

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

Notes to the interim financial report for the period ended 30 June 2005

- A1 **Basis of preparation**
The interim financial report is unaudited and has been prepared in compliance with FRS 134 “Interim Financial Reporting” and the additional disclosure requirements as in Part A of Appendix 9B of the Revised Bursa Malaysia Securities Berhad (“Bursa Malaysia”) 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 2004.
The same 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 2004.
- 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**
A first and final tax exempt dividend of 2 sen per share for the year ended 31 December 2004 was paid out on 27 June 2005 totaling RM839,958.
- A8 **Segment information**
The segment analysis for the financial year ended 30 June 2005 is set out below:-

	Manufacturing RM’000	Property Development & Construction RM’000	Investment Holding RM’000	Consolidated RM’000
<u>Revenue</u>				
External sales	6,043	3,165	292	9,500
	6,043	3,165	292	9,500

	Manufacturing RM'000	Property Development & Construction RM'000	Investment Holding RM'000	Consolidated RM'000
Result				
Segment results	552	384	175	1,111
Interest Income				251

Interest Expense				1,362 (145)
Profit before taxation				----- 1,217
Tax expense				18
Profit after taxation				----- 1,199 =====

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
On 16 August 2005 Rapid Construction Contractor Sdn Bhd (RCC) a wholly-owned subsidiary of RSB had entered into a Sale and Purchase Agreement with Triple-H Auto Parts Sdn Bhd to dispose a piece of land known as Geran Mukim 57, Lot No. 449 in the Mukim of Batu, Tempat Segambut, Daerah Kuala Lumpur for an amount of RM16,172,980.

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.

A12 Changes in contingent liabilities
There was no change in contingent liability since the last annual balance sheet date until 20 August 2005.

A13 Property, plant and equipment
Significant acquisition of items of property, plant and equipment for the current quarter and year-to-date ended 30 June 2005 are as follows :

	Current Quarter RM'000	Year to Date RM'000
Plant & Equipment	-	1,310
	----- 1,310	----- 1,310

A14 Capital commitments

- Contracted but not provided for as at 30 June 2005	Group RM'000 NIL
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ADDITIONAL INFORMATION REQUIRED BY THE KLSE'S LISTING REQUIREMENTS

B1 Review of the performance of the company and its principal subsidiaries
The Group recorded a profit before tax of RM0.847 million for the current quarter as compared to RM3.208 million for the previous corresponding period. The decrease in the Group's profit was mainly due the exclusion of gain of RM1.811 million from the disposal of a subsidiary in the previous corresponding period and a decrease in revenue from its precision tooling business.

B2 Variation of results against preceding quarter
There was an increase in consolidated revenue of RM0.93 million from RM4.285 million in the preceding quarter period to RM5.215 million. The increase in the Group's revenue was contributed by its precision tooling and property development in Teluk Intan. The slight increase in pretax profit by RM0.477 million to RM0.847 million was mainly attributed to the increase in its precision tooling revenue.

B3 Prospects for the current year
The Board foresees stronger semiconductor demand in the second half of 2005 and expects tooling division performance to be better than the first half. Barring any unforeseen circumstances the Board is optimistic that both the tooling and property construction and development divisions will continue to contribute positively to the Group's performance for the financial year 2005.

B4 Profit forecast
Not applicable as no profit forecast was published.

B5	Tax expense	3 months ended		Cumulative	
		30 June		30 June	
		2005	2004	2005	2004
		RM'000	RM'000	RM'000	RM'000
	Current tax expense				
	- Current	171	436	269	493
	Deferred tax expense				
	- Current	(107)	-	(251)	42
		-----	-----	-----	-----
		64	436	18	535
		=====	=====	=====	=====

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.

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 2005.

B8 Status of corporate proposals
On 27 April 2004, RSB announced the proposed establishment of an employees' share option scheme for eligible employees and executive directors of RSB and its subsidiary companies. The proposed ESOS have been approved by shareholders at the Extraordinary General Meeting held on 30 May 2005.

B9	Borrowing and debts securities	30 June 2005
		RM'000
	Current	
	Secured	
	- Term loan	1,235

		1,235
		=====
	Non-current	
	Secured – term loan	2,154
		=====

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 20 August 2005.

B11 Changes in material litigation

- (i) The Writ of Summons filed by RSB against Relau Estate is fixed for further case management.
- (ii) On 6 January 2003, Rapid Construction Contractor Sdn Bhd (RCC) and Rapid Precision Technologies Sdn Bhd (RPT), both wholly owned subsidiaries of RSB had served summons on Nychem Technologies Sdn Bhd (Nychem) 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. The case between RCC and Nychem is now fixed for hearing on 28 September 2005. As to the case between RPT and Nychem, bankruptcy proceedings have been instituted against the two guarantors. One of the guarantors have filed an appeal and the hearing date have been fixed on 5 September 2005.

B12 Dividends

- (a)(i) No dividend has been recommended for the quarter under review;
 - (ii) amount per share NIL;
 - (iii) previous corresponding period 1 sen per share;
 - (iv) the first and final tax exempt dividend of 2 sen per share for the year ended 31 December 2004 was paid out on 27 June 2005 totaling RM839,958;
 - (v) not applicable
- (b) the total dividend for the current financial year NIL

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 RM782,395 and RM1,198,610 attributable to ordinary shareholders respectively and the number of ordinary shares outstanding during the quarter of 41,997,900.

Diluted Earnings Per Share

Not applicable.

By order of the Board

LAM VOON KEAN

Company Secretary

Penang

Date: 26 August 2005

