

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

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

Selected explanatory notes pursuant to Financial Reporting Standards (FRS) 134₂₀₀₄ Interim Financial Reporting

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards (FRS) 134₂₀₀₄ Interim Financial Reporting, and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (BMSB). The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and these explanatory notes attached to the interim financial statements as they provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

Changes in Accounting Policies

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for year ended 31 December 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2007:

FRS 6 Exploration for and Evaluation of Mineral Resources
Amendment to FRS 119₂₀₀₄ Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of FRS 6 and FRS 119 are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

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

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date.

(a) Issuance of Shares

For the current quarter ended 31 March 2007, the issued and paid up share capital has increased from 41,997,900 ordinary shares of RM1.00 each in Rapid Synergy Berhad to 42,291,900 shares by the issuance of 294,000 shares pursuant to the exercise of options granted under the Employees' Share Option Scheme at the following option price:

<u>Number of Shares Issued</u>	<u>Option price per share (RM)</u>
294,000	1.52

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 March 2007 is set out below:-

	Manufacturing RM'000	Property Development & Construction RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue				
External sales	6,773	180	726	7,679
	<hr/>	<hr/>	<hr/>	<hr/>
	6,773	180	726	7,679
	<hr/>			
Result				
Segment results	1,775	31	756	2,562
Interest Income				272
	<hr/>			<hr/>
Interest Expense				2,834 (33)
	<hr/>			<hr/>
Profit before taxation				2,801
Taxation				(412)
	<hr/>			<hr/>
Profit after taxation				2,389
	<hr/>			<hr/>
				=====

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
There were no material events subsequent to the end of the period under review to 25 May 2007 other than that disclosed in note B8

A11 Changes in the composition of the Group
There were no changes in the composition of the Group for the current quarter ended 31 March 2007.

A12 Changes in contingent liabilities
There were no change in contingent liability since the last annual balance sheet date until 25 May 2007.

A13 Property, plant and equipment
Significant acquisition of items of property, plant and equipment for the current quarter ended 31 March 2007 are as follows :

	Current Quarter RM'000
Equipment	2,271

A14 Capital commitments

	<u>Group</u> <u>RM'000</u>
- Contracted but not provided for as at 31 March 2007	1,111

ADDITIONAL INFORMATION REQUIRED BY THE KLSE'S LISTING REQUIREMENTS

B1 Review of the performance of the company and its principal subsidiaries
For the current financial quarter, the Group achieved revenue of RM7.68 million and pretax profit of RM2.8 million. These represent an increase of 75 per cent in revenue and an 231 per cent increase in pretax profit as compared to the revenue and pretax profit of RM4.39 million and RM0.85 million respectively for the previous corresponding period. The higher performance of the Group was mainly due to contribution from its manufacturing and property investment division.

B2 Material changes in profit before tax against preceding quarter
For the current financial quarter there was a reduction in consolidated revenue of RM0.74 million from RM7.75 million in the preceding quarter. The reduction in revenue was mainly due to lower sales in tooling division. However, pretax profit grew by RM0.14 million to RM2.8 million due to the increase in rental income from its investment properties.

B3 Prospects for the current year
The outlook for the semiconductor business in 2007 remains challenging but positive for the current year. The investment properties will continue to contribute positively to the Group's performance. Barring any unforeseen circumstances the Board is optimistic that both the tooling and property division performance will remain favourable this year.

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

B5 Tax expense	3 months ended 31 March		Cumulative 31 March	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax expense				
- Current	468	222	468	222
- Prior year	-	-	-	-
Deferred tax expense				
- Current	(56)	(95)	(56)	(95)
- Prior year	-	-	-	-
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	412	127	412	127
	=====	=====	=====	=====

The Group's effective tax rate is lower than the prima facie tax rate for the current quarter 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 March 2007.

B8 Status of corporate proposals
On 9 April 2007 the Company's proposed renounceable two-call rights issue of 42,291,900 new ordinary shares of RM1.00 each ("Rights Shares") in the company together with 21,145,950 free detachable warrants ("Warrants") were allotted to shareholders and were subsequently quoted on Bursa Securities on 16 April 2007.

B9	Borrowing and debts securities	31 March 2007 RM'000
	Current	
	Term loan - secured	1,069
	Non-current	
	Term loan - secured	193

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 25 May 2007.

B11 Changes in material litigation
(i) The Writ of Summons filed by RSB against Relau Estate is now fixed for full trial on 11 September 2007.
(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 15 June 2007. As to the case between RPT and Nychem, bankruptcy proceedings have been instituted against the two guarantors.

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 date payable – not applicable;
(v) not applicable
On 31 May 2006 shareholders have approved a first and final tax exempt dividend of 2 sen in respect of the year ended 31 December 2006 to be paid on 29 June 2007.
(b) the total dividend for the current financial year nil sen per share

B13 Basis of calculation of earnings per share

The basic earnings per share for the current quarter and cumulative year to date are computed as follows:	3 months ended 31 Mar	
	2007	2006
Net profit for the period (RM'000)	2,326	719
Weighted average number of ordinary shares of RM1.00 each in issue as of 1 January	41,997,900	41,997,900
Basic earnings per share (sen)	5.54	1.71

The diluted earnings per share for the current quarter and cumulative year to date are computed as follows:

Net profit for the period (RM'000)	2,326	719
Weighted average number of ordinary shares of RM1.00 each in issue after taking into account the effect of exercise of share options	42,009,907	41,997,900
Diluted earnings per share (sen)	5.54	1.71

B14 Authorisation for issue
The interim financial statements were authorized for issue by the Board of Directors.

By order of the Board
LAM VOON KEAN (MIA 4793)
Company Secretary
Penang

Date: 31 May 2007