

SCOPE

Scope Industries Berhad
(Company No: 591376-D)

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

On 15 December 2011, a single tier final 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 Dec 2011	Manufacturing RM'000	Investment holding RM'000	Trading RM'000	Elimination RM'000	Group RM'000
Revenue					
External sales	10,185	77	8	-	10,270
Inter-segment sales	-	7,567		(7,567)	-
Total segment Revenue	10,185	7,644	8	(7,567)	10,270
Result					
Segment result	852	7,556	(1)	(7,567)	840
Interest income					2
Finance cost					(53)
Share of results of associated company					(6)
Profit before tax					783
Income tax expense					(7)
Net profit for the period					776

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 31 December 2011

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

The Group recorded revenue of RM3.90 million and net loss of RM0.37 million for the quarter ended 31 December 2011, these represent a decrease of 18.83% and 165.12% in revenue and net profit respectively over the corresponding quarter last year.

For the six month ended 31 December 2011, the Group recorded revenue of RM10.27 million and net profit of RM0.78 million which represents a corresponding decrease of 23.69% in revenue and decrease of 76.31% in net profit respectively.

The decline in revenue and profit was principally attributable to the March 2011 Japanese tsunami and flood disaster in Thailand which affected the material supply chain.

B2. Comparison With Immediate Preceding Quarter's Results

	Individual quarter ended	
	31 Dec 2011	30 Sep 2011
	RM'000	RM'000
Revenue	3,902	6,368
Profit / (Loss) after tax	(368)	1,145

For the 2nd financial quarter under review, the Group recorded revenue of RM3.90 million, representing a decline of 38.72% 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

The Board anticipates that the manufacturing business will remain challenging for the financial year ending 30 June 2012 given the uncertain macro-economic outlook.

B4. Profit Forecast and Profit Guarantee

Not applicable.

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B5. Taxation

The taxation figures include the following :

	Current Quarter 31.12.2011 RM'000	Current Year To Date 31.12.2011 RM'000
Current year's tax	4	7

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. Corporate Proposal

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

B7. Group Borrowings and Debt Securities

	As At 31.12.2011 RM'000
Short term - Secured	
- Hire purchase	619
- Term Loan	444
	1,063
Long term - Secured	
- Hire purchase	-
- Term Loan	-
	-
Total borrowings	1,063

B8. Material Litigation

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

B9. Dividend

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

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B10. Realised and Unrealised Profits/Losses Disclosure

The retained profits / (accumulated losses) as at 30 September 2011 and 31 December 2011 is analysed as follows:-

	As at 31.12.2011 RM'000	As at 30.9.2011 RM'000
Total retained profits / (accumulated losses) of Scope Industries Berhad and its subsidiaries :		
- Realised	10,259	11,878
- Unrealised	2	(8)
	10,261	11,870
Total share of results of associates		
- Realised	(578)	(578)
	9,683	11,292
Less : Consolidation adjustments	(12,433)	(12,332)
	(2,750)	(1,040)

B11. Basic Earnings / (Loss) Per Share

	Quarter		Year to date	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Basic earnings / (loss) per share:				
Net profit / (loss) for the period (RM'000)	(368)	565	776	3,275
Weighted average number of ordinary shares in issue ('000)	268,182	268,182	268,182	268,182
Basic earnings / (loss) per share (sen)	(0.14)	0.21	0.29	1.22

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.