

SCOPE

Scope Industries Berhad
(Company No: 591376-D)

A. Notes To The Interim Financial Report For The Quarter Ended 30 June 2010

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 114₂₀₀₄ 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 for the year end festive seasons.

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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 30 June 2010	Manufacturing RM'000	Investment holding RM'000	Trading RM'000	Elimination RM'000	Group RM'000
REVENUE					
External sales	18,132	2	134	-	18,268
Inter-segment sales	-	-	5	(5)	-
Total segment Revenue	18,132	2	139	(5)	18,268
RESULT					
Segment result	(2,639)	(4,720)	(24)	3,526	(3,857)
Interest income					15
Finance cost					(146)
Share of results of associated company					31
Profit before tax					(3,957)
Income tax expense					(202)
Net profit for the Period					(4,159)

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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.

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B. Additional Notes Pursuant To The Listing Requirements of Bursa Securities For the ACE Market For The Quarter Ended 30 June 2010

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

The Group recorded revenue of RM6.26 million and profit after tax of RM0.54 million for the quarter ended 30 June 2010, which represents a significant increase of 119.60% and 121.41% respectively over the corresponding quarter of the preceding year ended 30 June 2009.

The revenue for the year to date reduced to approximately RM18.27 million as compared to RM46.63 million in the preceding year to date. This was due to cessation of power transformers operation and reduction in the turnkey projects. Despite of decline in revenue, there was a gross profit of RM0.78 million for the year to date as against a gross loss of RM1.44 million in the preceding year.

The Group took an aggressive cost cutting exercise and managed to reduce the loss after taxation from RM10.59 million for the preceding year to RM4.16 million for the year to date.

B2. Comparison With Immediate Preceding Quarter's Results

The revenue for the 4th quarter under review was approximately RM6.26 million, representing an increase of 169.96% compared to the preceding quarter. The group recorded a profit after taxation of RM0.54 million for the current quarter compared to a loss after taxation of RM1.44 million in the immediate preceding quarter mainly due to higher demand and low inventory level.

B3. Current Year Prospects

Barring any unforeseen circumstances, the Group is optimistic to achieve satisfactory results in next financial year.

B4. Profit Forecast and Profit Guarantee

Not applicable.

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B5. Taxation

The taxation figures include the following :

	Current Quarter 30.6.2010 RM'000	Current Year To Date 30.6.2010 RM'000
Current year's tax	3	3
Deferred tax	24	24
	<hr/>	<hr/>
	27	27
Under provision in prior years		
- Income tax	-	-
- Deferred tax	175	175
	<hr/>	<hr/>
	202	202
	<hr/> <hr/>	<hr/> <hr/>

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 30 June 2010.

B8. Corporate Proposal

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

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B9. Group Borrowings and Debt Securities

	As At 30.06.2010 RM'000
Short term	
Secured	
- Hire purchase	639
- Term loan	159
	798
Long term	
Secured	
- Term Loan	-
- Hire Purchase	946
	946
Total borrowings	1,744

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.

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B13. Basic Earnings / (Loss) Per Share

	Quarter		Year to date	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
Basic earnings / (loss) per share:				
Net profit / (loss) for the period (RM'000)	542	(2,536)	(4,159)	(10,585)
Weighted average number of ordinary shares in issue ('000)	268,182	268,182	268,182	268,182
Basic earnings / (loss) per share (sen)	0.20	(0.95)	(1.55)	(3.95)

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.