

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**Condensed Consolidated Statement of Financial Position**

	UNAUDITED AS AT 30/9/2011 RM'000	AUDITED AS AT 31/12/2010 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	5,787	6,199
Investment properties	247,897	211,467
Prepaid lease payments	2,792	2,847
Other investments	260	260
Deferred tax assets	357	364
	<u>257,093</u>	<u>221,137</u>
Current Assets		
Inventories	2,676	2,014
Receivables, deposits and prepayment	4,548	3,672
Assets classified as held for sale	-	944
Current tax assets	929	1,270
Cash & bank balances	2,720	4,643
	<u>10,873</u>	<u>12,543</u>
TOTAL ASSETS	<u>267,966</u>	<u>233,680</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	87,192	87,162
Reserves	40,616	38,938
Total equity	<u>127,808</u>	<u>126,100</u>
Non-current liabilities		
Loan and borrowings	87,478	89,069
Deferred income	1,361	1,402
Deferred tax liabilities	998	481
	<u>89,837</u>	<u>90,952</u>
Current liabilities		
Loan and borrowings	21,607	9,105
Payables and accruals	28,659	7,468
Deferred income	55	55
	<u>50,321</u>	<u>16,628</u>
Total liabilities	<u>140,158</u>	<u>107,580</u>
TOTAL EQUITY AND LIABILITIES	<u>267,966</u>	<u>233,680</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.47	1.45

(The Condensed Consolidated Statement of Financial Position 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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

The Board of directors is pleased to submit its quarterly report on the consolidated results of the group for the third quarter ended 30 September 2011. The figures have not been audited.

Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 30/9/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2010 RM'000	CURRENT YEAR TO DATE 30/9/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2010 RM'000
Continuing Operations				
Revenue	6,284	5,604	19,623	15,896
Cost of sales	(2,026)	(2,349)	(7,285)	(7,037)
Gross profit	4,258	3,255	12,338	8,859
Other income	-	268	2,657	276
Administrative and Distribution expenses	(1,082)	(1,046)	(2,715)	(2,583)
Other expenses	(1,448)	(1,414)	(4,487)	(4,219)
Finance costs	(1,837)	(1,628)	(5,067)	(4,747)
Profit/(Loss) before tax	(109)	(565)	2,726	(2,414)
Income tax expense	(305)	(166)	(1,048)	(203)
Profit/(Loss) for the period	(414)	(731)	1,678	(2,617)
Other comprehensive Income	-	-	-	-
Total comprehensive Income	(414)	(731)	1,678	(2,617)
Attributable to:				
Shareholders of the parent	(414)	(731)	1,678	(2,617)
Minority interests	-	-	-	-
	(414)	(731)	1,678	(2,617)
Earning/(Loss) per share attributable to shareholders of the parent:				
Basic, for profit/(loss) for the period (sen)	(0.47)	(0.84)	1.92	(3.00)
Diluted, for profit/(loss) for the period (sen)	(0.43)	(0.76)	1.76	(2.72)

(The Condensed Consolidated Statement of Comprehensive Income 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 THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	(2,617)	(2,617)
Issue Conversion warrant to share	71	-	-	-	71
At 30 September 2010	<u>87,162</u>	<u>595</u>	<u>75</u>	<u>39,445</u>	<u>127,277</u>
At 1 January 2011	87,162	595	75	38,268	126,100
Total comprehensive income for the period	-	-	-	1,678	1,678
Issue Conversion warrant to share	30	-	-	-	30
At 30 September 2011	<u><u>87,192</u></u>	<u><u>595</u></u>	<u><u>75</u></u>	<u><u>39,946</u></u>	<u><u>127,808</u></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 THIRD QUARTER ENDED 30 SEPTEMBER 2011**Condensed Consolidated Statement of Cash Flows**

	9 months period ended 30 September	
	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	2,726	(2,414)
Adjustment for:-		
Depreciation	3,043	2,962
Interest expense	5,060	4,747
Gain on disposal of Investment properties	(2,654)	(256)
Operating profit before working capital changes	8,175	5,039
Decrease/(Increase) in:		
Inventories	(662)	136
Receivables	(877)	2,425
Increase/(Decrease) in:		
Deferred income	(41)	(41)
Increase in payables	21,191	1,078
Cash generated from operating activities	27,786	8,637
Tax (paid)/refund	(359)	1
Interest paid	(5,060)	(4,747)
Net cash generated from operating activities	22,367	3,891
CASH FLOW FROM INVESTING ACTIVITIES		
Additional to properties, plant & equipment	(333)	(34)
Additional to investment properties	(45,121)	(1,077)
Proceeds from disposal of investment properties	10,223	1,200
Net cash (used in)/generated from investing activities	(35,231)	89
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown term loan	7,958	5,945
Repayment of term loan	(7,734)	(4,924)
Proceeds from conversion of warrants to shares	30	71
Net cash generated from financing activities	254	1,092
Net (decrease)/increase in cash and cash equivalents	(12,610)	5,072
Cash and cash equivalents at 1 January	2,466	(7,070)
Cash and cash equivalents at 30 September	(10,144)	(1,998)

(The Condensed Consolidated Statement of Cash Flows 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 THIRD QUARTER ENDED 30 SEPTEMBER 2011**Condensed Consolidated Statement of Cash Flows**

	9 months period ended 30 September	
	2011 RM'000	2010 RM'000
Net Cash Generated From/(Used In) Operating Activities	22,367	3,891
Net Cash (Used In)/Generated From Investing Activities	(35,231)	89
Net Cash Generated From Financing Activities	254	1,092
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(12,610)</u>	<u>5,072</u>
CASH AND CASH EQUIVALENTS AT 1 JANUARY	2,466	(7,070)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	<u><u>(10,144)</u></u>	<u><u>(1,998)</u></u>
Cash and Cash Equivalents at 30 September consist of:-		
Cash and bank balances	2,720	3,311
Bank overdrafts	<u>(12,864)</u>	<u>(5,309)</u>
	<u><u>(10,144)</u></u>	<u><u>(1,998)</u></u>

(The Condensed Consolidated Statement of Cash Flows 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)
- Amendments to FRS 1 (Revised), Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 132, Financial Instruments : Presentation
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 4, Determining Whether and Arrangement Contains a Lease
- IC Interpretation 12, Service Concession Arrangements
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 18, Transfers of Assets from Customers

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

The Group has not adopted the following new/revised FRSs, Amendments and IC Interpretations that were issued but not yet effective:

		Effective date
• FRS 124 (Revised)	Related Party Disclosures	1 January 2012
• IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
• IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
• Amendments to IC Interpretation	Prepayments of a Minimum Funding Requirement	1 July 2011

- 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 30 September 2011 except for :-
- The completion of the acquisition of investment property by a subsidiary for the amount of RM25.1 million and
 - The completion of construction of a hypermarket at Bercham Ipoh Perak for the amount of RM19.6 million is recognized in the current quarter.
- 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 30 September 2011.
- 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.
- 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 30 September 2011 is as follows:-

Business Segment

	Manufacturing RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue			
External sales	10,846	8,777	19,623
	<hr/> 10,846	<hr/> 8,777	<hr/> 19,623
Result			
Segment results	1,692	6,101	7,793
	<hr/>		
Interest Expense			(5,067)
Profit before taxation			<hr/> 2,726
Taxation			(1,048)
Profit after taxation			<hr/> 1,678
			=====

- 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 16 November 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 30 September 2011
Unsecured :
Corporate guarantee issued to banks for credit facilities granted to subsidiary companies RM'000
75,000
- A13 Property, plant and equipment
There were no significant acquisitions for the current quarter ended 30 September 2011.
- A14 Capital commitments
There were no capital commitments for the current quarter ended 30 September 2011.

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 loss before tax of RM6.28 million and RM0.11 million respectively. This represents an increase of RM0.68 million in revenue compared to the revenue of RM5.60 million recorded in the previous year corresponding financial quarter. The increase in revenue was mainly contributed by the manufacturing division. The pretax loss recorded a loss before tax of RM0.11 million compared to the loss of RM0.57 million recorded in the previous year corresponding financial quarter. The improved result was mainly due to positive contribution from the manufacturing division.

B2 Material changes in profit before tax against preceding quarter
There is no change in the revenue achieved for the current quarter which was RM6.28 million compared to the preceding quarter. The loss before tax for the current quarter is RM0.11 million compared to the profit of RM2.16 million recorded in the preceding quarter. The decrease in profit before tax was mainly due to the gain on disposal of investment property in the preceding quarter.

B3 Prospects for the current year
The outlook for the Group's operation remain challenging 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 30 September		Cumulative 30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax expense				
- Current	180	233	511	380
- Prior year	-	-	20	-
Deferred tax expense				
- Current	161	(67)	440	(190)
- Prior year	(36)	-	77	13
	-----	-----	-----	-----
	305	166	1,048	203
	=====	=====	=====	=====

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 30 September 2011.

B7 Marketable securities
There were no purchase or disposal of quoted securities for the current quarter ended 30 September 2011.

B8 Status of corporate proposals
There were no corporate proposals for the current quarter ended 30 September 2011.

B9 Borrowing and debts securities	30 September 2011 RM'000
Current	
Overdraft	12,864
Term loan - secured	8,743
Non-current	
Term loan - secured	87,478

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 16 November 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	
	30.09.11	30.09.10	30.09.11	30.09.10
Net profit/(loss) for the period (RM'000)	(414)	(731)	1,678	(2,617)
Weighted average number of ordinary shares in issue	87,191,700	87,181,259	87,184,636	87,133,082
Basic earnings/(loss) per share (sen)	(0.47)	(0.84)	1.92	(3.00)

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

	3 months ended		Period Ended	
	30.09.11	30.09.10	30.09.11	30.09.10
Net profit/(loss) for the period (RM'00)	(414)	(731)	1,678	(2,617)
Weighted average number of ordinary shares in issue	87,191,700	87,181,259	87,184,636	87,133,082
Adjustments for warrants granted	8,032,892	9,314,423	8,032,892	9,314,423
Adjusted weighted average number of ordinary shares in issue	95,224,592	96,495,682	95,217,528	96,447,505
Diluted earnings/(loss) per share (sen)	(0.43)	(0.76)	1.76	(2.72)

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 30 September 2011 and 31 December 2010 is analysed as follows:

	30/09/2011 (RM'000)	31/12/2010 (RM'000)
The retained profits of RSB and its subsidiaries:		
- Realised	39,996	37,865
- Unrealised	(50)	402
	-----	-----
Total Group retained profits as per Consolidated financial statement	39,946 =====	38,267 =====

By order of the Board
CHIN LEE PHING (MAICSA 7057836)
Company Secretary
Penang
Date : 23 November 2011