

SCOPE

Scope Industries Berhad
Company No. 200201023713 (591376-D)

A. Notes to the Interim Financial Report For The First Quarter Ended 30 September 2024

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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024. 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 2024.

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 2024.

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 issuance or repayment of debt or equity securities. There was also no share buy-back, share cancelled, share held as treasury shares or treasury shares resold for the current financial period to date.

SCOPE

Scope Industries Berhad
Company No. 200201023713 (591376-D)

A8. Dividends Paid

There was no dividend paid during the period under review.

A9. Segment Information

	Year to date Revenue		Year to date Operating profit / (loss)	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	RM'000	RM'000	RM'000	RM'000
Investment holding	5	5	(84)	(52)
Manufacturing	10,285	11,542	(504)	1,367
Plantation	2,929	2,909	1,162	1,087
Trading	-	25,688	(19)	505
Others	-	-	(12)	(1)
	<u>13,219</u>	<u>40,144</u>	<u>543</u>	<u>2,906</u>
Consolidation Adjustments:	-	-	-	(246)
	<u>13,219</u>	<u>40,144</u>		
Operating profit			543	2,660
Finance income			285	252
Finance cost			-	(3)
			<u>828</u>	<u>2,909</u>
Profit before taxation			828	2,909
Tax Expense			(88)	(219)
Profit after taxation			<u>740</u>	<u>2,690</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 quarter under review.

SCOPE

Scope Industries Berhad
Company No. 200201023713 (591376-D)

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.

B. Additional Notes Pursuant to the ACE Market Listing Requirements For The Fourth Quarter Ended 30 June 2024

B1. Review of Performance

Manufacturing Division

	<u>Quarter ended</u>		<u>Year to date</u>	
	30 Sep 2024 RM'000	30 Sep 2023 RM'000	30 Sep 2024 RM'000	30 Sep 2023 RM'000
Revenue	10,285	11,542	10,285	11,542
(Loss) / Profit after tax	(498)	1,377	(498)	1,377

The manufacturing division's revenue decreased by 10.89% to RM10.29 million in the current quarter under review compared to the previous corresponding quarter. This division recorded a loss after tax of RM0.50 million in the current quarter, mainly due to lower sales volume and weaker USD.

Plantation Division

	<u>Quarter ended</u>		<u>Year to date</u>	
	30 Sep 2024 RM'000	30 Sep 2023 RM'000	30 Sep 2024 RM'000	30 Sep 2023 RM'000
Revenue	2,929	2,909	2,929	2,909
Profit after tax	1,077	983	1,077	983
FFB Production (MT)	3,825	4,144	3,825	4,144
Average FFB price (RM)	766	702	766	702

The Plantation division recorded a slight increase in revenue to RM2.93 million in the current quarter under review compared to RM2.91 million in the previous corresponding quarter. This increment is due to higher average FFB price, despite a decline in FFB production. As a result, this division recorded a higher profit after tax, increasing to RM1.08 million.

SCOPE

Scope Industries Berhad
Company No. 200201023713 (591376-D)

B1. Review of Performance (Cont'd)

Trading Division

	<u>Quarter ended</u>		<u>Year to date</u>	
	30 Sep 2024 RM'000	30 Sep 2023 RM'000	30 Sep 2024 RM'000	30 Sep 2023 RM'000
Revenue	-	25,688	-	25,688
EBITDA	(19)	502	(19)	502
Interest on loan from holding company	(319)	(334)	(319)	(334)
(Loss) / Profit before tax	(338)	168	(338)	168
Tax expense	-	(29)	-	(29)
(Loss) / Profit after tax	(338)	139	(338)	139

* EBITDA refer to earnings before interest, tax, depreciation and amortisation.

Due to a lack of available working capital, the trading division did not generate any revenue during the current quarter. Consequently, this division recorded a loss after tax of RM0.34 million in the current quarter.

B2. Variation of Results against Immediate Preceding Quarter

Manufacturing division

	Individual quarter ended	
	30 Sep 2024 RM'000	30 June 2024 RM'000
Revenue	10,285	11,779
(Loss) / Profit after tax	(498)	958

The manufacturing division's revenue decreased by 12.68% to RM10.29 million compared to RM11.78 million in immediate preceding quarter, mainly due to lower volume of goods sold and weaker USD. As a result of lower revenue recorded, this division posted loss after tax at RM0.50 million in current quarter.

Plantation division

	Individual quarter ended	
	30 Sep 2024 RM'000	30 June 2024 RM'000
Revenue	2,929	2,853
Profit after tax	1,077	2,328

SCOPE

Scope Industries Berhad
Company No. 200201023713 (591376-D)

B2. Variation of Results against Immediate Preceding Quarter (Cont'd)

Plantation division (cont'd)

The plantation division recorded higher revenue at RM2.93 million in current quarter under review compared to RM2.85 million in immediate preceding quarter, due to a increase in both FFB production and average FFB price.

Changes in average FFB price and FFB production between two quarters are shown below:

	Individual quarter ended		Variance
	30 Sep 2024	30 June 2024	
Average FFB price (RM)	766	759	0.09%
FFB Production (MT)	3,825	3,764	1.62%

This division recorded lower profit after tax of RM1.08 million compared immediate preceding year due to recognised deferred tax asset amount to RM1.9 million in immediate preceding year.

Trading division

	Individual quarter ended	
	30 Sep 2024 RM'000	30 June 2024 RM'000
Revenue	-	16,741
EBITDA	(19)	353
Interest on loan from holding company	(319)	(344)
Tax expenses	(338)	9
	-	39
(Loss) / Profit after tax	(338)	48

* EBITDA refer to earnings before interest, tax, depreciation and amortisation.

In the current quarter, the Trading Division did not conduct any trading activities due to low working capital. Consequently, a loss after tax amounting to RM0.34 million was recorded in the current quarter, compared to profit after tax of RM0.05 million in the immediate preceding quarter.

SCOPE

Scope Industries Berhad
Company No. 200201023713 (591376-D)

B3. Prospects

Manufacturing division

Following the completion of new plant, the manufacturer's overall production capacity has significantly expanded. However, production levels have fallen short of initial projections due to a decrease in customer demand and expected continued decline in sales orders. In response, management is actively addressing this gap by expanding outreach to potential customers and exploring new market opportunities. These efforts aim to increase demand, optimize production capacity, and ensure the new facility supports the company's growth objectives.

Plantation division

In September 2024, the CPO (Crude Palm Oil) price rose above RM4,000 and is expected to continue increasing. However, harvesting yields have remained constant. Management is actively monitoring FFB production and implementing measures to enhance yield and support the company's growth. These efforts included improving plantation management to fully leverage the favorable CPO price trends.

Trading division

Management is seeking legal advice to take the necessary actions to recover the trade receivables more expediently. Management will monitor the trading activities in this division in view of the risk and availability of working capital.

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 September 2024 RM'000
Based on results for the year:	
<u>Malaysian operations</u>	
Current tax	88
Overseas taxation	-
Current tax expense	<u>88</u>

The effective tax rate for the current financial period ended 30 September 2024 was lower than the statutory rate mainly due to availability of Reinvestment Allowance in manufacturing segment.

B6. Status of Corporate Proposal

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

SCOPE

Scope Industries Berhad
Company No. 200201023713 (591376-D)

B7. Utilisation of Proceeds from Rights Issue

On 27 July 2021, SCOPE completed the Rights Issue Exercise following the listing of 384,557,653 units of shares on the ACE Market of Bursa Securities. This Exercise raised gross proceeds of RM67,297,589 and were fully utilised in the fourth quarter of the financial year ending 2024. The status of utilisation of the proceeds as at 30 September 2024 is as follows:

Description	Proposed Utilisation (RM'000)	Utilisation to-date (RM'000)	Balance to be utilised (RM'000)	Timeframe for Utilisation
1. Construction of a new manufacturing plant	31,000	31,000	-	Within 36 months
2. Expansion of electronic business	19,000	19,000	-	Within 36 months
3. Working capital	16,298	16,453	*(155)	Within 24 months
4. Expenses for the Rights Issue	1,000	845	*155	Within 6 months
TOTAL	67,298	67,298	-	

*The unutilised portion in category of Expenses for Rights Issue amounted to RM155,000 has been reallocated to Working Capital category and this was fully utilised.

B8. Group Borrowings and Debt Securities

As at the date of this report, the Group does not have any borrowing and debt securities.

B9. Material Litigation

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

B10. Dividend

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

SCOPE

Scope Industries Berhad
Company No. 200201023713 (591376-D)

B11. Earnings Per Share

(i) Basic earnings per share

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

	Quarter		Year to date	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
Net profit attributable to owners of the Company (RM'000)	564	2,471	564	2,471
Weighted average number of ordinary shares in issue ('000)	1,154,400	1,153,673	1,154,400	1,153,673
Basic earnings per share (sen)	0.04	0.21	0.04	0.21