

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012 (UNAUDITED)**Condensed Consolidated Statement of Financial Position**

	UNAUDITED AS AT 31/03/2012 RM'000	UNAUDITED AS AT 31/12/2011 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	5,351	5,558
Investment properties	240,798	241,668
Prepaid lease payments	2,756	2,774
Other investments	260	260
Deferred tax assets	347	351
	<u>249,512</u>	<u>250,611</u>
Current Assets		
Inventories	2,515	2,427
Receivables, deposits and prepayment	3,980	6,083
Assets classified as held for sale	-	388
Current tax assets	485	401
Cash & bank balances	8,503	9,964
	<u>15,483</u>	<u>19,263</u>
TOTAL ASSETS	<u>264,995</u>	<u>269,874</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	87,333	87,279
Reserves	38,205	39,570
Total equity	<u>125,538</u>	<u>126,849</u>
Non-current liabilities		
Loan and borrowings	113,812	108,757
Deferred income	1,333	1,347
Deferred tax liabilities	1,039	1,069
	<u>116,184</u>	<u>111,173</u>
Current liabilities		
Loan and borrowings	8,730	8,820
Payables and accruals	14,488	22,977
Deferred income	55	55
	<u>23,273</u>	<u>31,852</u>
Total liabilities	<u>139,457</u>	<u>143,025</u>
TOTAL EQUITY AND LIABILITIES	<u>264,995</u>	<u>269,874</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.44	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 2011 and the accompanying explanatory notes attached to the interim financial statements).

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012 (UNAUDITED)

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 2012. The figures have not been audited.

Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31/03/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2011 RM'000	CURRENT YEAR TO DATE 31/03/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2011 RM'000
Continuing Operations				
Revenue	5,317	7,062	5,317	7,062
Cost of sales	(2,033)	(2,767)	(2,033)	(2,767)
Gross profit	3,284	4,295	3,284	4,295
Interest income	6	-	6	-
Profit on disposal of investment properties	42	247	42	247
Other income	20	1	20	1
Administrative and Distribution expenses	(1,008)	(704)	(1,008)	(704)
Depreciation of investment properties and PPE	(1,114)	(1,015)	(1,114)	(1,015)
Other expenses	(483)	(546)	(483)	(546)
Finance costs	(1,917)	(1,601)	(1,917)	(1,601)
(Loss)/Profit before tax	(1,170)	677	(1,170)	677
Income tax expense	(195)	(373)	(195)	(373)
(Loss)/Profit for the period	(1,365)	304	(1,365)	304
Other comprehensive Income	-	-	-	-
Total comprehensive Income	(1,365)	304	(1,365)	304
Attributable to:				
Shareholders of the parent	(1,365)	304	(1,365)	304
Non-controlling interest	-	-	-	-
	(1,365)	304	(1,365)	304
(Loss)/Earning per share attributable to shareholders of the parent:				
Basic earnings per ordinary share (sen)	(1.56)	0.35	(1.56)	0.35
Diluted earnings per ordinary share (sen)	-	0.32	-	0.32

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statement for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements).

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012 (UNAUDITED)**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 2011	87,162	595	75	38,268	126,100
Effect of transition to MFRS	-	-	(75)	75	-
	<u>87,162</u>	<u>595</u>	<u>-</u>	<u>38,343</u>	<u>126,100</u>
Profit for the period representing total comprehensive income	-	-	-	304	304
Shares issued pursuant to exercise of warrant at RM 1 per ordinary share	15	-	-	-	15
At 31 March 2011	<u>87,177</u>	<u>595</u>	<u>-</u>	<u>38,647</u>	<u>126,419</u>
At 1 January 2012	87,279	595	75	38,900	126,849
Effect of transition to MFRS	-	-	(75)	75	-
	<u>87,279</u>	<u>595</u>	<u>-</u>	<u>38,975</u>	<u>126,849</u>
Loss for the period representing total comprehensive expense	-	-	-	(1,365)	(1,365)
Shares issued pursuant to exercise of warrant at RM 1 per ordinary share	54	-	-	-	54
At 31 March 2012	<u>87,333</u>	<u>595</u>	<u>-</u>	<u>37,610</u>	<u>125,538</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 2011 and the accompanying explanatory notes attached to the interim financial statements).

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012 (UNAUDITED)**Condensed Consolidated Statement of Cash Flows**

	3 months period ended 31 March	
	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss)/Profit before tax	(1,170)	677
Adjustment for:-		
Depreciation and amortisation	1,114	1,015
Interest income	(6)	-
Interest expense	1,917	1,601
Gain on disposal of Investment properties	(42)	(247)
Operating profit before working capital changes	<u>1,813</u>	<u>3,046</u>
Decrease/(Increase) in:		
Inventories	(88)	109
Receivables	2,103	(4,147)
Increase/(Decrease) in:		
Deferred income	(14)	(14)
Payables	(8,489)	1,688
Cash (used in)/generated from operating activities	<u>(4,675)</u>	<u>682</u>
Tax (paid)/refund	(305)	15
Interest paid	(1,917)	(1,601)
Net cash used in operating activities	<u>(6,897)</u>	<u>(904)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additional to properties, plant & equipment	(19)	(10)
Additional to investment properties	-	(106)
Interest received	6	-
Proceeds from disposal of investment properties	430	800
Net cash generated from investing activities	417	684
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown term loan	6,998	-
Repayment of term loan	(2,033)	(1,711)
Placement of pledged deposits with a licensed bank	(791)	-
Proceeds from conversion of warrants to shares	54	15
Net cash generated from/(used in) financing activities	<u>4,228</u>	<u>(1,696)</u>
Net decrease in cash and cash equivalents	<u>(2,252)</u>	<u>(1,916)</u>
Cash and cash equivalents at 1 January	<u>9,964</u>	<u>2,466</u>
Cash and cash equivalents at 31 March	<u><u>7,712</u></u>	<u><u>550</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 2011 and the accompanying explanatory notes attached to the interim financial statements).

RAPID SYNERGY BERHAD

(Company No. 325935-U)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012 (UNAUDITED)**Condensed Consolidated Statement of Cash Flows**

	3 months period ended 31 March	
	2012	2011
	RM'000	RM'000
Net Cash Used In Operating Activities	(6,897)	(904)
Net Cash Generated From Investing Activities	417	684
Net Cash Generated From/(Used In) Financing Activities	4,228	(1,696)
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(2,252)</u>	<u>(1,916)</u>
CASH AND CASH EQUIVALENTS AT 1 JANUARY	9,964	2,466
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u><u>7,712</u></u>	<u><u>550</u></u>
Cash and Cash Equivalents at 31 March consist of:-		
Cash and bank balances	7,712	3,585
Bank overdrafts	-	(3,035)
	<u><u>7,712</u></u>	<u><u>550</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 2011 and the accompanying explanatory notes attached to the interim financial statements).

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) 134 Interim Financial Reporting

A1 Basis of preparation

These condensed consolidated interim financial reports, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial reports also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS")

These condensed consolidated interim financial reports are the Group's first MFRS condensed consolidated interim financial reports for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MRFS 1: First time adoption of Malaysian Financial Reporting Standards ("MRFS 1") has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position is as set out below. These notes include reconciliations of equity for the comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of comprehensive income and cash flows.

Property, plant and equipment

The Group has previously adopted revaluation model for its property comprising buildings every five (5) years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying amount.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116, Property, Plant and Equipment. At the date of transition to MFRS, the Group uses previous revaluation at or before the date of transition as deemed cost. The revaluation surplus was transferred to retained earnings on date of transition to MFRS.

Prepaid Lease Payment

Under FRSs, the Group measured prepaid lease payments on operating leasehold land in accordance with the transitional provision in FRS 117, Leases. The transitional provision allowed the Group to carry the previously revalued leasehold land at the unamortised carrying amount when the Group first applied FRS 117 in 2006. The transitional provision is not available under MFRS 117.

Upon the transition to MFRS, the Group uses the same unamortized carrying amount at the date of transition to be the deemed cost of the prepaid lease payment since it was an event driven revaluation exercise of the land in 1996. The revaluation surplus was transferred to retained earnings on date of transition to MFRS.

A1 Basis of preparation (Cont'd)

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

Reconciliation of equity as at 1 January 2011

	FRSs as at 1 January 2011 RM'000	Effect of transition to MFRSs RM'000	MFRSs as at 1 January 2011 RM'000
Revaluation reserve	75	(75)	-
Retained earnings	38,268	75	38,343

Reconciliation of equity as at 31 March 2011

	FRSs as at 31 March 2011 RM'000	Effect of transition to MFRSs RM'000	MFRSs as at 31 March 2011 RM'000
Revaluation reserve	75	(75)	-
Retained earnings	38,572	75	38,647

Reconciliation of equity as at 31 December 2011

	FRSs as at 31 December 2011 RM'000	Effect of transition to MFRSs RM'000	MFRSs as at 31 December 2011 RM'000
Revaluation reserve	75	(75)	-
Retained earnings	38,900	75	38,975

A2 Auditors' Report on Preceding Annual Financial Statements

The audit report of the preceding annual financial statements for the financial year ended 31 December 2011 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 2012.

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 2012.

- 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 2012, the issued and paid up share capital of Rapid Synergy Berhad was increased from 87,279,000 ordinary shares of RM1.00 each to 87,333,100 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>
54,100	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 2012 and 31 March 2011 is as follows:-

Business Segment

2012

	Manufacturing RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	2,265	3,052	5,317
Result			
Segment results	(424)	1,171	747
Interest expense			(1,917)
Loss before taxation			(1,170)

2011

	Manufacturing RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	4,082	2,980	7,062
Result			
Segment results	668	1,610	2,278
Interest expense			(1,601)
Profit before taxation			677

- A9 Valuations of property, plant and equipment
The valuations of property, plant and equipment have been brought forward without amendments from the financial statements for the year ended 31 December 2011.
- A10 Material events subsequent to balance sheet date
There were no material events subsequent to the end of the period under review to 16 May 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 March 2012

Unsecured :

Corporate guarantee issued to banks for credit facilities granted to subsidiary companies RM'000
92,000

A13 Property, plant and equipment
There were no significant acquisitions for the current quarter ended 31 March 2012.

A14 Capital commitments
The following acquisition had been contracted but not provided as at 31 March 2012.

Equipment RM'000
415
=====

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		Period ended	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
		RM'000	RM'000	RM'000	RM'000
	Manufacturing division				
	Revenue	2,265	4,081	2,265	4,081
	(Loss)/Profit before taxation	(424)	631	(424)	631
	Investment holding division				
	Revenue	3,052	2,981	3,052	2,981
	Loss before taxation	(746)	46	(746)	46
	Total				
	Revenue	5,317	7,062	5,317	7,062
	Loss before taxation	(1,170)	677	(1,170)	677

Quarter One 2012 compared to quarter One 2011

For the current financial quarter, the group recorded a revenue of RM5.32 million, a decrease of RM1.74 million as compared to RM7.06 million in the preceding year corresponding quarter. The decrease in the revenue and loss of RM1.2 million in the current quarter (compared to profit of RM0.68 million in the preceding year corresponding quarter) was mainly attributed to lower sales from the manufacturing division and higher interest cost.

Manufacturing division revenue decreased to RM2.27 million in the current financial quarter compared to RM4.08 million in the preceding year corresponding quarter. The loss before tax in the current financial year quarter is RM0.42 million compared to profit of RM0.63 million in the preceding year corresponding quarter. The loss before tax was mainly due to lower sales demand.

Investment holding division recorded a revenue of RM3.05 million in the current financial quarter compared to RM2.98 million in the preceding year corresponding quarter. The investment holding division recorded a loss before tax of RM0.75 million in the current financial quarter as compared to a profit before tax of RM0.05 million in the preceding year corresponding quarter which was due to higher operation and interest costs.

B2 Material changes in profit before tax for the current quarter compared to immediate preceding quarter

For the current financial quarter there was a decrease in consolidated revenue of RM1.89 million from RM7.21 million in the immediate preceding quarter to RM5.32 million in the current quarter. The decrease in revenue is mainly due to lower sales demand by the manufacturing division. The loss before tax for the current quarter was RM1.17 million compared to the loss of RM0.25 million recorded in the immediate preceding quarter. The increase in loss before tax was mainly due lower sales from the manufacturing division and higher interest costs.

Segment	3 months ended	
	31.03.2012	31.12.2011
Manufacturing division		
Revenue	2,265	4,108
(Loss)/Profit before taxation	(424)	482
Investment holding division		
Revenue	3,052	3,098
Loss before taxation	(746)	(736)
Total		
Revenue	5,317	7,206
Loss before taxation	(1,170)	(254)

Manufacturing division revenue decreased by 44.76% to RM2.27 million from RM4.11million in the immediate preceding quarter. The decrease in revenue is mainly due to lower demand of tooling parts from existing customers.

Investment holding division recorded a revenue of RM3.05 million compared to RM3.10 million in the preceding quarter. The loss before tax recorded in the current quarter was RM0.75 million compared to the loss before tax of RM0.74 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 group expects its manufacturing and investment holding business condition to improve but remain challenging and competitive.

The group's retail business operation is expected to commence in June 2012 and expected to contribute positively to the group's performance in the third quarter of 2012.

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	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM'000	RM'000	RM'000	RM'000
(a) Profit on disposal of investment properties	42	247	42	247
(b) Interest expenses	(1,917)	(1,601)	(1,917)	(1,601)
(c) Interest income	6	-	6	-
(d) Provision for and write off of inventories	(75)	(175)	(75)	(175)
(e) (Loss)/Profit on foreign exchange-realised	(6)	(84)	(6)	(84)
-unrealised	(22)	155	(22)	155
(f) Depreciation and amortisation	(1,114)	(1,015)	(1,114)	(1,015)

	3 months ended		Cumulative period ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
-Current	225	157	225	157
-Prior year	-	20	-	20
Deferred tax expense				
-Current	(30)	196	(30)	196
	<u>195</u>	<u>373</u>	<u>195</u>	<u>373</u>

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 for the current quarter ended 31 March 2012 except for the disposal of one unit of shop house by Fresh Melody Sdn. Bhd. for the gain of about RM42,000.

B8 Marketable securities

There were no purchase or disposal of quoted securities for the current quarter ended 31 March 2012.

B9 Status of corporate proposals

There were no corporate proposals for the current quarter ended 31 March 2012.

B10 Borrowing and debts securities

	31 March 2012
	RM'000
Current	
Term loan - secured	8,730
Non-current	
Term loan - secured	113,812

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 16 May 2012.

B12 Changes in material litigation

- (i) On 6 January 2003, Rapid Mall Sdn Bhd (RM) 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 RM 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	
	31.03.12	31.03.11	31.03.12	31.03.11
Net (loss)/Profit for the period (RM'000)	(1,365)	304	(1,365)	304
Weighted average number of ordinary shares in issue	87,325,651	87,174,457	87,325,651	87,174,457
Basic earnings per share (sen)	<u>(1.56)</u>	<u>0.35</u>	<u>(1.56)</u>	<u>0.35</u>

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

	3 months ended		Period ended	
	31.03.12	31.03.11	31.03.12	31.03.11
Net (loss)/Profit for the period (RM'000)	(1,365)	304	(1,365)	304
Weighted average number of ordinary shares in issue	87,325,651	87,174,457	87,325,651	87,174,457
Adjustments for warrants granted	<u>11,006,735</u>	<u>8,345,505</u>	<u>11,006,735</u>	<u>8,345,505</u>
Adjusted weighted average number of ordinary shares in issue	<u>98,332,386</u>	<u>95,519,962</u>	<u>98,332,386</u>	<u>95,519,962</u>
Diluted earnings per share (sen)	<u>-</u>	<u>0.32</u>	<u>-</u>	<u>0.32</u>

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 March 2012 and 31 December 2011 is analysed as follows:

	31.03.2012 RM'000	31.12.2011 RM'000
The retained profits of RSB and its subsidiaries:		
- Realised	48,556	49,986
-Unrealised	46	(19)
	<hr/> 48,602	<hr/> 49,967
Less: Consolidation adjustments	(10,992)	(10,992)
	<hr/>	<hr/>
Total Group retained profits as per consolidated financial statements	<hr/> <u>37,610</u>	<hr/> <u>38,975</u>

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