

# SCOPE

## SCOPE INDUSTRIES BERHAD

(Company No: 591376-D)

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Period Ended 30 September 2017

(The figures have not been audited)

	Quarter ended		Year to date	
	30 Sep 2017 RM'000	30 Sep 2016 RM'000	30 Sep 2017 RM'000	30 Sep 2016 RM'000
Revenue	7,845	8,060	7,845	8,060
Cost of sales	(5,552)	(5,283)	(5,552)	(5,283)
<b>Gross profit</b>	<u>2,293</u>	<u>2,777</u>	<u>2,293</u>	<u>2,777</u>
Other income	85	116	85	116
Administrative expenses	(1,237)	(1,098)	(1,237)	(1,098)
<b>Profit from operations</b>	<u>1,141</u>	<u>1,795</u>	<u>1,141</u>	<u>1,795</u>
Finance costs	-	(77)	-	(77)
<b>Profit/(loss) before tax</b>	<u>1,141</u>	<u>1,718</u>	<u>1,141</u>	<u>1,718</u>
Taxation	(124)	(201)	(124)	(201)
<b>Profit/(loss) for the period</b>	<u>1,017</u>	<u>1,517</u>	<u>1,017</u>	<u>1,517</u>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<u>1,017</u>	<u>1,517</u>	<u>1,017</u>	<u>1,517</u>
<b>Profit / (loss) attributable to :</b>				
Owners of the Company	987	1,429	987	1,429
Non-controlling interests	30	88	30	88
	<u>1,017</u>	<u>1,517</u>	<u>1,017</u>	<u>1,517</u>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	987	1,429	987	1,429
Non-controlling interests	30	88	30	88
	<u>1,017</u>	<u>1,517</u>	<u>1,017</u>	<u>1,517</u>
<b>Earnings/(loss) per share</b>				
Basic (sen)	0.18	0.26	0.18	0.26
Diluted (sen)	0.17	0.24	0.17	0.24

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2017)

# SCOPE

## SCOPE INDUSTRIES BERHAD

(Company No: 591376-D)

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	As At 30 Sep 2017 RM'000 (Unaudited)	As At 30 June 2017 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	79,907	80,265
Biological assets	9,405	9,536
Goodwill on consolidation	34,966	34,966
Prepaid land lease payment	1,498	1,512
Other investments	400	424
	126,176	126,703
<b>Current Assets</b>		
Inventories	1,414	1,859
Trade receivables	2,593	2,810
Other receivables, deposits and prepayments	327	553
Tax recoverable	13	14
Cash and bank balances	6,077	6,859
Total current assets	10,424	12,095
<b>Current liabilities</b>		
Trade payables	1,018	1,347
Other payables and accruals	1,633	4,473
Short term borrowing	-	-
Provision for taxation	141	187
Total current liabilities	2,792	6,007
<b>NET CURRENT ASSETS</b>	<u>7,632</u>	<u>6,088</u>
	<u>133,808</u>	<u>132,791</u>
<b>FINANCED BY :</b>		
Share capital	91,648	91,648
Reserves	21,338	20,351
	112,986	111,999
Non controlling interest	6,281	6,251
Shareholders' funds	<u>119,267</u>	<u>118,250</u>
<b>Non-current liabilities</b>		
Other payables	-	-
Deferred taxation	14,541	14,541
Long term borrowing	-	-
	14,541	14,541
	<u>133,808</u>	<u>132,791</u>
Net assets per share (RM)	<u>0.2128</u>	<u>0.2110</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2017)

# SCOPE

## SCOPE INDUSTRIES BERHAD

(Company No: 591376-D)

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For The Period Ended 30 September 2017

(The figures have not been audited)

	<b>3 Months Ended 30/9/2017 RM'000 (Unaudited)</b>	<b>3 Months Ended 30/9/2016 RM'000 (Unaudited)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before tax	1,141	1,718
Adjustments for :		
Non-cash items	885	842
Non-operating items	(36)	44
	<hr/>	<hr/>
Operating profit before changes in working capital	1,990	2,604
Changes in working capital:		
Decrease / (increase) in inventories	444	(297)
Decrease / (increase) in receivables	190	203
(Decrease) / increase in payables	(2,914)	681
	<hr/>	<hr/>
Cash (used in)/generated from operations	(290)	3,191
Income tax paid	(170)	(65)
Income tax refund	1	-
	<hr/>	<hr/>
Net cash from operating activities	(459)	3,126
	<hr/>	<hr/>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	36	33
Purchase of property, plant and equipment	(347)	(194)
Plantation development expenditure incurred	(36)	(127)
Loss /(Gain) on fair value changes on other investments	24	-
	<hr/>	<hr/>
Net cash used in investing activities	(323)	(288)
	<hr/>	<hr/>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase creditors	-	(33)
	<hr/>	<hr/>
Net cash generated from /(used in) financing activities	-	(33)
	<hr/>	<hr/>
Net Increase /(decrease) in Cash and Cash Equivalents	(782)	2,805
Cash and Cash Equivalents at beginning of period	6,859	4,414
	<hr/>	<hr/>
Cash and Cash Equivalents at end of period	6,077	7,219
	<hr/>	<hr/>
Cash and cash equivalents comprise the following:		
Cash and bank balances	6,077	7,219
Bank overdraft	-	-
	<hr/>	<hr/>
	6,077	7,219
	<hr/>	<hr/>

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2017)

# SCOPE

## SCOPE INDUSTRIES BERHAD

(Company No: 591376-D)

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For The Period Ended 30 September 2017

(The figures have not been audited)

	<----- Attributable to owners of the Company ----->									
	Share Capital	Share Premium	Warrants Reserve	Discount on Shares	Fair Value Reserve	Capital Reserve	Accumulated loss	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>For financial year 2018</u></b>										
Balance at 1 July 2017	91,648	-	3,878	(3,878)	-	28,003	(7,652)	111,999	6,251	118,250
Total comprehensive income	-	-	-	-	-	-	987	987	30	1,017
Balance at 30 September 2017	91,648	-	3,878	(3,878)	-	28,003	(6,665)	112,986	6,281	119,267
<b><u>For financial year 2017</u></b>										
Balance at 1 July 2016	55,548	35,350	4,056	(4,056)	-	28,003	(9,336)	109,565	5,897	115,462
Total comprehensive income	-	-	-	-	-	-	1,429	1,429	88	1,517
Balance at 30 September 2016	55,548	35,350	4,056	(4,056)	-	28,003	(7,907)	110,994	5,985	116,979

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2017)

# SCOPE

Scope Industries Berhad  
(Company No: 591376-D)

## A. Notes to the Interim Financial Report For The First Quarter Ended 30 September 2017

### 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 financial year ended 30 June 2017. 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 subsidiary companies (hereinafter referred to as the “Group”) since the financial year ended 30 June 2017.

### A2. Changes in Accounting Policies

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 financial year ended 30 June 2017.

#### Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (“Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Company and certain subsidiaries fall within the definition of Transitioning Entities and have opted to defer the adoption of MFRS Framework. However, for subsidiaries which financial statements are prepared in accordance with MFRSs were converted to FRSs for the purpose of the preparation of the Group financial statements.

# SCOPE

Scope Industries Berhad  
(Company No: 591376-D)

## **A2. Changes in Accounting Policies (Cont'd)**

In presenting its first MFRS financial statements i.e. financial statements for the financial year ending 30 June 2019, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company expect to be in a position to comply with the requirements of the MFRS Framework for the financial year ending 30 June 2019.

## **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**

The effects of seasonal or cyclical fluctuations, if any, are explained under Section B1 and B2.

## **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 nature and amount of estimates reported 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 for the current financial period to date.

## **A8. Dividends Paid**

There was no dividend paid during the period under review.

# SCOPE

Scope Industries Berhad  
(Company No: 591376-D)

## A9. Segment Information

	Year to date Revenue		Year to date Operating profit / (loss)	
	30 Sep 2017 RM'000	30 Sep 2016 RM'000	30 Sep 2017 RM'000	30 Sep 2016 RM'000
Investment holding	33	31	(133)	(54)
Manufacturing	5,569	5,563	775	1,100
Plantation	2,243	2,466	463	716
	<u>7,845</u>	<u>8,060</u>	<u>1,105</u>	<u>1,762</u>
Less : Elimination	-	-	-	-
	<u>7,845</u>	<u>8,060</u>		
Operating profit			1,105	1,762
Interest income			36	33
Finance cost			-	(77)
			<u>1,141</u>	<u>1,718</u>
Profit / (loss) before taxation			1,141	1,718
Tax Expense			(124)	(201)
Profit / (loss) after taxation			<u>1,017</u>	<u>1,517</u>

## A10. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment during the period under review.

## A11. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the interim period that have not been reflected in this interim financial report.

## A12. Changes in Composition of the Group

There were no changes in the composition of the Group for the current financial period to date.

## 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 ACE Market Listing Requirements For The First Quarter Ended 30 September 2017

### B1. Review of Performance

#### Manufacturing Division

	<u>Quarter ended</u>		<u>Year to date</u>	
	30 Sep 2017 RM'000	30 Sep 2016 RM'000	30 Sep 2017 RM'000	30 Sep 2016 RM'000
Revenue	5,569	5,563	5,569	5,563
Profit / (Loss) after tax	746	1,011	746	1,011

The manufacturing division's revenue for current quarter was RM5.57 million as compared to previous year corresponding quarters' of RM5.56 million. This division posted lower profit after tax at RM0.75 million compared to profit of RM1.01 million in previous corresponding quarter mainly due to higher cost of goods manufactured for current quarter.

#### Plantation Division

	<u>Quarter ended</u>		<u>Year to date</u>	
	30 Sep 2017 RM'000	30 Sep 2016 RM'000	30 Sep 2017 RM'000	30 Sep 2016 RM'000
Revenue	2,243	2,466	2,243	2,466
Profit / (Loss) after tax	371	608	371	608
FFB Production (MT)	4,145	4,499	4,145	4,499
Average FFB price (RM)	541	548	541	548

For current quarter under review, plantation division's revenue decreased by 9.0% to RM2.24 million from RM2.47 million in previous corresponding quarter. This was due to decrease in FFB production by 7.9% as well as decrease in average FFB price by 1.3%. As a result of lower revenue recorded, this division recorded lower profit after tax at RM0.37 million compared to profit of RM0.61 million in previous corresponding quarter.

# SCOPE

Scope Industries Berhad  
(Company No: 591376-D)

## B2. Variation of Results against Immediate Preceding Quarter

### Manufacturing division

	Individual quarter ended	
	30 Sep 2017 RM'000	30 June 2017 RM'000
Revenue	5,569	5,157
Profit / (Loss) after tax	746	1,072

For the current quarter under review, the manufacturing division registered higher revenue at RM5.57 million, representing an increase of 7.9% compared to the immediate preceding quarter ended 30 June 2017 mainly due to higher sales volume generated. Despite higher revenue recorded for current quarter, this division registered lower profit after tax at RM0.75 million compared to profit of RM1.07 million in immediate preceding quarter. This was mainly due to higher cost of goods manufactured for current quarter as well as expenses incurred in current quarter in relation to upkeep of manufacturing facilities.

### Plantation division

	Individual quarter ended	
	30 Sep 2017 RM'000	30 June 2017 RM'000
Revenue	2,243	3,080
Profit / (Loss) after tax	371	931

The plantation division recorded lower revenue at RM2.24 million for current quarter under review compared to RM3.08 million in immediate preceding quarter. This was due to decrease in FFB production by 27.2% as stated below.

	Individual quarter ended		
	30 Sep 2017	30 Jun 2017	Variance
Average FFB price (RM)	541	541	-
FFB Production (MT)	4,145	5,692	(27.2%)

This division posted lower profit after tax at RM0.37 million for current quarter compared to profit of RM0.93 million in immediate preceding quarter mainly due to lower revenue recorded.

# SCOPE

Scope Industries Berhad  
(Company No: 591376-D)

## B3. Prospects

### Manufacturing division

The market environment in which our business operates is challenging over the medium-term. On-going efforts are taken to expand customer base as well as improve operating margin. Barring unforeseen circumstances, the Management expects the results of this division to remain positive for the financial year ending 30 June 2018.

### Plantation division

The performance of this division would continue to be driven by CPO price which is dependent on the world edible oil market and economic situation. The management is continuously improving crop yield for all harvesting area. Barring unforeseen circumstances, the Management expects this division to deliver profitable results for the financial year ending 30 June 2018.

## B4. Variance from Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in public document.

## B5. Taxation

Current Year  
to-date  
30 Sep 2017  
RM'000

Based on results for the year:

Current tax expense

124

For the financial period ended 30 September 2017, the effective tax rate of the Group is lower than that of statutory tax rate mainly due to availability of Reinvestment Allowance incentive in manufacturing segment.

## B6. Status of Corporate Proposal

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

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Scope Industries Berhad  
(Company No: 591376-D)

## B7. Group Borrowings and Debt Securities

	As at 30 Sep 2017 RM'000
Short term	
- Bank borrowing	-
Long term	
- Bank borrowing	-
Total borrowing	<u>-</u>

## 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.

## B10. Realised and Unrealised Profits/Losses Disclosure

The retained profits / (accumulated losses) as at 30 September 2017 is analysed as follow:-

	As at 30.9.2017 RM'000	As at 30.6.2017 RM'000
Total retained profits / (accumulated losses) of Scope Industries Berhad and its subsidiaries:		
- Realised	(71)	(1,089)
- Unrealised	(162)	(160)
	<u>(233)</u>	<u>(1,249)</u>
Less : Consolidation adjustments	(6,432)	(6,403)
Total group retained profits / (accumulated losses) as per consolidation accounts	<u>(6,665)</u>	<u>(7,652)</u>

# SCOPE

Scope Industries Berhad  
(Company No: 591376-D)

## B11. Earnings / (Loss) Per Share

(i) Basic earnings / (loss) per share

The basic earnings per share is calculated by dividing the net profit/(loss) attributable to shareholders for the financial period by the weighted average number of ordinary shares in issue.

	Quarter		Year to date	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
Net profit/(loss) attributable to owners of the Company (RM'000)	987	1,429	987	1,429
Weighted average number of ordinary shares in issue ('000)	557,320	555,484	557,320	555,484
Basic earnings / (loss) per share (sen)	0.18	0.26	0.18	0.26

(ii) Diluted earnings / (loss) per share

The calculation of diluted earnings per share was based on profit attributed to shareholders of the Company and on the weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares as follows:

	Quarter		Year to date	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
Net profit/(loss) attributable to owners of the Company (RM'000)	987	1,429	987	1,429
Weighted average number of ordinary shares in issue ('000)	557,320	555,484	557,320	555,484
Dilutive effect of warrants outstanding ('000)	38,188	32,456	38,188	32,456
Diluted earnings / (loss) per share (sen)	0.17	0.24	0.17	0.24