

# SCOPE

## SCOPE INDUSTRIES BERHAD

(Company No: 591376-D)

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Period Ended 31 March 2018

(The figures have not been audited)

	Quarter ended		Year to date	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Revenue	4,140	4,211	17,431	17,799
Cost of sales	(3,399)	(3,205)	(12,978)	(12,166)
<b>Gross profit</b>	<u>741</u>	<u>1,006</u>	<u>4,453</u>	<u>5,633</u>
Other income	129	111	315	345
Administrative expenses	(675)	(546)	(2,930)	(2,437)
<b>Profit from operations</b>	<u>195</u>	<u>571</u>	<u>1,838</u>	<u>3,541</u>
Finance costs	-	(13)	-	(167)
<b>Profit/(loss) before tax</b>	<u>195</u>	<u>558</u>	<u>1,838</u>	<u>3,374</u>
Taxation	(92)	(174)	(336)	(467)
<b>Profit/(loss) for the period</b>	<u>103</u>	<u>384</u>	<u>1,502</u>	<u>2,907</u>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<u>103</u>	<u>384</u>	<u>1,502</u>	<u>2,907</u>
<b>Profit / (loss) attributable to :</b>				
<b>Owners of the Company</b>	(33)	325	1,180	2,723
<b>Non-controlling interests</b>	136	59	322	184
	<u>103</u>	<u>384</u>	<u>1,502</u>	<u>2,907</u>
<b>Total comprehensive income attributable to :</b>				
<b>Owners of the Company</b>	(33)	325	1,180	2,723
<b>Non-controlling interests</b>	136	59	322	184
	<u>103</u>	<u>384</u>	<u>1,502</u>	<u>2,907</u>
<b>Earnings/(loss) per share</b>				
<b>Basic (sen)</b>	(0.01)	0.06	0.21	0.49
<b>Diluted (sen)</b>	(0.01)	0.05	0.20	0.46

(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 31 March 2018

	As At 31 Mar 2018 RM'000 (Unaudited)	As At 30 June 2017 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	78,664	80,265
Biological assets	9,169	9,536
Goodwill on consolidation	34,966	34,966
Prepaid land lease payment	1,471	1,512
Other investments	436	424
	124,706	126,703
<b>Current Assets</b>		
Inventories	1,456	1,859
Trade receivables	1,545	2,810
Other receivables, deposits and prepayments	300	553
Tax recoverable	99	14
Cash and bank balances	7,782	6,859
Total current assets	11,182	12,095
<b>Current liabilities</b>		
Trade payables	544	1,347
Other payables and accruals	946	4,473
Short term borrowing	-	-
Provision for taxation	105	187
Total current liabilities	1,595	6,007
<b>NET CURRENT ASSETS</b>	<u>9,587</u>	<u>6,088</u>
	<u>134,293</u>	<u>132,791</u>
<b>FINANCED BY :</b>		
Share capital	91,648	91,648
Reserves	21,531	20,351
	113,179	111,999
Non controlling interest	6,573	6,251
Shareholders' funds	<u>119,752</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>134,293</u>	<u>132,791</u>
Net assets per share (RM)	<u>0.2137</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 31 March 2018

(The figures have not been audited)

	9 Months Ended 31/3/2018 RM'000 (Unaudited)	9 Months Ended 31/3/2017 RM'000 (Unaudited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before tax	1,838	3,374
Adjustments for :		
Non-cash items	2,585	2,525
Non-operating items	(175)	(14)
Operating profit before changes in working capital	4,248	5,885
Changes in working capital:		
Decrease / (increase) in inventories	402	(96)
Decrease / (increase) in receivables	635	1,513
(Decrease) / increase in payables	(3,445)	(1,049)
Cash (used in)/generated from operations	1,840	6,253
Income tax paid	(516)	(314)
Income tax refund	14	-
Net cash from operating activities	1,338	5,939
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	153	168
Proceeds from disposal of property, plant and equipment	21	-
Purchase of property, plant and equipment	(443)	(217)
Purchase of other investment	-	(369)
Plantation development expenditure incurred	(134)	(454)
Loss /(Gain) on fair value changes in other investments	(12)	-
Net cash used in investing activities	(415)	(872)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase creditors	-	(57)
Net cash generated from /(used in) financing activities	-	(57)
Net Increase /(decrease) in Cash and Cash Equivalents	923	5,010
Cash and Cash Equivalents at beginning of period	6,859	4,415
Cash and Cash Equivalents at end of period	7,782	9,425
Cash and cash equivalents comprise the following:		
Cash and bank balances	7,782	9,425
Bank overdraft	-	-
	7,782	9,425

(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 31 March 2018

(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	Retained Profit/ (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	-	-	-	-	-	-	1,180	1,180	322	1,502
Balance at 31 March 2018	91,648	-	3,878	(3,878)	-	28,003	(6,472)	113,179	6,573	119,752
<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	-	-	-	-	-	-	2,723	2,723	184	2,907
Balance at 31 March 2017	55,548	35,350	4,056	(4,056)	-	28,003	(6,613)	112,288	6,081	118,369

(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 Third Quarter Ended 31 March 2018

### 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)	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Investment holding	155	463	(299)	77
Manufacturing	9,807	10,535	19	1,702
Plantation	7,469	7,101	1,965	1,894
	<u>17,431</u>	<u>18,099</u>	<u>1,685</u>	<u>3,673</u>
Less : Elimination	-	(300)	-	(300)
	<u>17,431</u>	<u>17,799</u>		
Operating profit			1,685	3,373
Interest income			153	168
Finance cost			-	(167)
			<u>1,838</u>	<u>3,374</u>
Profit / (loss) before taxation			1,838	3,374
Tax Expense			(336)	(467)
Profit / (loss) after taxation			<u>1,502</u>	<u>2,907</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 Third Quarter Ended 31 March 2018

### B1. Review of Performance

#### Manufacturing Division

	<u>Quarter ended</u>		<u>Year to date</u>	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Revenue	1,462	1,838	9,807	10,535
Profit / (Loss) after tax	(382)	(43)	21	1,503

The manufacturing division's revenue for current quarter decreased by 20.5% to RM1.46 million compared to RM1.84 million in previous corresponding quarter, mainly due to lower sales volume. This division posted loss after tax of RM0.38 million for current quarter compared to loss of RM0.04 million in previous corresponding quarter mainly due to lower revenue generated for current quarter.

For 9 months period ended 31 March 2018, revenue decreased by 6.9% to RM9.81 million compared to RM10.54 million in previous corresponding period. Profit after tax was lower at RM0.02 million compared to RM1.50 million in previous corresponding period, mainly due to lower revenue and lower absorption of production overhead.

#### Plantation Division

	<u>Quarter ended</u>		<u>Year to date</u>	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Revenue	2,609	2,303	7,469	7,101
Profit / (Loss) after tax	492	468	1,637	1,635
FFB Production (MT)	5,343	3,514	14,342	11,684
Average FFB price (RM)	488	656	521	608

Plantation division's revenue for current quarter increased by 13.3% to RM2.61 million from RM2.30 million in previous corresponding quarter. This was due to increase in FFB production by 52.0% while average FFB price decreased by 25.6%. This division posted higher profit after tax at RM0.49 million compared to profit of RM0.47 million in previous corresponding quarter, mainly due to higher revenue recorded.

For 9 months period ended 31 March 2018, this division recorded higher revenue at RM7.47 million compared to RM7.10 million in previous corresponding period. Profit after tax for current period remain unchanged at RM1.64 million despite revenue increased by 5.2%. This was mainly due to lower average FFB price for the period.



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Scope Industries Berhad  
(Company No: 591376-D)

## B2. Variation of Results against Immediate Preceding Quarter

### Manufacturing division

	Individual quarter ended	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Revenue	1,462	2,776
Profit / (Loss) after tax	(382)	(343)

For current quarter under review, the manufacturing division registered lower revenue at RM1.46 million compared to RM2.78 million in immediate preceding quarter ended 31 December 2017 mainly due to lower sales volume. Despite significant decrease in revenue, this division posted loss after tax at RM0.38 million compared to loss of RM0.34 million in immediate preceding quarter, with actions taken to control costs at minimum level.

### Plantation division

	Individual quarter ended	
	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Revenue	2,609	2,617
Profit / (Loss) after tax	492	774

The plantation division recorded lower revenue at RM2.61 million for current quarter under review compared to RM2.62 million in immediate preceding quarter. This was due to lower average FFB price by 9.5% was partially offset by 10.1% increase in FFB production.

	Individual quarter ended		
	31 Mar 2018	31 Dec 2017	Variance
Average FFB price (RM)	488	539	(9.5%)
FFB Production (MT)	5,343	4,854	10.1%

This division posted lower profit after tax at RM0.49 million for current quarter compared to profit of RM0.77 million in immediate preceding quarter mainly due to lower average FFB price for the quarter.

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(Company No: 591376-D)

## B3. Prospects

### Manufacturing division

The directors anticipate the challenging environment to persist over the medium-term. Based on the latest sales forecast, the company expects decreased orders from a major customer. On-going efforts has been taken to secure new orders from new customers. In addition, the company is continuously monitoring the operational costs to mitigate the impact arising from the expected lower sales volume in this division.

### Plantation division

The performance of this division would continue to be driven by CPO price which is dependent on the world edible oils 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  
31 March 2018  
RM'000

Based on results for the period:

Current tax expense	442
Overprovision in prior year	(106)
	<hr/>
	336
	<hr/>

For the financial period ended 31 March 2018, the effective tax rate of the Group is lower than statutory tax rate mainly due to availability of tax losses carried forward in plantation 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 31 March 2018 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 31 March 2018 is analysed as follow:-

	As at 31.3.2018 RM'000	As at 30.6.2017 RM'000
Total retained profits / (accumulated losses) of Scope Industries Berhad and its subsidiaries:		
- Realised	429	(1,089)
- Unrealised	(176)	(160)
	<u>253</u>	<u>(1,249)</u>
Less : Consolidation adjustments	(6,726)	(6,403)
Total group retained profits / (accumulated losses) as per consolidation accounts	<u>(6,473)</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	
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Net profit/(loss) attributable to owners of the Company (RM'000)	(33)	325	1,180	2,723
Weighted average number of ordinary shares in issue ('000)	559,813	555,484	559,813	555,484
Basic earnings / (loss) per share (sen)	(0.01)	0.06	0.21	0.49

(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	
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
Net profit/(loss) attributable to owners of the Company (RM'000)	(33)	325	1,180	2,723
Weighted average number of ordinary shares in issue ('000)	559,813	555,484	559,813	555,484
Dilutive effect of warrants outstanding ('000)	20,545	36,144	20,545	36,144
Diluted earnings / (loss) per share (sen)	(0.01)	0.05	0.20	0.46