

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**Condensed Consolidated Statement of Financial Position**

	UNAUDITED AS AT 31/3/2011 RM'000	AUDITED AS AT 31/12/2010 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	5,948	6,199
Investment properties	204,415	211,467
Prepaid lease payments	2,829	2,847
Other investments	260	260
Deferred tax assets	361	364
	<u>213,813</u>	<u>221,137</u>
Current Assets		
Inventories	1,905	2,014
Receivables, deposits and prepayment	7,819	3,672
Assets classified as held for sale	6,813	944
Current tax assets	1,099	1,270
Cash & bank balances	3,585	4,643
	<u>21,221</u>	<u>12,543</u>
TOTAL ASSETS	<u>235,034</u>	<u>233,680</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	87,177	87,162
Reserves	39,242	38,938
Total equity	<u>126,419</u>	<u>126,100</u>
Non-current liabilities		
Loan and borrowings	87,179	89,069
Deferred income	1,389	1,402
Deferred tax liabilities	674	481
	<u>89,242</u>	<u>90,952</u>
Current liabilities		
Loan and borrowings	10,141	9,105
Payables and accruals	9,156	7,468
Deferred income	55	55
Provision for taxation	21	-
	<u>19,373</u>	<u>16,628</u>
Total liabilities	<u>108,615</u>	<u>107,580</u>
TOTAL EQUITY AND LIABILITIES	<u>235,034</u>	<u>233,680</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.45	1.45

(The condensed consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements).

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011

The Board of directors is pleased to submit its quarterly report on the consolidated results of the group for the first quarter ended 31 March 2011. The figures have not been audited.

Condensed Consolidated Statement of Comprehensive Income

	3 MONTHS ENDED		CUMULATIVE 3 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/3/2011 RM'000	COMPARATIVE QUARTER ENDED 31/3/2010 RM'000	CURRENT QUARTER ENDED 31/3/2011 RM'000	COMPARATIVE QUARTER ENDED 31/3/2010 RM'000
Continuing Operations				
Revenue	7,062	5,261	7,062	5,261
Cost of sales	(2,767)	(2,490)	(2,767)	(2,490)
Gross profit	4,295	2,771	4,295	2,771
Other income	248	6	248	6
Administrative and Distribution expenses	(704)	(601)	(704)	(601)
Other expenses	(1,561)	(1,366)	(1,561)	(1,366)
Finance costs	(1,601)	(1,516)	(1,601)	(1,516)
Profit/(Loss) before tax	677	(706)	677	(706)
Income tax expense	(373)	(33)	(373)	(33)
Profit/(Loss) for the period	304	(739)	304	(739)
Other comprehensive Income	-	-	-	-
Total comprehensive Income	304	(739)	304	(739)
Attributable to:				
Shareholders of the parent	304	(739)	304	(739)
Minority interests	-	-	-	-
	304	(739)	304	(739)
Earning/(Loss) per share attributable to shareholders of the parent:				
Basic, for profit/(loss) for the period (sen)	0.35	(0.85)	0.35	(0.85)
Diluted, for profit/(loss) for the period (sen)	0.32	(0.76)	0.32	(0.76)

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statement for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements).

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**Condensed Consolidated Statement of Changes in Equity**

	<-----Attributable to shareholders of the parent----->				
	<-----Non-distributable----->			Distributable	
	Share Capital RM'000	Share Premium RM'000	Property Revaluation Reserves RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2010	87,091	595	75	42,062	129,823
Total comprehensive expense for the period	-	-	-	(739)	(739)
Issue Conversion warrant to share	5	-	-	-	5
At 31 March 2010	<u>87,096</u>	<u>595</u>	<u>75</u>	<u>41,323</u>	<u>129,089</u>
At 1 January 2011	87,162	595	75	38,268	126,100
Total comprehensive income for the period				304	304
Issue Conversion warrant to share	15	-	-	-	15
At 31 March 2011	<u>87,177</u>	<u>595</u>	<u>75</u>	<u>38,572</u>	<u>126,419</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements).

RAPID SYNERGY BERHAD

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**Condensed Consolidated Statement of Cash Flows**

	3 months period ended 31 March	
	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	677	(706)
Adjustment for:-		
Depreciation	1,015	954
Interest expense	1,601	1,516
Gain on disposal of investment properties	(247)	-
Operating profit before working capital changes	<u>3,046</u>	<u>1,764</u>
Decrease/(Increase) in:		
Inventories	109	462
Receivables	(4,147)	3,482
Deferred income	(14)	(14)
Increase in payables	1,688	524
Cash generated from operating activities	<u>682</u>	<u>6,218</u>
Tax (paid)/refund	15	(67)
Interest paid	(1,601)	(1,516)
Net cash (used in)/generated from operating activities	<u>(904)</u>	<u>4,635</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	-	-
Additional to properties, plant & equipment	(10)	(30)
Additional to investment properties	(106)	(64)
Proceeds from disposal of investment properties	800	-
Net cash generated from/(used in) investing activities	<u>684</u>	<u>(94)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown term loan	-	2,300
Repayment of term loan	(1,711)	(1,726)
Proceeds from conversion warrant to share	15	5
Net cash (used in)/generated from financing activities	<u>(1,696)</u>	<u>579</u>
Net (decrease)/increase in cash and cash equivalents	<u>(1,916)</u>	<u>5,120</u>
Cash and cash equivalents at 1 January	<u>2,466</u>	<u>(7,070)</u>
Cash and cash equivalents at 31 March	<u><u>550</u></u>	<u><u>(1,950)</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements).

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**Condensed Consolidated Statement of Cash Flows**

	3 months period ended 31 March	
	2011	2010
	RM'000	RM'000
Net Cash (Used In)/Generated From Operating Activities	(904)	4,635
Net Cash Generated From/(Used In) Investing Activities	684	(94)
Net Cash (Used In)/Generated From Financing Activities	(1,696)	579
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(1,916)</u>	<u>5,120</u>
CASH AND CASH EQUIVALENTS AT 1 JANUARY	2,466	(7,070)
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u><u>550</u></u>	<u><u>(1,950)</u></u>
Cash and Cash Equivalents at 31 March consist of:-		
Cash and bank balances	3,585	3,648
Bank overdrafts	<u>(3,035)</u>	<u>(5,598)</u>
	<u><u>550</u></u>	<u><u>(1,950)</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements).

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NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

Selected explanatory notes pursuant to Financial Reporting Standards (FRS) 134 Interim Financial Reporting

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards (FRS) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"). The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010. The explanatory notes attached to the interim financial statements 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 2010.

The accounting policies and methods of computation adopted by the Group in this interim financial report is consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2010, except for adoption of the following new FRSs, Amendments to FRSs and Interpretations application to the Group's with effect from 1 January 2011.

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 5, Non current Assets Held for Sale and Discontinued Operations
- IC Interpretation 17, Distributions of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
- Amendments to FRS1, First-time Adoption of Financial Reporting Standards
 - Limited Exemption From Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures
 - about Financial Instruments
- Improvements to FRSs (2010)

The adoption of the above FRSs, Amendments and Interpretations do not have any significant financial impact on the Group's results.

A2 Auditors' Report on Preceding Annual Financial Statements

The audit report of the preceding annual financial statements for the financial year ended 31 December 2010 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 assets, liabilities, equity, net income or cash flows of the Group in the current quarter ended 31 March 2011.

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 2011.

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.

Issuance of Shares

For the current quarter ended 31 March 2011, the issued and paid up share capital has increased from 87,161,600 ordinary shares of RM1.00 each in Rapid Synergy Berhad to 87,176,800 shares by conversion of warrants to shares ("warrants") as follows:

<u>Number of shares Issued</u>	<u>Price per share (RM)</u>
15,200("Warrants")	1.00

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

A8 Segmental Reporting
The segment information for business segments predominantly conducted in Malaysia for the financial period ended 31 March 2011 is as follows:-

Business Segment	Manufacturing RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue			
External sales	4,082	2,980	7,062
	<hr/>	<hr/>	<hr/>
	4,082	2,980	7,062
Result			
Segment results	668	1,610	2,278
	<hr/>	<hr/>	<hr/>
Interest Expense			(1,601)
Profit before taxation			<hr/> 677
Taxation			(373)
Profit after taxation			<hr/> 304
			=====

A9 Valuations of land held for property, plant and equipment
The valuations of land held for 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 18 May 2011.

A11 Changes in the composition of the Group
There were no changes in composition of the Group for the current quarter under review.

A12 Contingent liabilities as at 31 March 2011
Unsecured :
Corporate guarantee issued to banks for credit facilities granted to subsidiary companies RM'000
69,000

A13 Property, plant and equipment
There were no significant acquisitions for the current quarter ended 31 March 2011.

A14 Capital commitments
The following acquisition had been contracted but not provided as at 31 March 2011.

On 3rd March 2011, Rapid Mall Sdn. Bhd., a wholly owned subsidiary of RSB had entered into Sale and Purchase agreement for the acquisition of a freehold land together with a single storey free standing commercial building for a total of RM25.1 million.

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 recorded a revenue and profit before tax of RM7.06 million and RM0.68 million respectively. This represents an increase of RM1.80 million in revenue compared to the revenue of RM5.26 million recorded in the previous year corresponding financial quarter. The increase in revenue was mainly contributed by the manufacturing division. The pretax profit recorded a profit before tax of RM0.68 million compared to the loss of RM0.71 million recorded in the previous year corresponding financial quarter. The improved result was mainly due to positive contribution from both the manufacturing and property investment divisions.

B2 Material changes in profit before tax against preceding quarter
For the current financial quarter there was an increase in consolidated revenue of RM1.17 million from RM5.9 million in the preceding quarter to RM7.06 million in the current quarter. The profit before tax for the current quarter was RM0.68 million compared to the loss of RM0.97 million recorded in the preceding quarter. The increased in revenue and pretax profit was mainly due to higher sales from the manufacturing division.

B3 Prospects for the current year
The outlook for the Group's operation remain challenging but positive and barring any unforeseen circumstances the Board expects the Group's performance to be satisfactory for the year 2011.

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

B5 Tax expense	3 months ended 31 March		Cumulative 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax expense				
- Current	157	143	157	143
- Prior year	20	-	20	-
Deferred tax expense				
- Current	196	(123)	196	(123)
- Prior year	-	13		13
	-----	-----	-----	-----
	373	33	373	33
	=====	=====	=====	=====

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

B6 Profits/(Losses) on sale of unquoted investments and/or properties
There were no disposal of unquoted investment and/or properties for the current quarter ended 31 March 2011 except for the disposal of two units of shop house by Fresh Melody Sdn. Bhd. a wholly owned subsidiary of the Company for the gain of about RM247,000.

B7 Marketable securities
There were no purchase or disposal of quoted securities for the current quarter ended 31 March 2011.

B8 Status of corporate proposals
There were no corporate proposals for the current quarter ended 31 March 2011.

B9 Borrowing and debts securities

31 March 2011
RM'000

Current	
Overdraft	3,035
Term loan - secured	7,106
Non-current	
Term loan - secured	87,179

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 18 May 2011.

B11 Changes in material litigation

(i) 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, the hearing date has been postponed until further notice. As to the case between RPT and Nychem, bankruptcy proceedings have been instituted against the two guarantors. One of the guarantors has withdrawn their application for stay of the adjudicating and receiving order (AORO) and with cost to be taxed. The other guarantor will be served with a bankruptcy notice.

B12 Dividends

(a)(i) no dividend has been recommended for the quarter under review;
(ii) amount per share nil;
(iii) previous corresponding period nil sen;
(iv) the date payable – not applicable;
(v) not applicable

(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		Period Ended	
	31.03.11	31.03.10	31.03.11	31.03.10
Net gain/(loss) for the period (RM'000)	304	(739)	304	(739)
Weighted average number of ordinary shares in issue	87,174,457	87,095,700	87,174,457	87,095,700
Basic earnings/(loss) per share (sen)	0.35	(0.85)	0.35	(0.85)

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

	3 months ended		Period Ended	
	31.03.11	31.03.10	31.03.11	31.03.10
Net gain/(loss) for the period (RM'000)	304	(739)	304	(739)
Weighted average number of ordinary shares in issue	87,174,457	87,095,700	87,174,457	87,095,700
Adjustments for warrants granted	8,345,505	9,794,996	8,345,505	9,794,996
Adjusted weighted average number of ordinary shares in issue	95,519,962	96,890,696	95,519,962	96,890,696
Diluted earnings/(loss) per share (sen)	0.32	(0.76)	0.32	(0.76)

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

B15 Realised & Unrealised Profit/Losses Disclosure
The retained profits as at 31 March 2011 and 31 March 2010 is analysed as follows:

	Current Quarter Ended 31/03/2011 (RM'000)	Comparative Quarter Ended 31/03/2010 (RM'000)
The retained profits of RSB and its subsidiaries:		
- Realised	38,295	40,893
- Unrealised	277	430
	-----	-----
Total Group retained profits as per Consolidated financial statement	38,572	41,323
	=====	=====

By order of the Board
LAM VOON KEAN (MIA 4793)
Company Secretary
Penang
Date : 25 May 2011