

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

Notes to the interim financial report for the period ended 31 December 2005

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 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

There was no dividend payment made for the current quarter under review.

A8 Segment information

The segment analysis for the financial year ended 31 December 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	18,001	4,017	593	22,611
	18,001	4,017	593	22,611

Result	Manufacturing RM'000	Property Development & Construction RM'000	Investment Holding RM'000	Consolidated RM'000
Segment results	3,320	757	496	4,573
Interest Income				947
				<hr/> 5,520
Interest Expense				(263)
				<hr/> 5,257
Profit before taxation				(1,234)
Taxation				<hr/> 4,023
Profit after taxation				<hr/> <hr/> 4,023

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 balance sheet date Rapid Synergy Berhad had on 17 January 2006 entered into agreements with related parties on the following proposed acquisitions :

- 1) A parcel of leasehold commercial land held under Pajakan Negeri 185814 Lot No. 357015 located in the Mukim of Hulu Kinta, Daerah Kinta, Negeri Perak for a cash consideration of RM1,738,044
- 2) A parcel of freehold land held under H.S.(D) 23013, PT No. 10414 Mukim of Lumut, Daerah Manjung, Negeri Perak for a cash consideration of RM1,708,700
- 3) A parcel of freehold agricultural land held under Master Titles Nos. HS (D) 5624, 5625 and 5626, PT Nos. 2812, 2813 and 2814 all located in the Mukim of Daerah Manjung, Negeri Perak for a cash consideration of RM8,212,455
- 4) The entire issued and paid-up share capital of Persiaran Eksklusif Sdn Bhd comprising 2 ordinary shares of RM1 each for a cash consideration of RM266,300

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 22 February 2006.

A13 Property, plant and equipment
Significant acquisition of items of property, plant and equipment for the current quarter and year-to-date ended 31 December 2005 are as follows:

	<u>Current Quarter RM'000</u>	<u>Year To Date RM'000</u>
Plant & Equipment	NIL	1,321

A14 Capital commitments

- Contracted but not provided for as at 31 December 2005	<u>Group RM'000</u> 101
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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 revenue of RM7.54 million and a net profit of RM1.784 million for the fourth quarter ended 31 December 2005. These represent an increase of 52.4 per cent in revenue and a 183 per cent increase in net profit as compared to the revenue and net profit of RM4.946 million and RM0.631 million respectively for the previous corresponding period. The higher performance of the Group was mainly due to higher demand for semiconductor tooling products.

B2 Variation of results against preceding quarter
During the period under review, there was increase in consolidated revenue of RM1.969 million from RM5.571 million in the preceding quarter. The current quarter recorded an increase of RM1.298 million in pre-tax profit over the preceding quarter pretax profit of RM1.371 million. The Group's revenue and pre-tax profit growth is driven by stronger demand in tooling products.

B3 Prospects for the current year
Barring any unforeseen circumstances the Board is optimistic that the tooling division's performance will continue to improve in year 2006. The property investment activities are expected to be more active and is expected to provide long term returns for the Group.

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

B5 Tax expense	3 months ended		Cumulative	
	31 December		31 December	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Current	800	316	1,394	1,116
- Prior year	-	-	-	-
Deferred tax expense				
- Current	85	(82)	(160)	(6)
- Prior year	-	-	-	-
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	885	234	1,234	1,110
	=====	=====	=====	=====

The Group's effective tax rate is higher than the prima facie tax rate for the current quarter due to certain expenses not allowed for tax expenses. The Group's effective tax rate is lower than the prima facie tax rate for the year due to 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 31 December 2005.

B8 Status of corporate proposals
The proposed ESOS has been approved by shareholders at the Extraordinary General Meeting held on 30 May 2005. On 25 November 2005, eligible employees and director of RSB and its subsidiary companies were offered options under the ESOS.

B9 Borrowing and debts securities	31 December 2005
	RM'000
Current	
Secured	
- Bank overdraft	-
- Term loan	1,175

	1,175
	=====
Non-current	
Secured – term loan	1,556
	=====

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 22 February 2006.

B11 Changes in material litigation

- (i) The Writ of Summons filed by RSB against Relau Estate is now fixed for hearing and awaiting date of hearing from Court.
- (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 Case Management on 25 April 2006. As to the case between RPT and Nychem, bankruptcy proceedings have been instituted against the two guarantors.

B12 Dividends

- (a)(i) a first and final tax-exempt dividend has been recommended subject to members' approval;
 - (ii) amount per share 2 sen;
 - (iii) previous corresponding period 2 sen;
 - (iv) the date payable – to be determined at a later date;
 - (v) not applicable
- (b) the total dividend for the current financial year 2 sen per share

B13 Basis of calculation of earnings per share

The basic earnings per share (EPS) for the current quarter and cumulative year to date are computed as follows:

	Current Quarter 31.12.05	Current Year To Date 31.12.05
Net profit for the period (RM'000)	1,784	4,023
Weighted average number of ordinary shares of RM1.00 each in issue	41,997,900	41,997,900
Basic EPS based on weighted average number of ordinary shares of RM1.00 each in issue (sen)	4.2	9.6
The diluted EPS for the quarter and cumulative year to date are computed as follows :		
Net profit for the period (RM'000)	1,784	4,023
Weighted average number of ordinary shares of RM1.00 each in issue after taking into account the effect of share options	43,499,046	44,162,204
Diluted EPS (sen)	4.1	9.1

By order of the Board

LAM VOON KEAN (MIA 4793)
Company Secretary
Penang

Date: 28 February 2006