

# SCOPE

Scope Industries Berhad  
(Company No: 591376-D)

## A. Notes To The Interim Financial Report For The Quarter Ended 30 September 2011

### 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 2011. 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 2011.

### 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 2011 except for those standards, amendments and interpretations which are effective for financial periods beginning on or after 1 July 2011. The adoption of these standards, amendments and interpretations have no material impact to these interim financial statements.

### 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.

### 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 Sep 2011	Manufacturing RM'000	Investment holding RM'000	Trading RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>					
External sales	6,323	39	6	-	6,368
Inter-segment sales	-	3,381		(3,381)	-
Total segment Revenue	<u>6,323</u>	<u>3,420</u>	<u>6</u>	<u>(3,381)</u>	<u>6,368</u>
<b>Result</b>					
Segment result	1,177	3,389	-	(3,381)	1,185
Interest income					1
Finance cost					(29)
Share of results of associated company					<u>(9)</u>
Profit before tax					1,148
Income tax expense					<u>3</u>
Net profit for the period					<u>1,145</u>

## 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 2011

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

Revenue for the current quarter and year to date reduced to approximately RM6.37 million as compared to RM8.65 million in the preceding year corresponding period. The Group recorded a profit after tax of RM1.15 million as compared to RM2.71 million in the preceding year corresponding period. This is mainly a result of the March 2011 Japanese tsunami which has affected the material supply chain.

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

	Individual quarter ended	
	30 Sep 2011	30 June 2011
	RM'000	RM'000
Revenue	6,368	4,382
Profit / (Loss) after tax	1,145	2,517

For the 1st financial quarter under review, the Group recorded revenue of RM6.37 million, representing an increase of 45.32% compared to the preceding quarter. The increase is mainly due to higher demand during the festive seasons. Despite the increase in revenue, the Group posted lower profit after tax of RM1.15 million for the current quarter compared to a profit after tax of RM2.52 million in the immediate preceding quarter. This is mainly attributable to deferred tax adjustment in immediate preceding quarter.

### B3. Current Year Prospects

With the global uncertainty surrounding the US and Europe, the board is of the opinion that the next financial quarter will be challenging.

### B4. Profit Forecast and Profit Guarantee

Not applicable.

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## B5. Taxation

The taxation figures include the following :

	Current Quarter 30.9.2011 RM'000	Current Year To Date 30.9.2011 RM'000
Current year's tax	3	3

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

(a) There was no purchase and sale of quoted investments during the financial period under review.

(b)

	As at 30.9.2011 RM'000
Total investment at cost	1,401
Total investment at book value/carrying amount	877
Total investment at market value at the end of reporting period	877

## 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 30.9.2011 RM'000
Short term - Secured	
- Hire purchase	611
- Term Loan	671
	1,282
Long term - Secured	
- Hire purchase	112
- Term Loan	-
	112
Total borrowings	<u>1,394</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.

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## B13. Realised and Unrealised Profits/Losses Disclosure

The retained profits / (accumulated losses) as at 30 June 2011 and 30 September 2011 is analysed as follows:-

	As at 30.9.2011 RM'000	As at 30.6.2011 RM'000
Total retained profits / (accumulated losses) of Scope Industries Berhad and its subsidiaries :		
- Realised	11,878	11,134
- Unrealised	(8)	1
	11,870	11,135
Total share of results of associates		
- Realised	(578)	(578)
	11,292	10,556
Less : Consolidation adjustments	(12,332)	(12,742)
	(1,040)	(2,185)

## B14. Basic Earnings / (Loss) Per Share

	Quarter		Year to date	
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
Basic earnings / (loss) per share:				
Net profit / (loss) for the period (RM'000)	1,145	2,711	1,145	2,711
Weighted average number of ordinary shares in issue ('000)	268,182	268,182	268,182	268,182
Basic earnings / (loss) per share (sen)	0.43	1.01	0.43	1.01

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.