

**A. Notes To The Interim Financial Report  
For The Quarter Ended 31 December 2009**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standards (“FRS”) 134 Interim Financial Reporting and Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad for the ACE Market (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Scope Industries Berhad (“SCOPE” or “Company”) and its wholly-owned subsidiary companies (hereinafter referred to as the “Group”) since the financial year ended 30 June 2009.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial year ended 30 June 2009 except for the adoption of FRS 8, Operating Segments issued by the Malaysian Accounting Standards Board that are effective for the Group’s financial statements commencing 1 July 2009. The Group determined that the operating segments were the same as the business segments previously identified under FRS 114<sub>2004</sub> Segment Reporting.

**A2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2009.

**A3. Audit Qualification of the Preceding Annual Financial Statements**

There was no qualification in the audit report of the preceding annual financial statements of the Group.

**A4. Seasonality or Cyclicity of Operations**

Generally, the sales for the Group’s products are higher in the first and second quarters of the financial year due to higher demand during the festive seasons.

A5. Material Unusual Items

There were no material unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual in nature, size or incidence for the current interim period and financial year-to-date.

A6. Changes in the Estimates

There were no changes in the estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A7. Issuances, Cancellations, Repurchase, Resale and Repayments of Debts and Equity Securities

There were no issuances or repayments of debt or equity securities. There was also no share buy-backs, shares cancelled, shares held as treasury shares or treasury shares resold.

A8. Dividends Paid

There was no dividend paid during the period under review.

A9. Segment Information

Year to date 31 December 2009	Manufacturing RM'000	Investment holding RM'000	Trading RM'000	Elimination RM'000	Group RM'000
<b>REVENUE</b>					
External sales	9,633	-	52	-	9,685
Inter-segment sales	-	-	3	(3)	-
Total segment Revenue	9,633	-	55	(3)	9,685
<b>RESULT</b>					
Segment result	(2,192)	(1,074)	13	-	(3,253)
Interest income					9
Finance cost					(92)
Share of results of associated company					79
Profit before tax					(3,257)
Income tax expense					-
Net profit for the Period					(3,257)

A10. Valuation of Property, Plant and Equipment Brought Forward

There was no revaluation of property, plant and equipment brought forward from the previous financial year.

A11. Material Events Subsequent to End of Reporting Period.

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial statement for the current quarter.

A12. Effect of Changes in Composition of the Group

There were no changes in the composition of the Group for the period under review.

A13. Changes in Contingent Assets and Contingent Liabilities

There were no contingent assets or contingent liabilities of the Group since the last annual balance sheet date.

**B. Additional Notes Pursuant To The Listing Requirements of Bursa Securities  
For the ACE Market For The Quarter Ended 31 December 2009**

**B1. Review of Results for the Quarter and Year To Date**

Revenue for the current quarter and year to date reduced to approximately RM3.91million and RM9.69million respectively. This is mainly attributable to the cessation of the power transformers operations and weak demand resulting from the global financial crisis. The impact to the revenue due from the disposal of the entire equity interest in Forever Step Limited (“FSL”) and Fujian Xiangcheng Electron Science and Technology Co., Ltd (“FXC”) is minimal as the revenue contribution from these companies is less than 5% of the total revenue.

The Group posted a higher loss after tax for the year to date of RM3.26million as compared to loss after tax of RM1.60million in the preceding year to date. The increase in losses is mainly due to fixed assets written off, impairment loss on fixed assets, operation loss from FXC, bad debts written off, loss on disposal of investment and provision for doubtful debts.

**B2. Comparison With Immediate Preceding Quarter’s Results**

For the 2<sup>nd</sup> financial quarter under review, the Group recorded revenue of RM3.91million, representing a decline of 32.38% compared to the preceding quarter. The reasons for the decline were mainly due to lower demand during the end of the year and a major customer being placed under receivership during the current quarter.

The Group posted loss after tax of RM1.80million for the current quarter as compared to loss after tax of RM1.46million for the preceding quarter. The increase in losses is mainly due to provision for doubtful debts of RM0.50million.

**B3. Current Year Prospects**

Barring any development which may adversely affect the global electronics industry, the Board hopes that the Group will register a better performance in the next financial quarter.

**B4. Profit Forecast and Profit Guarantee**

Not applicable.

**B5. Taxation**

The taxation figures include the following :

Current Quarter 31.12.2009 RM'000	Current Year To Date 31.12.2009 RM'000
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Current year's tax	-	-
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The effective rates of taxation of the Group for the period under review are higher than the statutory rate of taxation principally due to timing differences as a result of non-deductible expenses for tax purpose.

**B6. Sale of Unquoted Investments and Property**

There was no disposal of unquoted investment and properties for the period under review and financial year-to-date.

**B7. Quoted Investments**

There were no investments in quoted securities as at 31 December 2009.

**B8. Corporate Proposal**

There was no corporate proposal announced but not completed as at the date of this report.

**B9. Group Borrowings and Debt Securities**

	As At 31.12.2009 RM'000
Short term	
Secured	
- Hire purchase	766
- Term loan	675
	1,441
Long term	
Secured	
- Term Loan	-
- Hire Purchase	1,194
	1,194
Total borrowings	2,635

**B10. Financial Instruments With Off-Balance Sheet Risk**

As at the date of this report, the Group has no financial instruments with off-balance sheet risk.

**B11. Material Litigation**

As at the date of this report, the Group does not have any pending material litigation.

**B12. Dividend**

No dividend has been recommended for the current quarter under review.

**B13. Basic Earnings / (Loss) Per Share**

	Quarter		Year to date	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Basic earnings / (loss) per share:				
Net profit / (loss) for the period (RM'000)	(1,795)	(1,701)	(3,257)	(1,594)
Weighted average number of ordinary shares in issue ('000)	268,182	268,182	268,182	268,182
Basic earnings / (loss) per share (sen)	(0.67)	(0.63)	(1.21)	(0.59)

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the current year quarter and current year to date.