pertinent to food service equipment.

Reliance and Vulnerability to Imports

The Malaysian food service equipment market features many imported products, distributed by local or multinational distributors. There are only a few local manufacturers, notably MSM Equipment Manufacturer Sdn Bhd and CKE Holdings Sdn Bhd.

Future Outlook

At first glance, the local food market and consequently the food service equipment market, like most of the other markets, seems to be facing a very challenging prospect in the near future in the face of unfavourable external factors such as the global economic downturn and credit crunch crisis. Malaysia, like the rest of the world, is expected to struggle in sustaining the pace of its economic growth. However, on closer scrutiny of the local economy, the negative impacts on Malaysia seem to be relatively less severe compared to its other affected foreign counterparts. For example, the lessons learned from the 1997 crisis have provided a better footing for the local financial sector in terms of capital risk management and a more prudent lending policy – putting them in a better position to tackle the global financial turmoil. Furthermore, Malaysian banks have relatively less exposure to the sub-prime crisis faced by major economies and the liquidity in Malaysia is still considered to be relatively high. The Malaysian Government is also not taking the global financial turmoil lying down. It adopted an expansionary policy and has already announced additional stimulus package totalling RM60 billion to be implemented over two years. This additional stimulus package is expected to boost the country's economy in a globally trying time.

The sustained strength of domestic demand in the country – a trend prevalent in the wider Southeast Asian Region – has an important positive bearing on consumer food expenditure. Along with the continued increase in consumer income and the necessity of food to human life sustenance, strong domestic demand has buoyed the Malaysian food market. These factors are also set to continue contributing to the growth of the full-service restaurant and QSR segments within the food service market. The strength of these two segments is

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



evidenced by the continued growth of international QSR presence in the country (entry of new QSR brands such as Wendy's and Popeye's Fried Chicken, and the sustained expansion of industry stalwarts) and burgeoning of home-grown full-service restaurant chains. Home-grown old-style coffee shops have been actively growing into chain establishments; the success of Old Town Kopitiam is an epitome of a trend that is expected to prevail in the coming years.

The food retail market is also blurring the lines between food service and food retailing. Larger food retail establishments, including hypermarkets and department stores are expanding their offering to include more prepared foods for the convenience of shoppers. It is becoming increasingly common for hypermarkets to offer a full range of roasted and fried meats, finger foods, baked goods and staple meals in addition to raw and processed food products. These trends within the food service and food retail market point towards growth in demand for food service equipment in Malaysia.

Based on the above, the growth of the Malaysian food service equipment market is expected to remain positive during the forecast period.

14. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Protégé Associates has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours Sincerely,

SEOW CHEOW SENG

Managing Director

Protégé Associates Sdn Bhd

15. DIRECTORS' REPORT

SCC HOLDINGS BERHAD. (511477-A)

(Incorporated in Malaysia)

19-21, Jalan Hujan, Taman Overseas Union,
58200 Kuala Lumpur, Malaysia.

Tel: 603-77828384(5 lines) Fax: 603-77818561

24 JUN 2010

Registered Office:
10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur

The shareholders of SCC Holdings Berhad ("SCC Holdings" or "Company")

Dear Sirs/Madams

On behalf of the Board of Directors of SCC Holdings, I report after due and careful enquiry that during the period from 31 December 2009 (being the date to which the last audited financial statements of our Company and subsidiary companies which have been made) up to **24 JUN 2010** (being a date not earlier than 14 days before the issuance of this Prospectus):

- (i) the business of our Company and subsidiary companies have, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of our Directors, no circumstances have arisen since the last audited financial statements of our Company and subsidiary companies which have adversely affected the trading of the value of the assets of our Company or of our subsidiary companies;
- (iii) the current assets of our Company and subsidiary companies appears in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities by reason of any guarantee or indemnities given by our Company or our subsidiary companies;
- (v) since the last audited financial statements of our Company and subsidiary companies, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which we are aware of; and
- (vi) since the last audited financial statements of our Company and subsidiary companies, save as disclosed in the Accountants' Report enclosed in this Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Company and subsidiary companies.

Yours faithfully
For and on behalf of the Board of Directors
SCC HOLDINGS BERHAD



CHER SEW SENG
Managing Director

16. ADDITIONAL INFORMATION

16.1 SHARE CAPITAL

- (i) No securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (ii) None of the capital of our Company or our subsidiary companies is under option or agreed conditionally or unconditionally to be put under option.
- (iii) Save for the Issue Shares reserved for subscription by our eligible employees as disclosed in Section 3.1 (ii) of this Prospectus, there is no scheme involving our employees in the capital of our Company or our subsidiary companies.
- (iv) Save for our Promoters and Substantial Shareholders as disclosed in Section 8.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company or our subsidiary companies.
- (v) There is no limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by the applicable Malaysian law or by our Memorandum and Articles of Association.

16.2 ARTICLES OF ASSOCIATION

The following provisions relate to the remuneration of directors, voting and borrowing powers of directors, transfer of securities and changes in capital and variation of class rights as reproduced from our Articles of Association ("Articles"). The words and expressions appearing in the following provisions shall bear the same meaning used in our Articles unless they are otherwise defined here or the context otherwise requires:

(i) Remuneration of Directors

Article 98 – Remuneration of Directors

The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by an Ordinary Resolution of the Company in General Meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, or, failing agreement, equally, except that any Director who shall hold office or part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of the remuneration related to the period during which he has held office PROVIDED ALWAYS that:-

- (1) the fees payable to the Directors shall not be increased except pursuant to a resolution of the Company in General Meeting, where notice of the proposed increase has been given in the notice convening the General Meeting;*
- (2) on the other hand, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine;*
- (3) fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover;*
- (4) salaries payable to executive Directors may not include a commission on or percentage of turnover; and*

16. ADDITIONAL INFORMATION (Cont'd)

- (5) *any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

(ii) Voting Powers and Borrowing Powers of Directors**Article 114 – Borrowing powers of Directors**

- (1) *The Directors may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its subsidiaries.*
- (2) *The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.*

Article 125 – Restricting on voting

In amplification of and not in derogation of Articles 112 and 113, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

Article 126 – Power to vote

Subject to Article 125, a Director may vote in respect of:-

- (1) *any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or*
- (2) *any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.*

(iii) Transfer of Securities**Article 28 – Transfer of Securities**

Subject to the provisions of the Depositories Act and the Rules of the Depository, the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules of the Depository and, notwithstanding sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Article 29 – Instrument of Transfer

Every instrument of transfer for Listed Securities shall be in writing and in the form approved in the Rules of the Depository and shall be presented to the Depository with such evidence (if any) as the Depository may require to prove the title of the intending transferor and that the intended transferee is a qualified person.

16. ADDITIONAL INFORMATION (Cont'd)

Article 30 – Refusal to Transfer

The Depository may refuse to register any transfer of Listed Securities that does not comply with the Depositories Act and the Rules of the Depository. Subject to the provisions of the Act, the Depositories Act and the Rules of the Depository, no Listed Securities in any circumstances be transferred or transmitted to any infant, bankrupt or person of unsound mind or any partnership or unincorporated association or body.

Article 31 – Suspension or Closing of Registers

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. At least ten (10) clear Market Days' notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange or such number of days as may be prescribed by the Exchange. The said notice shall state the purpose or purposes for which the register is being closed. In relation to the closure, the Company shall give written notice in accordance with the Rules of Depository to prepare the appropriate Record of Depositors. At least three (3) Market Days prior notice shall be given to the Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) Market Days prior notice shall be given to the Depository or such other notice period in accordance with the Rules of the Depository to enable the Depository to issue the appropriate Record of Depositors.

Article 32 – Renunciation

Subject to the provisions of these Articles the Directors may recognise a renunciation of any Listed Securities by the allottee thereof in favour of some other person.

Article 33 – Non-liability for the Company's Directors and Office in Respect of Transfer

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside and in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto, PROVIDED ALWAYS that where the share is a Deposited Security, subject to the Rules of the Depository, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

16. ADDITIONAL INFORMATION (Cont'd)***Article 34 – Transmission of Securities from Foreign Register***

Where:-

- (1) the securities of the company are listed on another stock exchange;*
- (2) such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act 1991 or section 29 of the Securities Industry (Central Depositories) (Amendments) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities; and*

such Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the other stock exchange, to the register of holders maintained by the register of the company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

(iv) Changes in Capital and Variation of Class Rights***Article 54 – Power to Increase Capital***

The Company may from time to time, by Ordinary Resolution in General Meeting, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its share capital and/or its authorised capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

Article 55 – Rights and Privileges of New Shares

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and, in default of such direction, as the Directors may determine and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special or without any right of voting.

Article 56 – Offer of New Shares

Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities for the time being unissued and not allotted and any new shares or securities from time to time to be created shall before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, shall be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors be conveniently offered under this Article.

16. ADDITIONAL INFORMATION (Cont'd)**Article 57 – Approval of Shareholders in General Meeting**

Subject to the Listing Requirements, the provisions of the Act, the Depositories Act and/or the Rules of the Depository and notwithstanding the existence of a resolution pursuant to section 132D of the Act, the Company must ensure that it shall not issue any share or convertible securities if the nominal value of those shares or convertible securities, when aggregated with the nominal value of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten per cent (10%) of the nominal value of the issued and paid-up capital of the Company, except where the shares or convertible securities are issued with the prior approval of the shareholders in General Meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible securities that may be issued by the Company, if the security is a convertible security, each of such security is counted as the maximum number of shares into which it can be converted or exercised.

Article 58 – New Shares to Rank with Original Shares

Except so far as otherwise provided by the conditions of issue, these Articles or the Depositories Act or the Rules of the Depository, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission forfeiture and otherwise as the original share capital.

Article 59 – Power to Alter Capital

The Company may from time to time in General Meeting by Ordinary Resolution:-

- (1) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;*
- (2) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;*
- (3) cancel any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or*
- (4) subject to the provisions of these Articles and the Act, convert and/or re-classify any class of shares into any other class of shares.*

Article 60 – Power to Reduce Capital

The Company may from time to time by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by the provisions of the Act.

16. ADDITIONAL INFORMATION (Cont'd)***Article 61 – Rights of Shareholders May Be Altered***

If at any time the share capital is divided into different classes of shares, the rights attached to any class shall be expressed herein or in the resolution creating the same and may subject to the provisions of the Act whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Holders of three-fourths (¾) of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate General Meeting of the Holders of the shares of that class. To every such separate General Meeting the quorum shall be two (2) persons at least holding or representing by proxy one-tenth (1/10) of the issued shares of the class and that any Holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of section 152 of the Act shall with such adaptations as are necessary apply. A resolution in writing signed by all the Holders of a class or if all the shares in a class are held by one sole Holder a resolution in writing signed by such sole Holder shall have the same effect and validity as a Special Resolution of the Holders of the class passed at a separate General Meeting of the Holders of that class duly convened or held and constituted and may consist of several documents in the like form each signed by one or more of such Holders and if a Holder is a corporation, then such resolution shall be signed by its representatives.

Article 62 – Ranking of Class Rights

The rights conferred upon the Holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari passu therewith.

16.3 MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (including contracts not in writing), not being contracts in the ordinary course of business, that have been entered into by our Group within the two (2) years preceding the date of this Prospectus:

- (i) On 1 April 2010, SCC Holdings entered into a Share Sale Agreement with Chee Long Sing @ Cher Hwee Seng, Cher Sew Seng, Goh Ah Heng @ Goh Keng Chin, Ong Gee Leng, Tee Meng Hock, Chu Sou Taik, Koh Kim Loon, Soh Kian Teck, Lew Wai Kit, Lin Chai Chin, Ng Kuen Hiang Holdings Pte Ltd, Ng Song Kim, Ma Huak Huang, Lee Hock Seng, Chern Boon Seng, Cha Saok Wang @ Shee Shwu Fang, Cher Lip Chun, Tan Jong Gik, Goh Foi Tee, Kumsan Enterprises (M) Sdn Bhd and Ch'ng Boon Hoe (collectively the "Vendors of SCC Corporation") whereby SCC Holdings agreed to acquire the entire issued and paid-up share capital comprising 2,920,548 ordinary shares of RM1.00 each in SCC Corporation for a purchase consideration of RM12,900,000 to be satisfied by the issuance of 25,800,000 new Shares to the Vendors of SCC Corporation;
- (ii) On 1 April 2010, SCC Holdings entered into a Share Sale Agreement with Chee Long Sing @ Cher Hwee Seng, Cher Sew Seng, Goh Ah Heng @ Goh Keng Chin and Soh Kian Teck (collectively the "Vendors of Anitox Malaysia") whereby SCC Holdings agreed to acquire the entire issued and paid-up share capital comprising 800,000 ordinary shares of RM1.00 each in Anitox Malaysia for a purchase consideration of RM2,900,000 to be satisfied by the issuance of 5,800,000 new Shares to the Vendors of Anitox Malaysia;
- (iii) On 24 June 2010, SCC Holdings entered into a Underwriting Agreement with Alliance for the underwriting of 2,000,000 Issue Shares for an underwriting commission of 2.0% of the total value of the underwritten Shares at the Issue Price; and

16. ADDITIONAL INFORMATION (Cont'd)

- (iv) On 24 June 2010, SCC Holdings entered into a Sponsorship Agreement with Alliance whereby Alliance will act as our Sponsor for one (1) full financial year starting from the date of the Company's listing until the FYE 31 December 2011 for a consideration of RM150,000 per annum.

16.4 MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither we nor our subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Directors do not know of any proceedings pending or threatened against our Company or our subsidiary companies, or of any fact likely to give rise to any proceeding which may materially and adversely affect our financial position or business.

16.5 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT

As our Group does not physically operate in other countries, there is no governmental law, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to our Group.

16.6 PUBLIC TAKE-OVER OFFERS

None of the following has occurred in the last financial year or the current financial year up to the LPD:

- (i) Public take-over offers by third parties for our Shares; and
- (ii) Public take-over offers by our Company for other companies' shares.

16.7 CONSENTS

The written consents of our Adviser, Sponsor, Underwriter and Placement Agent, Solicitors, Principal Bankers, Issuing House, Share Registrar and Company Secretaries for inclusion in this Prospectus of their names and all references thereto in the manner, form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants for the inclusion of its name, Accountants' Report, Letter on Proforma Consolidated Financial Information of SCC Holdings and all references thereto in the manner, form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name and Executive Summary of the Independent Market Research Report and all reference thereto in the manner, form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

16. ADDITIONAL INFORMATION (Cont'd)**16.8 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our Registered Office during normal business hours for a period of 12 months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of our Company;
- (ii) Distributorship agreements as referred to in Section 6.8.2 of this Prospectus;
- (iii) Material contracts as referred to in Section 16.3 of this Prospectus;
- (iv) Reporting Accountants' letter on the proforma consolidated financial information as included in Section 11.4 of this Prospectus;
- (v) Accountants' Report as included in Section 13 of this Prospectus;
- (vi) Independent Market Research Report referred to in this Prospectus and the Executive Summary thereof as included in Section 14 of this Prospectus;
- (vii) Directors' Report as included in Section 15 of this Prospectus;
- (viii) Audited financial statements of our Company for the past three (3) financial year ended 31 March 2007 to 2009 and the financial period ended 31 December 2009;
- (ix) Audited financial statements of our subsidiary companies for the past three (3) FYE 31 December 2007 to 2009; and
- (x) Letters of consent as referred to in Section 16.7 of this Prospectus.

16.9 RESPONSIBILITY STATEMENT

Our Directors and Promoters have seen and approved this Prospectus and we collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

Alliance, being our Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE**17.1 OPENING AND CLOSING OF APPLICATION**

Application for the Issue Shares will open at 10.00 a.m. on 30 June 2010 and will remain open until 5.00 p.m. on 22 July 2010 or such later date or dates as our Directors, together with Alliance, may mutually decide at their absolute discretion. Any extension of the closing date of application will be published in a widely circulated English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of application. Late applications will not be accepted.

17.2 ELIGIBILITY

You can only apply for our Issue Shares if you fulfil all of the following:

- (i) You must have a CDS account. If you do not have a CDS account, you may open one by contacting any of the ADAs listed in Section 17.11 of this Prospectus;
- (ii) You must be one of the following:
 - (a) A Malaysian citizen or foreign citizen with a Malaysian address who is at least 18 years old as at the closing date of the application; or
 - (b) A corporation / institution incorporated in Malaysia or outside Malaysia with a Malaysian address ; or
 - (c) A superannuation, co-operative, foundation, provident or pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations / institutions referred to in (b) or (c) above.

- (iii) You are not a director or employee of our Issuing House or their immediate family members.

17.3 CATEGORY OF INVESTORS

Application for the Issue Shares must be made using the method designated for each of the four categories of investors as follows:

Category of investors	Application Method
Public (for individuals including foreigners)	White Application Form or Electronic Share Application ¹
Public (for non-individuals, e.g. corporations, institutions, etc.)	White Application Form
Eligible employees, business associates and persons who have contributed to the success of our Group	Pink Application Form
Identified investors	Yellow Application Form

Note:

- (1) A surcharge of RM2.50 per ESA will be charged by the Participating Financial Institution

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

17.4 PROCEDURES FOR APPLICATION

Only one application from each applicant will be considered and an application must be for at least 100 Shares or multiples thereof. **Multiple applications will not be accepted.** If you submit multiple applications in your own name or by using the name of others, with or without their consent, you commit an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1 million and a jail term of up to 10 years under Section 182 of the CMSA.

17.4.1 *Procedures for application by way of an Application Form*

The public, the identified investors and other investors should follow the following procedures in making an application:

Step 1: Obtain application documents

Obtain the Application Form together with the Official 'A' and 'B' envelopes and this Prospectus. These documents can be obtained subject to availability from the following parties:

- (a) Alliance;
- (b) participating organisations of Bursa Securities;
- (c) members of the Association of Banks in Malaysia;
- (d) members of the Malaysian Investment Banking Association; and
- (e) our Issuing House.

Step 2: Read the Prospectus

In accordance with Section 232(2) of the CMSA, the Application Form is accompanied by this Prospectus. You are advised to read and understand this Prospectus before making your application.

Step 3: Complete the Application Form

Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in this Prospectus.

(i) Personal particulars

You must ensure that your personal particulars submitted in your application are identical with the records maintained by Bursa Depository. Please inform Bursa Depository promptly of any changes to your personal particulars.

If you are an individual and you are not a member of the armed forces or police, your name and national registration identity card ("NRIC") number or passport number must be the same as that stated in:

- (a) your NRIC/passport;
- (b) any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) your 'Resit Pengenalan Sementara (JPN KP 09)' issued pursuant to Peraturan 5(5), Peraturan-peraturan Pendaftaran Negara 1990.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be the same as that stated in your authority card.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

If you are a corporation/institution, your name and incorporation number must be the same as that stated in your certificate of incorporation.

(ii) CDS account number

You must state your CDS account number in the space provided in the Application Form. Invalid, nominee or third party CDS accounts will **not** be accepted.

(iii) Details of payment

You must state the details of your payment in the appropriate boxes provided in the Application Form.

(iv) Number of Shares applied

Your application must be for at least 100 Shares or multiples thereof.

Step 4: Prepare appropriate form of payment

Prepare the correct form of payment in RM for the FULL amount payable for our Issue Shares based on the Issue Price, which is RM0.78 per Share.

Payment must be made in favour of 'MIH SHARE ISSUE ACCOUNT NO. 496' and crossed 'A/C PAYEE ONLY' (excluding ATM statements) and endorsed on the reverse side with your name and address. We only accept the following forms of payment:

- (i) banker's draft or cashier's order purchased within Malaysia only and drawn on a bank in Kuala Lumpur; or
- (ii) money order or postal order (for applicants from Sabah and Sarawak only); or
- (iii) Guaranteed Giro Order ("GGO") from Bank Simpanan Nasional Malaysia Berhad; or
- (iv) ATM statement obtained only from any of the following financial institutions:
 - AFFIN BANK BERHAD; or
 - ALLIANCE BANK MALAYSIA BERHAD; or
 - AMBANK (M) BERHAD; or
 - CIMB BANK BERHAD; or
 - EON BANK BERHAD; or
 - HONG LEONG BANK BERHAD; or
 - MALAYAN BANKING BERHAD; or
 - PUBLIC BANK BERHAD; or
 - RHB BANK BERHAD.

We will not accept applications with excess or insufficient remittances or inappropriate forms of payment.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**Step 5: Finalise application**

Insert the Application Form with the appropriate payment and a legible photocopy of your identification document (NRIC/passport/valid temporary identity document issued by the National Registration Department/'Resit Pengenalan Sementara (JPN KP09)'/authority card/certificate of incorporation) into the Official 'A' envelope and seal it. Write your name and address on the outside of the Official 'A' and 'B' envelopes. The name and address written must be identical to your name and address as per your NRIC/passport/valid temporary identity document issued by the National Registration Department/'Resit Pengenalan Sementara (JPN KP09)'/authority card/certificate of incorporation. Affix a stamp on the Official 'A' envelope and insert the Official 'A' envelope into the Official 'B' envelope.

Step 6: Submit application

You can submit your application in the Official 'B' envelope by either one of the following methods:

- (a) despatch by **ORDINARY POST** to:

Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
P.O.Box 13269
50804 Kuala Lumpur

- (b) **DELIVERY BY HAND** and deposit in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 22 July 2010 or such later date or dates as our Directors, together with Alliance, may mutually decide at their absolute discretion.

No acknowledgement of receipt of Application Form or application monies will be made.

17.4.2 Procedures for application by way of an Electronic Share Application (for individual Malaysian public only)

Applications for our Issue Shares by way of ESA are only applicable to Malaysian public who are individuals. Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for ESA and the procedures set out on the ATM screens of the Participating Financial Institution before making an ESA.

- (i) **Steps for Electronic Share Application through a Participating Financial Institution's ATM**

You may apply for our Issue Shares *via* the ATM of the Participating Financial Institution by choosing the ESA option. Mandatory statements required for the application are set out in Section 17.4.3 below. You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your ESA require you to do so:

- Personal Identification Number ("PIN");
- **MIH Share Issue Account Number 496;**
- CDS Account Number;
- Number of Issue Shares applied for and/or the RM amount to be debited from the account; and
- Confirmation of several mandatory statements.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**(ii) Participating Financial Institutions**

ESA may be made through an ATM of the following Participating Financial Institutions at their branches:

- AFFIN BANK BERHAD; or
- AMBANK (M) BERHAD; or
- BANK MUAMALAT MALAYSIA BERHAD; or
- CIMB BANK BERHAD; or
- EON BANK BERHAD; or
- HSBC BANK MALAYSIA BERHAD; or
- MALAYAN BANKING BERHAD; or
- OCBC BANK (MALAYSIA) BERHAD; or
- RHB BANK BERHAD; or
- STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only).

17.4.3 Terms and conditions of Electronic Share Application

The procedures for ESA are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for ESA at ATMs are set out in Section 17.4.2(i) above. The Steps set out the actions that you must take at the ATM to complete an ESA. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for ESA set out below before making an ESA.

You must have a CDS Account to be eligible to utilise the facility. You must have an existing account with, and be an ATM cardholder of, one of the Participating Financial Institutions before you can make an ESA. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our Issue Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your ESA transaction, you will receive a computer-generated transaction slip ("Transaction Record") confirming the details of your ESA. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the ESA or any data relating to such an ESA by our Company or our Issuing House. You must retain the Transaction Record and should not submit the Transaction Record with any Application Form.

Upon the closing of offer for the application for our Issue Shares on 22 July 2010 at 5.00 p.m. or such later date or dates as our Directors, together with Alliance, in their absolute discretion may mutually decide ("Closing Date and Time"), the Participating Financial Institutions shall submit magnetic tapes containing their respective customers' applications for our Issue Shares to our Issuing House as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

You are allowed to make an ESA for our Issue Shares *via* an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account at one of its branches, subject to you making only one application.

You must ensure that you use your own CDS account number when making an ESA. If you have a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

The ESA shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (i) The ESA shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- (ii) You are required to confirm the following statements (by pressing predesignated keys (or buttons) on the ATM keyboard) and undertake that the following information given is true and correct:
 - You have attained 18 years of age as at the closing date of the share application;
 - You are a Malaysian citizen residing in Malaysia;
 - You have read this Prospectus and understood and agreed with the terms and conditions of this application;
 - This is the only application that you are submitting; and
 - You hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to you and your account with the Participating Financial Institution and Bursa Depository to our Issuing House or other relevant regulatory bodies.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Central Depositories Act to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to our Issuing House, or any relevant regulatory bodies.

- (iii) You confirm that you are not applying for our Issue Shares as a nominee of any other person and that any ESA that you make is made by you as the beneficial owner. You shall only make one ESA and shall not make any other application for our Issue Shares, whether at the ATMs of any Participating Financial Institution or on the prescribed Application Forms.
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your ESA, failing which your ESA will not be completed. Any ESA, which does not strictly conform to the instructions set out on the screens of the ATM through which the ESA is being made, will be rejected.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to you in respect of your ESA. In the event that we decide to allot or allocate any lesser number of such Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final. If your ESA is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of Issue Shares applied for shall signify, and shall be treated as, your acceptance of the number of Issue Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (vi) Our Issuing House, on the authority of our Directors, reserves the right to reject any ESA or accept any ESA in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating our Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (vii) If your ESA is not accepted or accepted in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful application within two (2) Market Days after the balloting date. If your ESA is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from our Issuing House. You may check your account on the fifth (5th) Market Day from the balloting date.

If your ESA is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from our Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to you by our Issuing House by way of cheques issued by our Issuing House. The cheques will be issued to the applicants not later than ten (10) Market Days from the date of the final ballot of the application list.

Should you encounter any problems with your application, you may refer to the Participating Financial Institutions.

- (viii) You request and authorise us:
- (a) to credit our Issue Shares allotted or allocated to you into your CDS account; and
 - (b) to issue share certificate(s) representing such Issue Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (ix) You acknowledge that your ESA is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control, our Issuing House or the Participating Financial Institution and irrevocably agree that if:
- (a) our Company or our Issuing House did not receive your ESA; and
 - (b) data relating to your ESA is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or Issuing House,

you shall be deemed not to have made an ESA and you shall not claim whatsoever against our Company, our Issuing House or the Participating Financial Institution for our Issue Shares applied for or for any compensation, loss or damage.

- (x) All your particulars in the records of the relevant Participating Financial Institution at the time you make your ESA shall be deemed to be true and correct and we, our Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (xii) By making and completing an ESA, you agree that:
- (a) in consideration of our Company agreeing to allow and accept the making of any application for our Issue Shares *via* the ESA facility established by the Participating Financial Institutions at their respective ATMs, your ESA is irrevocable;
 - (b) our Company, the Participating Financial Institutions, Bursa Depository and our Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your ESA due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/their control;
 - (c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase our Issue Shares for which your ESA has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said Issue Shares;
 - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of our Issue Shares allocated to you; and
 - (e) we agree that in relation to any legal action or proceedings arising out of or in relation with the contract between the parties and/or the ESA scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that we irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xiii) If you are successful in your ESA, our Directors reserve the right to require you to appear in person at the registered office of our Issuing House within 14 days from the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xiv) Our Issuing House, on the authority of our Directors, reserves the right to reject any application which does not conform to these instructions.
- (xv) A surcharge of RM2.50 per ESA will be charged by the respective Participating Financial Institution.

17.5 AUTHORITY OF OUR DIRECTORS AND OUR ISSUING HOUSE

If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of our Issuing House within fourteen (14) days from the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

Applicants will be selected in a manner to be determined by our Directors. Due consideration will be given to the desirability of allotting or allocating our Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Our Issuing House, on the authority of our Directors, reserves the right to:

- (i) reject applications which do not conform to the instructions in this Prospectus or are illegible, incomplete or inaccurate;
- (ii) reject or accept any application, in whole or in part, on a non-discriminatory basis without giving any reason; and
- (iii) bank in all application monies from unsuccessful / partially successful applicants which would subsequently be refunded without interest by registered post.

17.6 OVER/UNDER-SUBSCRIPTION

In the event of an over-subscription, our Issuing House will conduct a ballot in a manner as approved by our Directors to determine acceptance of applications. In determining the manner of balloting, our Directors will consider the desirability of distributing our Issue Shares in a fair and equitable manner to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market in the trading of our Shares.

Pursuant to the Listing Requirements, we are required to have at least 25% of our enlarged issued and paid-up share capital to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each upon our Listing and completion of this Public Issue. We expect to achieve this at the point of our Listing. However, in the event that the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all applications will be returned without interest.

In the event of an under-subscription for our Issue Shares reserved under the Public tranche, all such Issue Shares not applied for will be subscribed by our Underwriter pursuant to the Underwriting Agreement.

Our Issue Shares reserved under the Placement tranche will not be underwritten as written irrevocable undertakings to subscribe for such Issue Shares have been procured from the respective identified investors.

17.7 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your application, we will return your application monies without interest in the following manner:

17.7.1 For applications by way of Application Form

- (i) The application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official 'A' envelope you provided by ordinary post (for fully unsuccessful applications) or by registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot.
- (ii) If your application was rejected because you did not provide a CDS account number, your application monies will be sent to the address stated in the NRIC or 'Resit Pengenalan Sementara (JPN KP 09)' or any valid temporary identity document issued by the National Registration Department from time to time at your own risk.
- (iii) Our Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded by registered post to your last address maintained with Bursa Depository or as per item (ii) above, as the case may be, at your own risk within ten (10) Market Days from the date of the final ballot.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

17.7.2 For applications by way of Electronic Share Application

- (i) Our Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two (2) Market Days after the balloting date. The application monies or the balance of it will be credited into your account with the Participating Financial Institution without interest within two (2) Market Days after the receipt of confirmation from our Issuing House.
- (ii) You may check your account on the fifth (5th) Market Day from the balloting date.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by our Issuing House by way of cheques by registered post or ordinary post. The cheques will be issued no later than ten (10) Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the relevant Participating Financial Institution will arrange for a refund of the application money (or part thereof) without interest within ten (10) Market Days from the date of the final ballot.

17.8 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) our Shares allocated to you will be credited into your CDS account. We will not be issuing any share certificates to you.
- (ii) a notice of allotment will be despatched to you at the address last maintained with Bursa Depository where you have an existing CDS account at your own risk prior to our Listing. This is your only acknowledgement of acceptance of your application.

17.9 CDS ACCOUNTS

Pursuant to Section 29 of the Central Depositories Act, all dealings in our Shares, including our Issue Shares, will be by book entries through CDS accounts. No share certificates will be issued but notices of allotment or transfer shall be despatched.

You must have a CDS account when applying for our Issue Shares. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for our Issue Shares.

In the case of an application by way of Application Form, you should state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to our Issuing House or our Company.

In the case of an application by way of ESA, you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen require you to do so.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in your application being rejected. If a successful applicant fails to state his/her CDS account number, our Issuing House, on the authority of our Directors, will reject the application. Our Issuing House, on the authority of our Directors, also reserves the right to reject any incomplete and/or inaccurate application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of ESA, if the records of the Participating Financial Institutions at the time of making the ESA, differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

17.10 ENQUIRIES

You may contact our Issuing House if you have any queries on the White Application Form at (603) 7841 8000 or 03-7841 8289 . If you have any enquiry with regards to your ESA, you may refer to the relevant Participating Financial Institution.

You may check the status of your application by logging into our Issuing House's website at www.mih.com.my or by calling our Issuing House at 03-7841 8000 or 03-7841 8289 or your ADA at the telephone number as stated in Section 17.11 below between five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

17.11 LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KUALA LUMPUR			
A.A. ANTHONY SECURITIES SDN BHD N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62011155	078-004	ECM LIBRA INVESTMENT BANK BERHAD 3 rd Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781888	052-001
AFFIN INVESTMENT BANK BERHAD Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	028-001	ECM LIBRA INVESTMENT BANK BERHAD Level 1 THB Satu, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20891800	052-009
ALLIANCE INVESTMENT BANK BERHAD Level 17, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03- 26976333	076-001	HONG LEONG INVESTMENT BANK BERHAD (<i>formerly known as HLG Securities Sdn Bhd</i>) Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168	066-001
AMINVESTMENT BANK BERHAD 15 th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788	086-001	HWANGDBS INVESTMENT BANK BERHAD 2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
BIMB SECURITIES SDN BHD 1 st & 2 nd Floor Podium Block, AMDB Building No. 1, Jalan Lumut 50400 Kuala Lumpur Tel No : 03-40433533	024-001	HWANGDBS INVESTMENT BANK BERHAD Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5 th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan KasKas, 5th Mile Cheras 56100 Kuala Lumpur Tel No : 03-91303399	068-012
CIMB INVESTMENT BANK BERHAD 9 th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No : 03-20849999	065-001	HWANGDBS INVESTMENT BANK BERHAD 7th, 22 nd , 23 rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-27116888	068-014

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
INTER-PACIFIC SECURITIES SDN BHD West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001	M & A SECURITIES SDN BHD Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
INTER-PACIFIC SECURITIES SDN BHD Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003	MAYBANK INVESTMENT BANK BERHAD (formerly known as Aseambankers Malaysia Berhad) 5-13 Floor, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
INTER-PACIFIC SECURITIES SDN BHD Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No : 03-79818811	054-005	MERCURY SECURITIES SDN BHD L-7-2, No. 2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002
JUPITER SECURITIES SDN BHD 7 th -9 th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001	MIDF AMANAH INVESTMENT BANK BERHAD 11 th & 12 th Floor, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21788888	026-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD 11 th -14 th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21688800	053-001	MIMB INVESTMENT BANK BERHAD Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26928899	061-001
KENANGA INVESTMENT BANK BERHAD 8 th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21649080	073-001	OSK INVESTMENT BANK BERHAD 20 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	056-001
KENANGA INVESTMENT BANK BERHAD No. 57-10, Level 10 The Boulevard, Mid Valley City Lingkar Syed Putra 59000 Kuala Lumpur Tel No : 03-22871799	073-015	OSK INVESTMENT BANK BERHAD No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	056-028

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	056-054	PUBLIC INVESTMENT BANK BERHAD 27 th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-20313011	051-001
OSK INVESTMENT BANK BERHAD Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	056-058	RHB INVESTMENT BANK BERHAD Level 10, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001
PM SECURITIES SDN BHD Ground, Mezzanine, 1 st & 10 th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001	TA SECURITIES HOLDINGS BERHAD Floor 13, 15-18, 20, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003
SELANGOR DARUL EHSAN			
AFFIN INVESTMENT BANK BERHAD 2 nd , 3 rd & 4 th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	028-002	HONG LEONG INVESTMENT BANK BERHAD (<i>formerly known as HLG Securities Sdn Bhd</i>) 1 st , 2 nd & 3 rd Floor Plaza Damansara Utama No. 2, Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77246888	066-002
AFFIN INVESTMENT BANK BERHAD Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	028-003	HWANGDBS INVESTMENT BANK BERHAD 16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
AMINVESTMENT BANK BERHAD 4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-003	HWANGDBS INVESTMENT BANK BERHAD East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
INTER-PACIFIC SECURITIES SDN BHD No. 77 & 79, Jalan 2/3A Pusat Bandar Utara KM12, Jalan Ipoh Selayang 68100 Batu Caves Selangor Darul Ehsan Tel No : 03-61371888	054-006	KENANGA INVESTMENT BANK BERHAD Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095	073-016
JF APEX SECURITIES BERHAD 6 th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001	OSK INVESTMENT BANK BERHAD 24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	056-011
JF APEX SECURITIES BERHAD 15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-76201118	079-002	OSK INVESTMENT BANK BERHAD No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	056-045
KENANGA INVESTMENT BANK BERHAD 13 th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No : 03-79562169	073-005	OSK INVESTMENT BANK BERHAD Ground & 1 st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	056-047
KENANGA INVESTMENT BANK BERHAD 1 st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No : 03-80241682	073-006	OSK INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	056-048
KENANGA INVESTMENT BANK BERHAD Room 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No : 03-30057550	073-007	PM SECURITIES SDN BHD No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
PM SECURITIES SDN BHD No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-007	TA SECURITIES HOLDINGS BERHAD No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005
SJ SECURITIES SDN BHD Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No : 03-51920202	096-001		
MELAKA			
CIMB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006	OSK INVESTMENT BANK BERHAD 579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	056-003
ECM LIBRA INVESTMENT BANK BERHAD 71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	052-008	PM SECURITIES SDN BHD No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No : 06-2866008	064-006
MALACCA SECURITIES SDN BHD No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No : 06-3371533	012-001	RHB INVESTMENT BANK BERHAD Lot 7-13 & 15, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No : 06-2833622	087-002
MERCURY SECURITIES SDN BHD No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003		
PERAK DARUL RIDZUAN			
A.A. ANTHONY SECURITIES SDN BHD 29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6232328	078-009	ALLIANCE INVESTMENT BANK BERHAD No. 43 & 44, Ground Floor Taman Sentosa, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6910910	076-008

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
ECM LIBRA INVESTMENT BANK BERHAD No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	052-002	OSK INVESTMENT BANK BERHAD 21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	056-002
ECM LIBRA INVESTMENT BANK BERHAD No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828	052-006	OSK INVESTMENT BANK BERHAD Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	056-014
HWANGDBS INVESTMENT BANK BERHAD Ground, Level 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003	OSK INVESTMENT BANK BERHAD 1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	056-016
HWANGDBS INVESTMENT BANK BERHAD Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015	OSK INVESTMENT BANK BERHAD Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	056-034
M & A SECURITIES SDN BHD M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001	OSK INVESTMENT BANK BERHAD 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	056-044
MAYBANK INVESTMENT BANK BERHAD (formerly known as Aseambankers Malaysia Berhad) B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400	098-002	OSK INVESTMENT BANK BERHAD Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	056-052
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Sdn Bhd) 51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003	TA SECURITIES HOLDINGS BERHAD Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
PULAU PINANG			
A.A. ANTHONY SECURITIES SDN BHD 1 st Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002	HWANGDBS INVESTMENT BANK BERHAD Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
A.A. ANTHONY SECURITIES SDN BHD No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003	HWANGDBS INVESTMENT BANK BERHAD No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006
ALLIANCE INVESTMENT BANK BERHAD Suite 2.1 & Suite 2.4, Level 2 Wisma Great Eastern No. 25, Leboh Light 10200 Pulau Pinang Tel No: 04-2611688	076-015	INTER-PACIFIC SECURITIES SDN BHD Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No : 04-2690888	054-002
AMINVESTMENT BANK BERHAD Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-004	KENANGA INVESTMENT BANK BERHAD Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2106666	073-013
CIMB INVESTMENT BANK BERHAD Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2385900	065-003	MERCURY SECURITIES SDN BHD Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No : 04-3322123	093-001
ECM LIBRA INVESTMENT BANK BERHAD No. 111, Jalan Macalister 10400 Pulau Pinang Tel No : 04-2281868	052-003	MERCURY SECURITIES SDN BHD 2 nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
ECM LIBRA INVESTMENT BANK BERHAD 7 th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	052-010	OSK INVESTMENT BANK BERHAD 64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No : 04-2634222	056-004

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No : 04-3900022	056-005	OSK INVESTMENT BANK BERHAD Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	056-042
OSK INVESTMENT BANK BERHAD Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	056-015	PM SECURITIES SDN BHD Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2273000	064-004
OSK INVESTMENT BANK BERHAD 834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	056-032		
PERLIS INDRA KAYANGAN			
ALLIANCE INVESTMENT BANK BERHAD 2 nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No : 04-9765200	076-003	OSK INVESTMENT BANK BERHAD Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No : 04-9793888	056-061
KEDAH DARUL AMAN			
A.A. ANTHONY SECURITIES SDN BHD Lot 4, 5 & 5A Tingkat 1EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman No Tel : 04-7322111	078-007	HWANGDBS INVESTMENT BANK BERHAD No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011
ALLIANCE INVESTMENT BANK BERHAD 2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004	OSK INVESTMENT BANK BERHAD No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	056-017

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	056-021	OSK INVESTMENT BANK BERHAD 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	056-019
NEGERI SEMBILAN DARUL KHUSUS			
ECM LIBRA INVESTMENT BANK BERHAD 1C-1 & 1D-1, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No : 06-7655998	052-013	OSK INVESTMENT BANK BERHAD 1 st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	056-037
HWANGDBS INVESTMENT BANK BERHAD Ground & 1 st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007	OSK INVESTMENT BANK BERHAD 1 st & 2 nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553014	056-040
HWANGDBS INVESTMENT BANK BERHAD No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013	OSK INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	056-046
OSK INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	056-024	PM SECURITIES SDN BHD 1 st , 2 nd & 3 rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002
JOHOR DARUL TAKZIM			
A.A. ANTHONY SECURITIES SDN BHD Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000	078-001	ECM LIBRA INVESTMENT BANK BERHAD Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	052-005

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
A.A. ANTHONY SECURITIES SDN BHD 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6637398	078-005	KENANGA INVESTMENT BANK BERHAD No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010
A.A. ANTHONY SECURITIES SDN BHD No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-006	KENANGA INVESTMENT BANK BERHAD No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011
A.A. ANTHONY SECURITIES SDN BHD No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633	078-008	HWANGDBS INVESTMENT BANK BERHAD Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
ALLIANCE INVESTMENT BANK BERHAD No. 73, Ground Floor & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006	INTER-PACIFIC SECURITIES SDN BHD 95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
AMINVESTMENT BANK BERHAD 2 nd & 3 rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002	KENANGA INVESTMENT BANK BERHAD Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
AMINVESTMENT BANK BERHAD 18 th & 31 st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-006	KENANGA INVESTMENT BANK BERHAD No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No : 06-9542711	073-008
ECM LIBRA INVESTMENT BANK BERHAD No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9532222	052-004	KENANGA INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
MERCURY SECURITIES SDN BHD Suite 17.1, Level 17, Menara Pelangi No. 1, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005	OSK INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	056-030
MIMB INVESTMENT BANK BERHAD Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2227388	061-002	OSK INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	056-031
OSK INVESTMENT BANK BERHAD 6 th Floor, Wisma Tiong-Hua 8, Jalan Kcris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	056-006	OSK INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	056-035
OSK INVESTMENT BANK BERHAD 53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	056-009	OSK INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	056-038
OSK INVESTMENT BANK BERHAD No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	056-025	OSK INVESTMENT BANK BERHAD 1 st Floor, No. 2 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	056-039
OSK INVESTMENT BANK BERHAD Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	056-029	OSK INVESTMENT BANK BERHAD Ground & 1 st Floor No. 1 & 1-01, Jalan Rosmerah 2/11 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	056-043
OSK INVESTMENT BANK BERHAD Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	056-029	PM SECURITIES SDN BHD Suite 5.1, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-2781813	064-005

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
PM SECURITIES SDN BHD Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008		
PAHANG DARUL MAKMUR			
ALLIANCE INVESTMENT BANK BERHAD A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002	OSK INVESTMENT BANK BERHAD Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	056-022
ECM LIBRA INVESTMENT BANK BERHAD B62, Ground Floor Lorong Tun Ismail 8, Sri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5133289	052-007	OSK INVESTMENT BANK BERHAD Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	056-041
OSK INVESTMENT BANK BERHAD B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	056-007		
KELANTAN DARUL NAIM			
OSK INVESTMENT BANK BERHAD Ground & 1 st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	056-020	TA SECURITIES HOLDINGS BERHAD 298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288	058-004
TERENGGANU DARUL IMAN			
ALLIANCE INVESTMENT BANK BERHAD No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009	FA SECURITIES SDN BHD No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128	021-001

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8502730	056-027	OSK INVESTMENT BANK BERHAD 31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	056-055
SARAWAK			
AMINVESTMENT BANK BERHAD No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-005	KENANGA INVESTMENT BANK BERHAD Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003
CIMB INVESTMENT BANK BERHAD Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082-358606	065-004	KENANGA INVESTMENT BANK BERHAD No. 11-12 (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	073-012
HWANGDBS INVESTMENT BANK BERHAD Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No : 082-236999	068-005	OSK INVESTMENT BANK BERHAD Ground, 1 st & 6 th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No : 082-422252	056-008
HWANGDBS INVESTMENT BANK BERHAD 192, Bintulu Parkcity Commerce Square Lot 3478, Bintulu Town District 97000 Bintulu Sarawak Tel No : 086-330008	068-016	OSK INVESTMENT BANK BERHAD Lot 1268, 1 st & 2 nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	056-012
KENANGA INVESTMENT BANK BERHAD Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002	OSK INVESTMENT BANK BERHAD 101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	056-013

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD Ground Floor & 1 st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	056-050	TA SECURITIES HOLDINGS BERHAD 12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No : 084-319998	058-002
OSK INVESTMENT BANK BERHAD Ground Floor No. 177, Taman Sri Dagang 97000 Bintulu Sarawak Tel No : 086-311770	056-053	TA SECURITIES HOLDINGS BERHAD 2 nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No : 082-236333	058-006
SABAH			
CIMB INVESTMENT BANK BERHAD 1 st & 2 nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-005	INNOSABAH SECURITIES BERHAD 11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	020-001
ECM LIBRA INVESTMENT BANK BERHAD Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	052-012	OSK INVESTMENT BANK BERHAD 5 th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No : 088-269788	056-010
HWANGDBS INVESTMENT BANK BERHAD Suite 1-9-E1, 9 th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-311688	068-008	OSK INVESTMENT BANK BERHAD Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229286	056-057