

SCOPE

Scope Industries Berhad
(Company No: 591376-D)

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

SCOPE

Scope Industries Berhad
(Company No: 591376-D)

(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.

(c) FRS 139: Financial Instruments – Recognition and measurement

Financial assets at fair value through profit or loss are measured at fair value and fair value changes are recognized directly in profit or loss. Available-for-sale financial assets are measured at fair value and changes in the fair value are recognised directly in equity as “available-for-sale reserve” except for impairment losses which are recognized in profit or loss.

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 Cyclicalities 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.

SCOPE

Scope Industries Berhad
(Company No: 591376-D)

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

On 15 December 2010, a single tier interim dividend of 5% per share amounting to RM1,340,909 was paid in respect of the financial year ended 30 June 2011.

A9. Segment Information

Year to date 31 December 2010	Manufacturing RM'000	Investment holding RM'000	Trading RM'000	Elimination RM'000	Group RM'000
REVENUE					
External sales	13,419	26	14	-	13,459
Inter-segment sales	-	1,932	-	(1,932)	-
Total segment Revenue	13,419	1,958	14	(1,932)	13,459
RESULT					
Segment result	3,377	(44)	18	-	3,351
Interest income					4
Finance cost					(38)
Share of results of associated company					(2)
Profit before tax					3,315
Income tax expense					(40)
Net profit for the period					3,275

SCOPE

Scope Industries Berhad
(Company No: 591376-D)

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.

SCOPE

Scope Industries Berhad
(Company No: 591376-D)

B. Additional Notes Pursuant To The Listing Requirements of Bursa Securities For the ACE Market For The Quarter Ended 31 December 2010

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

The Group recorded revenue of RM4.81 million and net profit of RM0.57 million for the quarter ended 31 December 2010, representing improvements of 23.04% and 131.48% respectively over the corresponding quarter last year.

For the six months ended 31 December 2010, the Group recorded revenue of RM13.46 million and net profit of RM3.28 million, which represent growth of 38.97% and 200.55% respectively over the corresponding period a year ago.

The significant achievement in revenue and net profit is in line with increase in demand, effective cost control and improvement in production efficiency.

B2. Comparison With Immediate Preceding Quarter's Results

	Individual quarter ended	
	31 Dec 2010	30 Sep 2010
	RM'000	RM'000
Revenue	4,807	8,652
Profit after tax	565	2,711

For the 2nd financial quarter under review, the Group recorded revenue of RM4.81 million, representing a decline of 44.44% compared to the preceding quarter. The reason for the decline was mainly due to lower demand during the end of the year.

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.

SCOPE

Scope Industries Berhad
(Company No: 591376-D)

B5. Taxation

The taxation figures include the following :

	Current Quarter 31.12.2010 RM'000	Current Year To Date 31.12.2010 RM'000
Current year's tax	<u>39</u>	<u>40</u>

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 was purchases of quoted investments during the financial period under review, as disclosed below :

	As at 31.12.2010 RM'000
Total investment at cost	1,611
Total investment at book value/carrying amount	1,863
Total investment at market value at the end of reporting period	1,863

B8. Corporate Proposal

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

SCOPE

Scope Industries Berhad
(Company No: 591376-D)

B9. Group Borrowings and Debt Securities

	As At 31.12.2010 RM'000
Short term - Secured	
- Hire purchase	651
Long term - Secured	
- Hire purchase	619
Total borrowings	<u>1,270</u>

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.

SCOPE

Scope Industries Berhad
(Company No: 591376-D)

B13. Realised and Unrealised Profits/Losses Disclosure

The retained profits / (accumulated losses) as at 30 September 2010 and 31 December 2010 is analysed as follows:-

	Preceding Quarter Ended 30.09.2010 RM'000	Current Quarter Ended 31.12.2010 RM'000
Total retained profits / (accumulated losses) of Scope Industries Berhad and its subsidiaries :		
- Realised	(3,346)	(4,123)
- Unrealised	-	-
Total group retained profits / (accumulated losses) as per consolidation accounts	(3,346)	(4,123)

Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits / Losses Disclosure.

B14. Basic Earnings / (Loss) Per Share

	Quarter		Year to date	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Basic earnings / (loss) per share:				
Net profit / (loss) for the period (RM'000)	565	(1,795)	3,275	(3,257)
Weighted average number of ordinary shares in issue ('000)	268,182	268,182	268,182	268,182
Basic earnings / (loss) per share (sen)	0.21	(0.67)	1.22	(1.21)

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.