

**RAPID SYNERGY BERHAD**  
(Company No. 325935-U)  
(Incorporated in Malaysia)

Notes to the interim financial report for the period ended 30 June 2003

- A1 **Basis of preparation**  
The interim financial report is unaudited and has been prepared in compliance with MASB 26 “Interim Financial Reporting” and the additional disclosure requirements as in Part A of Appendix 9B of the Revised Kuala Lumpur Stock Exchange Listing Requirements.  
The interim financial report should be read in conjunction with the most recent annual audited financial statements of the Group for the year ended 31 December 2002.  
The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2002, except for the adoption of new MASB 25, Income Taxes and MASB 29, Employee Benefits that have come into effect during the current financial period.
- A2 **Declaration of qualification of audit report**  
The audit report of the preceding annual financial statements of the Group was not subject to any qualification.
- A3 **Seasonal or cyclical factors**  
The Group’s operations were not affected by any significant seasonal or cyclical factors in the current quarter.
- A4 **Unusual items affecting assets, liabilities, equity, net income or cash flows**  
Other than disclosed in the financial statements there were no unusual items affecting the financial statements for the financial period under review.
- A5 **Change in accounting estimates**  
There was no material change in accounting estimates used in the preparation of financial statements in the current financial period as compared with the previous financial period or previous financial year.
- A6 **Debts and equity securities**  
There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date.
- A7 **Dividend**  
There was no dividend payment made for the current quarter under review.
- A8 **Segment information**  
Segment information is presented in respect of the Group’s business segment.

	Revenue		Profit/(Loss) before tax	
	6 months ended 30 June			
	2003	2002	2003	2002
	RM’000	RM’000	RM’000	RM’000
Manufacturing	6,171	9,313	910	1,886
Investment	108	120	(131)	80
Property development	-	-	(179)	(200)
	-----	-----	-----	-----
	6,279	9,433	600	1,766
Inter-segment elimination	-	-	-	-
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	6,279	9,433	600	1,766
	=====	=====	=====	=====

- A9 Valuations of land held for development, property, plant and equipment  
The valuations of land held for development, property, plant and equipment have been brought forward, without amendments from the previous annual report.
- A10 Material events subsequent to balance sheet date  
Subsequent to the end of period under review Rapid Construction & Management Sdn. Bhd. (RCM), a wholly owned subsidiary of RSB had on 30 July 2003 terminated the Construction Agreement with Supreme Concept Sdn. Bhd. This termination has no impact on the financial result for the year ending 31 December 2003.
- A11 Changes in the composition of the Group  
There were no changes in the composition of the Group for the current quarter and financial year-to-date including business combinations, acquisition or disposal of subsidiaries and long term investment, restructurings and discontinuing operations.
- A12 Changes in contingent liabilities  
There was no change in contingent liability since the last annual balance sheet date until 16 August 2003.
- A13 Property, plant and equipment  
There was no significant acquisition of items of property, plant and equipment for the current quarter and year-to-date ended 30 June 2003.
- A14 Capital commitments
- |  |       |
|--|-------|
|  | Group |
| Property, plant and equipment and investments          |       |
| - Authorized but not contracted for as at 30 June 2003 | Nil   |

#### ADDITIONAL INFORMATION REQUIRED BY THE KLSE'S LISTING REQUIREMENTS

- B1 Review of the performance of the company and its principal subsidiaries  
The Group has recorded a profit before tax of RM0.714 million for the current quarter as compared to the profit of RM1.045 million for the previous corresponding period. The lower performance was mainly attributed to lower sales due to weaker orders.
- B2 Variation of results against preceding quarter  
In comparison to the preceding quarter, there is an increase in consolidated revenue of 22.4% from RM2.827 million to RM3.461 million in the current quarter.  
The Group recorded a profit before tax of RM0.714 million as compared to a loss of RM0.114 million in the immediate preceding quarter. The improvements was mainly due to better sales and product mix.
- B3 Prospects for the current year  
The Board is cautiously optimistic that the performance for the balance of 2003 will improve in line with the general improvement in the business climate.
- B4 Profit forecast  
Not applicable as no profit forecast was published.

B5 Tax expense

	3 months ended		Cumulative	
	30 June		30 June	
	(Restated)		(Restated)	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Current	-	43	1	69
- Prior period	-	-	27	-
Deferred tax expense	94	210	218	203
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	94	253	246	272
	=====	=====	=====	=====

The Group's effective tax rate is lower than the prima facie tax rate in relation to the results of the current quarter mainly due to the availability of certain tax incentives granted to a subsidiary. The deferred tax expense is attributable to the realization of the benefit from utilization of capital allowances.

B6 Profits/(Losses) on sale of unquoted investments and/or properties

There was no profit/(loss) on sale of unquoted investments and/or properties for the current quarter.

B7 Quoted securities

There was no purchase and disposal of quoted securities for the current quarter and financial year-to-date. There was no investment in quoted shares as at 30 June 2003.

B8 Status of corporate proposals

There was no outstanding corporate proposal for the current quarter.

B9 Borrowing and debts securities

	30 June 2003
	RM'000
Current	
Secured	
- Bank overdraft	951
- Term loan	529
	-----
	1,480
	=====
Non-current	
Secured	2,987
	=====

The above borrowings are denominated in Ringgit Malaysia.

B10 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 16 August 2003.

B11 Changes in material litigation

(i) There is no further development on the writ of summons dated 6 March 2002 filed by RSB against Relau Estate Sdn. Bhd.

(ii) Rapid Construction Contractor Sdn Bhd (formerly known as Rapid-Metal and Plastic Products (M) Sdn Bhd ) and Rapid Precision Technologies Sdn Bhd, both wholly owned subsidiaries of RSB, had on 6 January 2003 served summons on Nychem Technologies Sdn Bhd and two guarantors for the amount of RM450,000 and RM641,908 respectively in respect of outstanding amount due on the sale of equipment accessories, goodwill, rent and lease of fixtures and the summary judgement is on 24 September 2003.

Meanwhile application for leave or consent from the Court to issue Writ of Distress was submitted on 20 August 2003.

**B12 Dividends**

- (a)(i) No dividend has been recommended for the quarter under review;
- (ii) amount per share NIL;
- (iii) previous corresponding period NIL;
- (iv) the first and final tax exempt dividend of 1 sen per share was paid out on 4 July 2003 totalling RM419,979;
- (v) Not applicable

**B13 Earnings per share**

**Basic Earnings Per Share**

The basic earnings per share for the current quarter and year to-date have been calculated based on the net profit of RM620,000 and RM354,000 attributable to ordinary shareholders respectively and the number of ordinary shares outstanding during the quarter of 41,997,900.

The corresponding prior quarter's basic earnings per share has been restated using the current quarter outstanding ordinary shares of 41,997,900.

**Diluted Earnings Per Share**

Not applicable.

By order of the Board

LAM VOON KEAN

Company Secretary

Penang

Date: 22 August 2003