

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008**Condensed Consolidated Balance Sheet**

	UNAUDITED AS AT 31/3/2008 RM'000	AUDITED AS AT 31/12/2007 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	9,211	9,368
Investment properties	96,666	77,944
Prepaid lease payments	34,121	34,261
Other investments	2,085	2,085
	<u>142,083</u>	<u>123,658</u>
Current Assets		
Inventories	3,689	3,872
Receivables, deposits and prepayment	8,038	16,650
Current tax assets	1,322	5,907
Cash & cash equivalents	4,670	12,631
	<u>17,719</u>	<u>39,060</u>
TOTAL ASSETS	<u>159,802</u>	<u>162,718</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	86,004	85,666
Reserves	38,782	38,110
Total equity	<u>124,786</u>	<u>123,776</u>
Non-current liabilities		
Loan and borrowings	21,884	22,457
Deferred tax liabilities	1,647	1,598
	<u>23,531</u>	<u>24,055</u>
Current liabilities		
Loan and borrowings	4,035	2,189
Payables and accruals	7,403	12,524
Current tax liabilities	47	174
	<u>11,485</u>	<u>14,887</u>
Total liabilities	<u>35,016</u>	<u>38,942</u>
TOTAL EQUITY AND LIABILITIES	<u>159,802</u>	<u>162,718</u>

(The condensed consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements).

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008**Condensed Consolidated Income Statement**

	3 MONTHS ENDED		CUMULATIVE 3 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/3/2008 RM'000	COMPARATIVE QUARTER ENDED 31/3/2007 RM'000	CURRENT QUARTER ENDED 31/3/2008 RM'000	COMPARATIVE QUARTER ENDED 31/3/2007 RM'000
Continuing Operations				
Revenue	5,481	7,679	5,481	7,679
Cost of sales	(2,768)	(4,380)	(2,768)	(4,380)
Gross profit	<u>2,713</u>	<u>3,299</u>	<u>2,713</u>	<u>3,299</u>
Other income	98	467	98	467
Administrative and Distribution expenses	(467)	(418)	(467)	(418)
Other expenses	(853)	(514)	(853)	(514)
Finance costs	(446)	(33)	(446)	(33)
Profit before tax	<u>1,045</u>	<u>2,801</u>	<u>1,045</u>	<u>2,801</u>
Income tax expense	(408)	(412)	(408)	(412)
Profit for the period	<u><u>637</u></u>	<u><u>2,389</u></u>	<u><u>637</u></u>	<u><u>2,389</u></u>
Attributable to:				
Shareholders of the parent	637	2,389	637	2,389
Minority interests	-	-	-	-
	<u><u>637</u></u>	<u><u>2,389</u></u>	<u><u>637</u></u>	<u><u>2,389</u></u>
Earning per share attributable to shareholders of the parent:				
Basic, for profit for the period (sen)	0.74	5.69	0.74	5.69
Diluted, for profit for the period (sen)	0.66	5.69	0.66	5.69

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statement for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements).

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

Condensed Consolidated Statement of Changes in Equity

	<-----Attributable to shareholders of the parent----->					Total RM'000
	Share Capital RM'000	Share Premium RM'000	Property Revaluation Reserves RM'000	Share Option Reserve RM'000	Retained Earnings RM'000	
At 1 January 2007	41,998	1,511	75	186	26,328	70,098
Profit for the period	-	-	-	-	2,389	2,389
Total recognised income and expense for the period	41,998	1,511	75	186	28,717	72,487
Issue of ordinary shares pursuant to ESOS	294	153	-	-	-	447
Share-based payment under ESOS	-	-	-	21	-	21
At 31 March 2007	42,292	1,664	75	207	28,717	72,955
At 1 January 2008	85,666	169	75	293	37,572	123,775
Profit for the period	-	-	-	-	637	637
Total recognised income and expense for the period	85,666	169	75	293	38,209	124,412
Issue of ordinary shares pursuant to ESOS	314	7	-	-	-	321
Issue Conversion warrant to share	24	-	-	-	-	24
Share-based payment under ESOS	-	-	-	29	-	29
At 31 March 2008	86,004	176	75	322	38,209	124,786

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements).

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008**Condensed Consolidated Cash Flow Statement**

	3 months period ended 31 March	
	2008	2007
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before tax	1,045	2,801
Adjustment for:-		
Depreciation	606	309
Interest expense	446	33
Interest income	(98)	(224)
Share base payment	29	21
Operating profit before working capital changes	<u>2,028</u>	<u>2,940</u>
Decrease/(Increase) in:		
Inventories	183	917
Receivables	8,612	(1,805)
(Decrease)/Increase in payables	(5,122)	7,623
Cash generated from operating activities	<u>5,701</u>	<u>9,675</u>
Tax paid/refund	4,099	(538)
Interest paid	(446)	(33)
Net cash generated from operating activities	<u>9,354</u>	<u>9,104</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	98	224
Additional to properties, plant & equipment	(146)	(2,270)
Additional to investment properties	(18,885)	(2,330)
Proceeds from Esos subscription	321	447
Proceeds from conversion warrant to share	24	-
Net cash used in investing activities	<u>(18,588)</u>	<u>(3,929)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of term loan	<u>(612)</u>	<u>(308)</u>
Net cash used in financing activities	<u>(612)</u>	<u>(308)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(9,846)</u>	<u>4,867</u>
Cash and cash equivalents at 1 January	<u>12,631</u>	<u>6,638</u>
Cash and cash equivalents at 31 March	<u><u>2,785</u></u>	<u><u>11,505</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements).

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 2007 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 2007.

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 2007 except for the adoption of the following FRS, Amendment to FRS and IC Interpretations issued by MASB that is effective for the Groups and the Company's annual financial period commencing 1 January 2008.

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The effects of Change in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interest arising from Decommissioning, Restoration and Environment Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in Specific Market – waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC interpretation 8	Scope of FRS 2

FRS 139, Financial Instruments : Recognition and Measurement has not been adopted by the Group in which the effective date has yet to be announced.

The adoption of the above FRS, Amendments to FRS and IC Interpretation does not have any material impact on the financial statements of the Group and the Company.

A2 Auditors' Report on Preceding Annual Financial Statements

The audit report of the preceding annual financial statements for the financial year ended 31 December 2007 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 Due to Their Nature, Size or Incidence
Other than disclosed in the financial statements there were no unusual items affecting the affecting assets, liabilities, equity, net income or cash flows of the Group in the current quarter ended 31 March 2008.

A5 Change in Estimates
There were no significant changes in estimates of amounts reported in prior financial years which have a material effect in the current quarter ended 31 March 2008.

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.

Issuance of Shares

For the current quarter ended 31 March 2008, the issued and paid up share capital has increased from 85,665,850 ordinary shares of RM1.00 each in Rapid Synergy Berhad to 86,003,850 shares by the issuance of shares pursuant to the exercise of options granted under the Employees' Share Option Scheme ("ESOS") and conversion of warrants to shares ("Warrants") as follows :

<u>Number of Shares Issued</u>	<u>Price per share (RM)</u>
314,450 ("ESOS")	1.02
23,550 ("Warrants")	1.00

A7 Dividend
There was no dividend payment made for the current quarter under review.

A8 Segment information
The segment analysis for the financial period ended 31 March 2008 is set out below:-

	Manufacturing RM'000	Property Development & Construction RM'000	Investment Holding RM'000	Consolidated RM'000
<u>Revenue</u>				
External sales	4,415	-	1,066	5,481
	4,415	-	1,066	5,481
<u>Result</u>				
Segment results	949	10	434	1,393
Interest Income				98
				1,491
Interest Expense				(446)
Profit before taxation				1,045
Taxation				(408)
Profit after taxation				637
				=====

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 24 May 2008

A11 Changes in the composition of the Group
There were no changes to the composition of the Group for the current quarter ended 31 March 2008.

A12 Contingent liabilities/Contingent assets as at 31 March 2008

Unsecured:

Corporate guarantee issued to a bank for credit facilities granted to a subsidiary company	RM'000 8,000
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Save as disclosed above, there were no material contingent liabilities or contingent assets as at 31 March 2008.

A13 Property, plant and equipment

Significant acquisition for the current quarter ended 31 March 2008 are as follows :

	Current Quarter RM'000
Investment Property	18,700

A14 Capital commitments

There are no material capital commitments for the current quarter ended 31 March 2008.

Additional information required by the Listing Requirements of Bursa Malaysia Securities Berhad

B1 Review of the performance of the company and its principal subsidiaries

For the current financial quarter, the Group achieved revenue of RM5.5 million and pretax profit of RM1.0 million. These represent a decrease of 28.6 per cent in revenue and 64.3 per cent in pretax profit as compared to the revenue and pretax profit of RM7.7 million and RM2.8 million respectively for the previous corresponding period. The decrease in revenue and profit before tax was mainly due to lower sales in the manufacturing division.

B2 Material changes in profit before tax against preceding quarter

For the current financial quarter there was a decrease in consolidated revenue and pretax profit by RM19.1 million and RM15.3 million from RM24.6 million and RM 16.3 million in the preceding quarter to RM5.5 million and RM1.0 million in the current quarter respectively. The substantial drop in revenue and pretax profit in the current quarter as compared with the preceding quarter was due to the recognition of the RM16.7 million in revenue and RM12.3 million profit from the disposal of land in the preceding quarter coupled with the decrease in sale in the manufacturing division in the current quarter.

B3 Prospects for the current year

The manufacturing division performance remains challenging amidst the general slowdown in the current year. Investment properties will continue to contribute positively to the Group's performance. Barring any unforeseen circumstances the Board expects the Group's performance for 2008 to be satisfactory.

B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Tax expense

	3 months ended 31 March		Cumulative 31 March	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current tax expense				
- Current	359	468	359	468
- Prior year	-	-	-	-
Deferred tax expense				
- Current	49	(56)	49	(56)
- Prior year	-	-	-	-

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408	412	408	412
=====	=====	=====	=====

The Group's effective tax rate is higher than the prima facie tax rate for the current quarter due to non allowable expenses for taxation purposes.

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 Marketable securities
Particulars of investment in marketable securities as at 31 March 2008:

	RM'000
- At cost	1,800
- At carrying value/book value	1,800
- At market value	1,468

B8 Status of corporate proposals
There were no corporate proposals for the current quarter ended 31 March 2008.

B9 Borrowing and debts securities

	31 March 2008
	RM'000
Current	
Overdraft	1,885
Term loan - secured	2,150
Non-current	
Term loan - secured	21,884

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 24 March 2008.

B11 Changes in material litigation

- The Writ of Summons filed by RSB against Relau Estate is now fixed for full trial on 18 and 19 November 2008.
- 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 24 July 2008. As to the case between RPT and Nychem, bankruptcy proceedings have been instituted against the two guarantors. One of the guarantors has filed an application to set aside the bankruptcy notice and the hearing application is fixed on 19 June 2008.
- On 9 April 2008 Rapid Precision Technologies Sdn Bhd ("RPT"), a wholly owned subsidiary of the Company, has filed a civil suit against FICO B.V. to invalidate a patent granted by the Registrar of Patents Malaysia. On 6 May 2008 Fico B.V. has filed in their defence and counter claim on RPT. RPT's external patent advisors are of the opinion that RPT stands a chance in succeeding in the invalidation of the patent.

B12 Dividends

- no dividend has been recommended for the quarter under review;
- amount per share nil;
- previous corresponding period nil;
- the date payable – not applicable;

(v) not applicable

On 30 May 2008 shareholders have approved a first and final tax exempt dividend of 2 sen in respect of the year ended 31 December 2007 to be paid on 27 June 2008.

(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	
	31.03.08	31.03.07
Net profit for the period (RM'000)	637	2,389
Weighted average number of ordinary shares in issue	85,968,306	41,997,900
Basic earnings per share (sen)	0.74	5.69

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

	3 months ended	
	31.03.08	31.03.07
Net profit for the period (RM'000)	637	2,389
Weighted average number of ordinary shares each in issue	85,968,306	41,997,900
Adjustments for employees' share option	260,662	12,007
Adjustments for warrants granted	9,642,835	-
Adjusted weighted average number of ordinary shares in issue	95,871,803	42,009,907
Diluted earnings per share ordinary share (sen)	0.66	5.69

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: 30 May 2008