

RAPID SYNERGY BERHAD (Company No. 325935-U)
(Incorporated in Malaysia)

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 2018.
The figures have not been audited.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Individual Period				Cumulative Period			
	Current Year Quarter 30/9/2018 RM'000	Preceding Year Corresponding Quarter 30/9/2017 RM'000	Changes in Amount RM'000	Changes in %	Current Year-to- date 30/9/2018 RM'000	Preceding Year Corresponding Period 30/9/2017 RM'000	Changes in Amount RM'000	Changes in %
Continuing Operations								
Revenue	7,098	9,070	(1,972)	(22)	22,138	22,810	(672)	(3)
Cost of sales	(1,269)	(3,091)	1,822	59	(4,384)	(6,986)	2,602	37
Gross profit	5,829	5,979	(150)	(3)	17,754	15,824	1,930	12
Interest income	-	17	(17)	(100)	1	38	(37)	(97)
Gain from disposal of investment properties	478	-	478	100	478	3,527	(3,049)	(86)
Other income	38	23	15	65	75	93	(18)	(19)
Administrative and Distribution expenses	(1,361)	(1,616)	255	16	(3,635)	(4,216)	581	14
Depreciation of investment properties and PPE	(1,093)	(985)	(108)	(11)	(3,244)	(3,252)	8	0
Other expenses	(602)	(570)	(32)	(6)	(1,616)	(1,689)	73	4
Finance costs	(2,687)	(2,399)	(288)	(12)	(8,030)	(7,250)	(780)	(11)
Profit before taxation	602	449	153	34	1,783	3,075	(1,292)	(42)
Income tax expense	(567)	(251)	(316)	(126)	(1,289)	(1,075)	(214)	20
Profit for the period	35	198	(163)	(82)	494	2,000	(1,506)	(75)

Earning/(Loss) per share attributable to shareholders of the parent:

Basic and diluted earnings/(loss) per ordinary share (sen)	0.03	0.19	0.46	1.99
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(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statement for the year ended 31 December 2017 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 THIRD QUARTER ENDED 30 SEPTEMBER 2018
Condensed Consolidated Statement of Financial Position

	Unaudited As At 30/09/2018 RM'000	Audited As At 31/12/2017 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	2,853	3,139
Investment properties	271,606	262,597
Prepaid lease payments	2,281	2,336
Other investments	10,881	10,881
Deferred tax assets	258	268
	<u>287,879</u>	<u>279,221</u>
Current Assets		
Inventories	2,230	631
Receivables, deposits and prepayment	9,886	7,724
Current tax assets	489	226
Assets classified as held for sale	-	-
Cash & bank balances	6,131	6,373
	<u>18,736</u>	<u>14,954</u>
TOTAL ASSETS	<u>306,615</u>	<u>294,175</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	107,491	107,491
Reserves	34,528	34,034
Total equity	<u>142,019</u>	<u>141,525</u>
Non-current liabilities		
Loan and borrowings	126,450	117,677
Deferred income	975	1,016
Deferred tax liabilities	225	315
	<u>127,650</u>	<u>119,008</u>
Current liabilities		
Loan and borrowings	26,696	23,373
Payables and accruals	10,033	10,163
Provision for taxation	162	51
Deferred income	55	55
	<u>36,946</u>	<u>33,642</u>
Total liabilities	<u>164,596</u>	<u>152,650</u>
TOTAL EQUITY AND LIABILITIES	<u>306,615</u>	<u>294,175</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.32	1.32

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 THIRD QUARTER ENDED 30 SEPTEMBER 2018
Condensed Consolidated Statement of Cash Flows

	9 months period ended 30 Sept	
	2018 RM'000	2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	1,783	3,075
Adjustment for:-		
Depreciation and amortisation	3,244	3,252
Dividend received	(20)	(18)
Interest income	(1)	(38)
Interest expense	8,030	7,250
Gain from disposal of Investment properties	(478)	(3,527)
Operating profit before working capital changes	12,558	9,994
Decrease/(Increase) in:		
Inventories	(1,599)	63
Receivables	(2,162)	(4,023)
Increase/(Decrease) in:		
Deferred income	(41)	(41)
Payables	(130)	(5,760)
Cash generated from operating activities	8,626	233
Tax paid	(1,495)	(1,735)
Net cash generated from/(used in) operating activities	7,131	(1,502)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	1	38
Dividend received	20	18
Acquisition of:		
- property, plant and equipment	(47)	(208)
- investment properties	(12,486)	(15,844)
Proceeds from disposal of investment properties	1,100	6,957
Net cash used in investing activities	(11,412)	(9,039)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of finance lease liability	(197)	(217)
Interest paid	(8,030)	(7,250)
Redemption of term loan	(3,861)	(8,353)
Drawdown of term loan	21,006	21,999
Repayment of term loan	(9,647)	(9,368)
Proceeds from conversion of warrants to shares	-	19,439
Withdrawal/(Placement) of pledged deposit	(665)	(14)
Net cash (used in)/generated from financing activities	(1,394)	16,236
Net (decrease)/increase in cash and cash equivalents	(5,675)	5,695
Cash and cash equivalents at 1 January	(5,278)	(15,430)
Cash and cash equivalents at 30 September	(10,953)	(9,735)
Net Cash Generated From/(Used In) Operating Activities	7,131	(1,502)
Net Cash (Used In)/Generated From Investing Activities	(11,412)	(9,039)
Net Cash (Used In)/Generated From Financing Activities	(1,394)	16,236
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,675)	5,695
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(5,278)	(15,430)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	(10,953)	(9,735)
Cash and Cash Equivalents at 30 September consist of:-		
Cash and bank balances	6,131	5,667
Bank overdrafts	(15,375)	(14,327)
Less: Deposit pledged to the financial institutions	(1,709)	(1,075)
	(10,953)	(9,735)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 THIRD QUARTER ENDED 30 SEPTEMBER 2018
Condensed Consolidated Statement of Changes in Equity

	←----- Attributable to shareholders of the parent ----->				Total RM'000
	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	
At 1 January 2017	87,457	595	1,468	27,171	116,691
Profit for the period	-	-	-	2,000	2,000
Total comprehensive income for the period	-	-	-	2,000	2,000
Shares Issued pursuant to exercise of warrant at RM1.00 per share	19,439	-	-	-	19,439
At 30 September 2017	106,896	595	1,468	29,171	138,130
At 1 January 2018	107,491	-	3,922	30,112	141,525
Profit for the period	-	-	-	494	494
Total comprehensive income for the period	-	-	-	494	494
At 30 September 2018	107,491	-	3,922	30,606	142,019

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER IN RESPECT OF FINANCIAL YEAR ENDING 31 DECEMBER 2018 – UNAUDITED

Part A: Selected explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting

A1 Basis of preparation

These condensed consolidated interim financial reports, for the period ended 30 September 2018, have been prepared in accordance with MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited annual financial statement of the Group for the financial year ended 31 December 2017. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

A2 Significant Accounting Policies

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2017, except for the adoption of the following MFRS/Amendments/Interpretations effective 1 January 2018:

- MFRS 9 Financial Instruments (2014)
- MFRS 15 Revenue from Contracts with Customers
- Amendments to MFRS 15 Clarifications to MFRS 15
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Group has adopted the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2018. The adoption of these new and revised MFRSs and IC interpretations have not resulted in any material impact on the financial statements of the Group.

The following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but not yet effective and have not applied by the Group :

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16 Leases
- IC Interpretations 23 Uncertainty over Income Tax Treatments
- Amendments to MFRS 3 Business Combinations
- Amendments to MFRS 9 Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11 Joint Arrangements
- Amendments to MFRS 112 Income Taxes
- Amendments to MFRS 123 Borrowing Costs
- Amendments to MFRS 128 Investment in Associates and Joint Ventures – Long Term Interests in Associates and Joint Ventures

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17 Insurance Contracts

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 Consolidated Financial Statements
- MFRS 128 Investment in Associates and Joint Ventures - Sale or Contribution by Assets between an Investor and its Associate or Joint Venture

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2017 was not qualified.

A4 Seasonal or cyclical factors

The Group's operations were not affected by any significant seasonal or cyclical factors in the current quarter.

A5 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 during the current third quarter ended 30 September 2018 in respect of financial year ending 31 December 2018 ("Q3 FY18").

A6 Change in Estimates

There were no significant changes in estimates of amounts reported in prior financial year which have a material effect in Q3 FY18.

A7 Debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter and financial year-to-date.

A8 Dividend

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

A9 Segmental Reporting

Segmental reporting by quarter and cumulative year-to-date basis is as tabulated.

3 Months ended Q3 FY18	Manufacturing RM'000		Investment Holding RM'000		Consolidated RM'000	
	2018	2017	2018	2017	2018	2017
Revenue	2,575	4,747	4,523	4,323	7,098	9,070
Results						
Segment results	592	978	2,697	1,870	3,289	2,848
Interest Expenses	(181)	(154)	(2,506)	(2,245)	(2,687)	(2,399)
Total					602	449

9 Months ended Q3 FY18	Manufacturing RM'000		Investment Holding RM'000		Consolidated RM'000	
	2018	2017	2018	2017	2018	2017
Revenue	8,357	10,772	13,781	12,038	22,138	22,810
Results						
Segment results	2,002	1,751	7,811	8,574	9,813	10,325
Interest Expenses	(535)	(395)	(7,495)	(6,855)	(8,030)	(7,250)
Total					1,783	3,075

A10 Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendments from the audited financial statements for the financial year ended 31 December 2017.

A11 Material events subsequent to balance sheet date

There were no material events subsequent to the end of the period under review to 19 November 2018.

A12 Changes in the composition of the Group

There were no changes in the composition of the Group subsequent to the end of the period under review to 19 November 2018.

A13 Changes in contingent liabilities or contingent assets as at 30 September 2018

The contingent liabilities / assets as at 30 September 2018 is as tabulated:

Unsecured:	RM '000
Corporate guarantee issued to banks for credit facilities granted to subsidiary companies	109,815

A14 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment losses.

A15 Capital commitments

There was no capital commitment during the current quarter ended 30 September 2018.

Part B: Additional information required under Part A of Appendix 9B of Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1 Group's Financial Performance Review and Segmental Analysis

(a) Overall review of Group's financial performance by quarter

Segment	<----- 3 months ended 30 September----->			
	Current year quarter 3Q FY18 RM'000	Preceding year corresponding quarter 3Q FY17 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	2,575	4,747	(2,172)	(46)
Profit Before Interest and Tax	592	978	(386)	(39)
Profit Before Tax	411	824	(413)	(50)
Profit After Tax	101	619	(518)	(84)
Investment holding				
Revenue	4,523	4,323	200	5
Profit Before Interest and Tax	2,697	1,870	827	44
Profit/(Loss) Before Tax	191	(375)	566	151
(Loss) After Tax	(66)	(421)	355	84
Total				
Revenue	7,098	9,070	(1,972)	(22)
Profit Before Interest and Tax	3,289	2,848	441	15
Profit Before Tax	602	449	153	34
Profit After Tax	35	198	(163)	(82)

(b) Overall review of Group's financial performance on a cumulative quarter basis

Segment	----- 9 months ended 30 September ----->			
	Current year quarter 3Q FY18 RM'000	Preceding year corresponding quarter 3Q FY17 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	8,357	10,772	(2,415)	(22)
Profit Before Interest and Tax	2,002	1,671	331	20
Profit Before Tax	1,467	1,356	111	8
Profit After Tax	886	864	22	3
Investment holding				
Revenue	13,781	12,038	1,743	14
Profit Before Interest and Tax	7,811	8,654	(843)	(10)
Profit Before Tax	316	1,719	(1,403)	(82)
(Loss)/Profit After Tax	(392)	1,136	(1,528)	(135)
Total				
Revenue	22,138	22,810	(672)	(3)
Profit Before Interest and Tax	9,813	10,325	(512)	(5)
Profit Before Tax	1,783	3,075	(1,292)	(72)
Profit After Tax	494	2,000	(1,506)	(305)

(i) Statement of Profit or Loss and Other Comprehensive Income

The Group recorded revenue of RM7.10 million for Q3 FY18, a decrease of RM1.97 million from RM9.07 million reported in the preceding year corresponding quarter. The decrease in revenue was mainly due to lower orders received by manufacturing division. Profit before tax ("PBT") grew to RM0.60 million compared to RM0.45 million over the same comparative quarter.

For the nine months ended 30 September 2018, the Group recorded revenue of RM22.14 million and PBT of RM1.78 million against revenue of RM22.81 million and PBT of RM3.08 million for Q3 FY17. The higher PBT achieved during corresponding period ended Q3 FY17 was mainly contributed by gain from disposal of property.

(ii) Statement of Financial Position

Total borrowings of the Group increased to RM153.15 million as at 3Q FY18 against RM141.05 million as at FY17 mainly due to drawdown of term loans.

(iii) **Statement of Cash Flows**

The net cash generated from operations of the Group was RM7.13 million for the nine months ended 30 September 2018 versus net cash used in operations of the Group of RM1.50 million in the corresponding period ended Q3 FY17.

The net cash used in investing activities was RM11.41 million for the nine months period ended 30 September 2018 against RM9.04 million in the corresponding period ended Q3 FY17. The investing activities were mainly investment properties.

Net cash used in financing activities was RM0.73 million against net cash of RM16.24 million generated in the corresponding period ended Q3 FY17. The higher net cash generated in the previous year corresponding period was mainly contributed by proceeds from conversion of warrants to ordinary shares. On overall, cash and cash equivalents decreased by RM5.01 million as compared to increase of RM5.70 million during similar period in Q3 FY17.

(c) **Segmental Analysis**

Current quarter compared with previous corresponding quarter

The manufacturing division recorded a revenue and PBT of RM2.58 million and RM0.41 million compared with RM4.75 million and RM0.82 million respectively in the 3Q FY17. The lower revenue and PBT in the current quarter was due to lower order from customers.

The investment holding division recorded a revenue of RM4.52 million for the current quarter, an increase of RM0.20 million from RM4.32 million in the preceding year corresponding quarter. The increase in revenue was mainly due to increase in rental received. The investment holding division recorded PBT of RM0.19 million, an increase of RM0.57 million from loss before tax ("LBT") of RM0.38 million recorded in 3Q FY17. The higher PBT achieved in the current quarter was mainly due to gain of RM0.48 million from disposal of an investment property.

B2 Financial review for current quarter compared with immediate preceding quarter

The Group posted revenue of RM7.10 million in respect of the current financial quarter, an increase of RM1.62 million from RM5.48 million recorded in the immediate preceding quarter. The Group PBT increased to RM0.60 million as compared to RM0.33 million reported in the immediate preceding quarter. The contributory factors to the above performance are explained in the respective business segments as follows:

Current Quarter ended 30.09.2018 RM'000	Immediate Preceding Quarter ended 30.06.2018 RM'000	Changes in amount RM'000	Changes in %
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Manufacturing

Revenue	2,575	1,938	637	33
Profit before Interest and Tax	592	1,008	(416)	(41)
Profit before Tax	411	827	(416)	(50)
Profit after Tax	101	727	(626)	(86)

Investment holding

Revenue	4,523	3,537	986	28
Profit before Interest and Tax	2,697	2,075	622	30
Profit/(Loss) before Tax	191	(499)	690	138
Loss after Tax	(66)	(720)	654	91

Total

Revenue	7,098	5,475	1,623	30
Profit before Interest and Tax	3,298	3,083	206	7
Profit before Tax	602	328	274	84
Profit after Tax	35	7	28	400

- (a) The manufacturing division recorded revenue of RM2.58 million and PBT of RM0.41 million in the current quarter compared to RM1.94 million and RM0.83 million respectively in the immediate preceding quarter. Despite higher revenue recorded in the current quarter, PBT was lower mainly due to additional cost for rework and research and development for certain mold parts on requests from customers.
- (b) During the current quarter, the investment holding division reported revenue of RM4.52 million and PBT of RM0.19 million as compared to RM3.54 million and LBT of RM0.50 million respectively in the immediate preceding quarter. The higher revenue and PBT recorded in the current quarter was mainly due to higher rental received from existing tenants.

B3 Prospects for FY2018

The manufacturing division's performance is still very much dependent on the demand from the semi-conductor industry. The investment holding division which derived its revenue through rental income from investment properties would be a challenge due to softer demand for rental property market and competition from coming on-stream of new similar properties in the vicinity of the Group's investment properties.

B4 Profit forecast

This was not applicable as no profit forecast was published.

B5 Profit/(Loss) before taxation

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

	←-----3 months ended-----→		←-----9 months ended-----→	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
(a) Gain on disposal of investment properties	478	-	478	3,527
(b) Interest expense	(2,687)	(2,399)	(8,030)	(7,250)
(c) Interest income	-	17	1	38
Allowance for write (down)/back of inventories	(38)	(75)	(75)	(225)
(d) Gain/(loss) on foreign exchange				
- realised	6	-	(27)	48
- unrealised	(8)	(34)	-	(17)
(e) Depreciation and amortisation	(1,094)	(985)	(3,244)	(3,252)

B6 Tax expense

	←-----3 months ended-----→		←-----9 months ended-----→	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Income tax expense				
-Current	616	248	1,332	1,065
-Prior year	37	-	37	-
Deferred tax expense				
-Current	(86)	3	(80)	10
	<u>567</u>	<u>251</u>	<u>1,289</u>	<u>1,075</u>

The effective tax rate for the current quarter is higher than the statutory tax rate mainly due to certain expenses which are not tax deductible.

B7 Gain/(losses) on sale of unquoted investments and/or properties

There was no profit/losses on sale of unquoted investment and/or properties in the current quarter ended 30 September 2018 except for the gain of RM0.48 million from the disposal of one unit of condominium.

B8 Marketable securities

There were no purchase or disposal of quoted securities during the current quarter ended 30 September 2018.

B9 Status of corporate proposals

There were no corporate proposals during the current quarter ended 30 September 2018.

B10 Borrowing and debts securities

All borrowings of the Group are denominated in Ringgit Malaysia.

	9 months ended 30.09.2018 (RM'000)		
	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	15,375	15,375
Bank Loan	126,450	11,140	137,590
Finance Lease Liability	-	181	181
Total	126,450	26,696	153,146

	9 months ended 30.09.2017 (RM'000)		
	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	14,327	14,327
Bank Loan	110,971	12,115	123,086
Finance Lease Liability	311	139	450
Total	111,282	26,581	137,863

B11 Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 19 November 2018.

B12 Changes in material litigation

There was no material litigation during the current quarter and period ended 30 September 2018.

B13 Dividends

No dividend has been recommended for the quarter under review.

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		9 months ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Net profit for the period attributable to owners of the Company (RM'000)	35	198	494	2,000
Weighted average number of ordinary shares in issue	107,491,228	106,896,506	107,491,228	106,896,506
Basic earnings per share (sen)	0.03	0.19	0.46	1.99

B15 Authorisation for issue

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

By order of the Board
LEE CHIEW HIANG
Executive Director