

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

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

	UNAUDITED AS AT 31/12/2011 RM'000	AUDITED AS AT 31/12/2010 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	5,558	6,199
Investment properties	241,668	211,467
Prepaid lease payments	2,774	2,847
Other investments	260	260
Deferred tax assets	350	364
	<u>250,610</u>	<u>221,137</u>
Current Assets		
Inventories	2,427	2,014
Receivables, deposits and prepayment	6,058	3,672
Assets classified as held for sale	388	944
Current tax assets	401	1,270
Cash & bank balances	9,964	4,643
	<u>19,238</u>	<u>12,543</u>
TOTAL ASSETS	<u>269,848</u>	<u>233,680</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	87,279	87,162
Reserves	39,569	38,937
Total equity	<u>126,848</u>	<u>126,099</u>
Non-current liabilities		
Loan and borrowings	108,765	89,070
Deferred income	1,347	1,402
Deferred tax liabilities	1,069	481
	<u>111,181</u>	<u>90,953</u>
Current liabilities		
Loan and borrowings	8,812	9,105
Payables and accruals	22,952	7,468
Deferred income	55	55
	<u>31,819</u>	<u>16,628</u>
Total liabilities	<u>143,000</u>	<u>107,581</u>
TOTAL EQUITY AND LIABILITIES	<u>269,848</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 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 FOURTH QUARTER ENDED 31 DECEMBER 2011

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

Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31/12/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2010 RM'000	CURRENT YEAR TO DATE 31/12/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2010 RM'000
Continuing Operations				
Revenue	7,206	5,890	26,829	21,786
Cost of sales	(3,255)	(2,217)	(10,540)	(9,254)
Gross profit	3,951	3,673	16,289	12,532
Other income	19	-	2,649	20
Administrative and Distribution expenses	(1,084)	(1,021)	(3,799)	(3,604)
Other expenses	(1,203)	(1,824)	(5,699)	(6,043)
Finance costs	(1,937)	(1,793)	(7,004)	(6,540)
Profit/(Loss) before tax	(254)	(965)	2,436	(3,635)
Income tax expense	(756)	43	(1,804)	(160)
Profit/(Loss) for the period	(1,010)	(922)	632	(3,795)
Other comprehensive Income	-	-	-	-
Total comprehensive Income	(1,010)	(922)	632	(3,795)
Attributable to:				
Shareholders of the parent	(1,010)	(922)	632	(3,795)
Minority interests	-	-	-	-
	(1,010)	(922)	632	(3,795)
Earning/(Loss) per share attributable to shareholders of the parent:				
Basic earnings per ordinary share (sen)	-	-	0.72	-
Diluted earnings per ordinary share (sen)	-	-	0.66	-

(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).

RAPID SYNERGY BERHAD

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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	-	-	-	(3,795)	(3,795)
Issue Conversion warrant to share	71	-	-	-	71
At 31 December 2010	<u>87,162</u>	<u>595</u>	<u>75</u>	<u>38,267</u>	<u>126,099</u>
At 1 January 2011	87,162	595	75	38,267	126,099
Total comprehensive income for the period	-	-	-	632	632
Issue Conversion warrant to share	117	-	-	-	117
At 31 December 2011	<u><u>87,279</u></u>	<u><u>595</u></u>	<u><u>75</u></u>	<u><u>38,899</u></u>	<u><u>126,848</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 FOURTH QUARTER ENDED 31 DECEMBER 2011**Condensed Consolidated Statement of Cash Flows**

	12 months period ended 31 December	
	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	2,436	(3,635)
Adjustment for:-		
Depreciation	4,047	3,956
Interest expense	7,004	6,540
Gain on disposal of Investment properties	(2,606)	-
Operating profit before working capital changes	<u>10,881</u>	<u>6,861</u>
Decrease/(Increase) in:		
Inventories	(413)	711
Receivables	(2,387)	9,510
Increase/(Decrease) in:		
Deferred income	(55)	(55)
Increase in payables	15,484	526
Cash generated from operating activities	<u>23,510</u>	<u>17,553</u>
Tax (paid)/refund	(333)	121
Interest paid	(7,004)	(6,540)
Net cash generated from operating activities	<u>16,173</u>	<u>11,134</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additional to properties, plant & equipment	(363)	(51)
Additional to investment properties	(40,077)	(1,080)
Proceeds from disposal of investment properties	10,069	-
Net cash used in investing activities	<u>(30,371)</u>	<u>(1,131)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown term loan	32,072	5,945
Repayment of term loan	(10,492)	(6,484)
Proceeds from conversion of warrants to shares	117	71
Net cash generated from/(used in) financing activities	<u>21,697</u>	<u>(468)</u>
Net increase in cash and cash equivalents	<u>7,499</u>	<u>9,535</u>
Cash and cash equivalents at 1 January	<u>2,465</u>	<u>(7,070)</u>
Cash and cash equivalents at 31 December	<u><u>9,964</u></u>	<u><u>2,465</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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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**Condensed Consolidated Statement of Cash Flows**

	12 months period ended 31 December	
	2011	2010
	RM'000	RM'000
Net Cash Generated From/(Used In) Operating Activities	16,173	11,134
Net Cash (Used In)/Generated From Investing Activities	(30,371)	(1,131)
Net Cash Generated From/(Used In) Financing Activities	21,697	(468)
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>7,499</u>	<u>9,535</u>
CASH AND CASH EQUIVALENTS AT 1 JANUARY	2,465	(7,070)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u><u>9,964</u></u>	<u><u>2,465</u></u>
Cash and Cash Equivalents at 31 December consist of:-		
Cash and bank balances	9,964	4,643
Bank overdrafts	-	(2,178)
	<u><u>9,964</u></u>	<u><u>2,465</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 14 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 31 December 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 December 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.

Issuance of Shares

For the current quarter ended 31 December 2011, the issued and paid up share capital of Rapid Synergy Berhad was increased from 87,191,700 ordinary shares of RM1.00 each to 87,279,000 of RM1.00 each by the conversion of warrants to shares as follows:

<u>Number of shares Issued</u>	<u>Price per share (RM)</u>
87,300	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 December 2011 is as follows:-

Business Segment

2011	Manufacturing RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	14,954	11,875	26,829
=====			
Result			
Segment results	2,301	7,139	9,440
Interest Expense			(7,004)
Profit before taxation			<u>2,436</u>
			=====

2010	Manufacturing RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	10,554	11,232	21,786
=====			
Result			
Segment results	(2,187)	5,092	2,905
Interest Expense			(6,540)
Loss before taxation			<u>(3,635)</u>
			=====

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 15 February 2012.

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 December 2011

Unsecured :

Corporate guarantee issued to banks for credit facilities granted to subsidiary companies	RM'000 86,000
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A13 Property, plant and equipment

There were no significant acquisitions for the current quarter ended 31 December 2011.

A14 Capital commitments

There were no capital commitments for the current quarter ended 31 December 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

Segment	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Manufacturing division				
Revenue	4,108	2,975	14,954	10,554
Profit/(Loss) before taxation	482	(479)	1,948	(2,509)
% Profit/(Loss) before taxation	11.73%	(16.10%)	13.03%	(23.77%)
Investment holding division				
Revenue	3,098	2,915	11,875	11,232
Profit/(Loss) before taxation	(736)	(486)	488	(1,126)
% Profit/(Loss) before taxation	(23.76%)	(16.67%)	4.11%	(10.02%)
Total				
Revenue	7,206	5,890	26,829	21,786
Profit/(Loss) before taxation	(254)	(965)	2,436	(3,635)
% Profit/(Loss) before taxation	(3.52%)	(16.38%)	9.08%	(16.69%)

Quarter four 2011 compared to quarter four 2010

For the current financial quarter, the group recorded a revenue of RM7.21 million, an increase of RM1.32 million as compared to RM5.89 million in the preceding year corresponding quarter. This increase revenue was contributed by the manufacturing division.

Manufacturing division revenue increased by 38.1% to RM4.11 million in the current financial quarter compared to RM2.98 million in the preceding year corresponding quarter. The profit before tax (PBT) in the current financial year quarter increased by 200.63% to RM0.48 million compared to a loss of RM0.48 million in the preceding year corresponding quarter. The significant increase in PBT was mainly due to higher sales demand from existing customers in 2011.

Investment holding division revenue increased by 6.2% to RM3.10 million in the current financial quarter compared to RM2.92 million in the preceding year corresponding quarter. The increase loss before tax to RM0.74 million in the current financial quarter as compared to a loss before tax of RM0.49 million in the preceding year corresponding quarter was mainly due to higher interest costs.

Year to date 2011 compared to year to date 2010

For the financial year ended 31 December 2011, the group recorded a revenue of RM26.83 million, an increase of RM5.04 million or 23% compared to the preceding year. The group's PBT for the current financial year increase by 167.0% to RM2.44 million compared to a loss of RM3.64 million in the preceding year. The increase in revenue and earnings was mainly contributed by both the manufacturing division and gain from disposal of investment property.

Manufacturing division revenue increased by 41.7% to RM14.95 million compared to RM10.55 million achieved in the preceding year. PBT increased by 177.6% to RM1.95 million compared to a loss of RM 2.51 million the preceding year. The significant improvement was due to higher sales demand.

Investment holding division revenue increased by 5.7% to RM11.89 million compared to RM11.23 million in the preceding year. The PBT increased by 143.3% to RM0.49 million compared to a loss of RM1.13 million in the preceding year. The increase in revenue and PBT in the investment holding division was due to increase in rental received and gain from disposal of investment property respectively.

- B2 Material changes in profit before tax for the current quarter compared to immediate preceding quarter
For the current financial quarter there was an increase in consolidated revenue of RM0.93 million from RM6.28 million in the immediate preceding quarter to RM7.21 million in the current quarter. The increase in revenue is mainly contributed by the manufacturing division. The loss before tax for the current quarter was RM0.25 million compared to the loss of RM0.11 million recorded in the preceding quarter. The increase in loss before tax was mainly due to the higher interest costs.

Segment	3 months ended	
	31.12.2011 RM'000	30.9.2011 RM'000
Manufacturing division		
Revenue	4,108	3,330
Profit before taxation	482	520
Investment holding division		
Revenue	3,098	2,954
Loss before taxation	(736)	(629)
Total		
Revenue	7,206	6,284
Loss before taxation	(254)	(109)

Manufacturing division revenue increased by 23.4% to RM4.11 million from RM3.33million in the preceding quarter. The increase in revenue is mainly due to higher customer demand. PBT decreased by 7.3% to RM0.48 million from RM0.52million in the preceding quarter. The decreased in PBT is due to higher production costs incurred.

Investment holding division revenue increased by 4.9% to RM3.1 million from RM2.95 million in the preceding quarter. The increase in revenue is due to increase in rental received. The loss before tax recorded in the current quarter was RM0.74 million compared to the loss before tax of RM0.63 million in the preceding quarter. The higher loss before tax recorded in the investment holding division was due to higher interest costs.

- B3 Prospects for the current year

The global economy is expected to face a slowdown in 2012 in view of the ongoing uncertainties and the Eurozone debt crisis. However, as our manufacturing business mainly serves the semiconductor industries with product mix, we anticipate the business to be satisfactory for the year 2012.

The contribution from the investment holding division will be enhanced in 2012 in line with the completion of hypermarket buildings at Bercham, Perak and Seremban, Negeri Sembilan which are expected to contribute positively to the revenue.

Barring any unforeseen circumstances, the Board is of the opinion that the performance for the financial year 2012 should be satisfactory.

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

B5 (Loss)/Profit before taxation

(Loss)/Profit before taxation is arrived at after crediting/(charging) the following income/(expenses):

	3 months ended		Period Ended	
	31.12.11 RM'000	31.12.10 RM'000	31.12.11 RM'000	31.12.10 RM'000
(a) Profit on disposal of investment properties	-	-	2,606	-
(b) Interest expenses	(1,937)	(1,793)	(7,004)	(6,540)
(c) Provision for and write off of receivables	10	-	10	97
(d) Provision for and write off of inventories	315	(237)	(9)	(462)
(e) Loss on disposal of motor vehicle	(34)	-	(34)	-
(f) Loss on foreign exchange – realised	(29)	(120)	(55)	(311)
- unrealised	(42)	(116)	110	(116)
(g) Depreciation and amortisation	(1,073)	(994)	(4,047)	(3,956)
	=====	=====	=====	=====

	3 months ended		Cumulative	
	31 December		31 December	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Current	472	173	983	542
- Prior year	199	(173)	219	(173)
Deferred tax expense				
- Current	101	(43)	525	(385)
- Prior year	(16)	-	77	176
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	756	(43)	1,804	160
	=====	=====	=====	=====

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.

B7 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 December 2011.

B8 Marketable securities

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

B9 Status of corporate proposals

There were no corporate proposals for the current quarter ended 31 December 2011.

B10 Borrowing and debts securities

	31 December 2011 RM'000
Current	
Term loan - secured	8,812
Non-current	
Term loan - secured	108,765

The above borrowings are denominated in Ringgit Malaysia.

B11 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 15 February 2012.

B12 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.

B13 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

B14 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	
	31.12.11	31.12.10	31.12.11	31.12.10
Net profit/(loss) for the period (RM'000)	(1,010)	(922)	632	(3,795)
Weighted average number of ordinary shares in issue	87,284,961	87,181,907	87,191,468	87,134,753
Basic earnings per share (sen)	-	-	0.72	-

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

	3 months ended		Period Ended	
	31.12.11	31.12.10	31.12.11	31.12.10
Net profit/(loss) for the period (RM'00)	(1,010)	(922)	632	(3,795)
Weighted average number of ordinary shares in issue	87,284,961	87,181,907	87,191,468	87,134,753
Adjustments for warrants granted	8,593,897	8,577,150	8,557,304	8,577,150
Adjusted weighted average number of ordinary shares in issue	95,878,858	95,759,057	95,748,772	95,711,903
Diluted earnings per share (sen)	-	-	0.66	-

B15 Authorisation for issue
The interim financial statements were authorised for issue by the Board of Directors

B16 Realised & Unrealised Profit/Losses Disclosure
The retained profits as at 31 December 2011 and 31 December 2010 is analysed as follows:

	31/12/2011 (RM'000)	31/12/2010 (RM'000)
The retained profits of RSB and its subsidiaries:		
- Realised	38,993	37,865
- Unrealised	(94)	402
	-----	-----
Total Group retained profits as per Consolidated financial statement	38,899 =====	38,267 =====

By order of the Board
LEE CHIEW HIANG
Executive Director
Penang
Date : 23 February 2012