

# SCOPE

Scope Industries Berhad  
(Company No: 591376-D)

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

### A2. Changes in Accounting Policies

Except as described below, the accounting policies applied by the Group in the condensed consolidated financial statements are the same as those applied by the Group in its audited financial statements as at and for the year ended 30 June 2010.

On 1 July 2010, the Group adopted the following FRS : -

#### *(a) FRS 101: Presentation of Financial Statements (revised)*

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement cash flows and notes to the financial statements.

The total comprehensive income for the period is presented as a one-line item in the statement of changes in equity.

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## *(b) Amendment to FRS 117: Lease*

This amendment removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with the transitional provisions. The Group has reassessed and determined that all leasehold land of the Group are in substance finance leases and has reclassified the leasehold land from prepaid lease payments for land to property, plant and equipment.

The reclassification has been made retrospectively and the comparative figures have been restated as follows:-

As at 30 June 2010	As previously reported RM'000	Reclassified RM'000	As restated RM'000
Property, plant and equipment	27,386	1,134	28,520
Prepaid land lease payments	1,134	(1,134)	-

The adoption of Amendment to FRS 117 does not have any impact to the financial results of the Group for the current financial year to date and corresponding period last year.

### 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.

### 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.

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## 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 September 2010	Manufacturing RM'000	Investment holding RM'000	Trading RM'000	Elimination RM'000	Group RM'000
<b>REVENUE</b>					
External sales	8,632	7	13	-	8,652
Inter-segment sales	-	-	-	-	-
Total segment Revenue	8,632	7	13	-	8,652
<b>RESULT</b>					
Segment result	2,947	(18)	(196)	-	2,733
Interest income					1
Finance cost					(21)
Share of results of associated company					(1)
Profit before tax					2,712
Income tax expense					(1)
Net profit for the period					2,711

## 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.

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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 September 2010**

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

The Group's revenue for the period ended 30 September 2010 recorded at RM8.65 million showing an increase of RM2.87 million (50%) as compared to revenue of RM5.78 million of the preceding corresponding period. The profit after tax for the year to date surged 285% to RM2.71 million from net loss of RM1.46 million a year ago. Better financial performance for the current period as compared to the preceding year corresponding period were due to higher demand as a result of global demand improvement in electronic and electrical products.

### **B2. Comparison With Immediate Preceding Quarter's Results**

	Individual quarter ended	
	30 Sep 2010	30 Jun 2010
	RM'000	RM'000
Revenue	8,652	6,263
Profit after tax	2,711	542

For the 1<sup>st</sup> financial quarter under review, the Group recorded revenue of RM8.65 million, representing an increase of 38% compared to the preceding quarter while the profit after tax for the Group improve significantly by 400% to RM2.71 million. The increase is mainly due to improvement in operational efficiency, better margin and cost rationalisation.

### **B3. Current Year Prospects**

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

### **B4. Profit Forecast and Profit Guarantee**

Not applicable.

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## B5. Taxation

The taxation figures include the following :

	Current Quarter 30.9.2010 RM'000	Current Year To Date 30.9.2010 RM'000
Current year's tax	1	1

The effective rates of taxation of the Group for the period under review are lower than the statutory rate of taxation principally due to utilisation of unabsorbed capital allowance as well as unabsorbed reinvestment allowance.

## 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 September 2010.

## 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 30.9.2010 RM'000
Short term - Secured - Hire purchase	645
Long term - Secured - Hire purchase	783
Total borrowings	<u>1,428</u>

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## 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

A single tier interim dividend of 5% per share for the financial year ending 30 June 2011 is recommended and the dividend will be paid on 15 December 2010.

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

	Quarter		Year to date	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
Basic earnings / (loss) per share:				
Net profit / (loss) for the period (RM'000)	2,711	(1,462)	2,711	(1,462)
Weighted average number of ordinary shares in issue ('000)	268,182	268,182	268,182	268,182
Basic earnings / (loss) per share (sen)	1.01	(0.55)	1.01	(0.55)

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.