

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 2019. The figures have not been audited.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Individual Period			Cumulative Period				
	Current Year Quarter 31/3/2019 RM'000	Preceding Year Corresponding Quarter 31/3/2018 RM'000	Changes in Amount RM'000	Changes in %	Current Year-to-date 31/3/2019 RM'000	Preceding Year Corresponding Period 31/3/2018 RM'000	Changes in Amount RM'000	Changes in %
Continuing Operations								
Revenue	6,792	9,567	(2,775)	(29)	6,792	9,567	(2,775)	(29)
Cost of sales	(1,231)	(3,308)	2,077	(63)	(1,231)	(3,308)	2,077	(63)
Gross profit	5,561	6,259	(698)	(11)	5,561	6,259	(698)	(11)
Interest income	1	1	-	-	1	1	-	-
Net gain from disposal of investment properties	3,163	-	3,163	-	3,163	-	3,163	-
Other income	7	21	(14)	(67)	7	21	(14)	(67)
Administrative and Distribution expenses	(1,684)	(1,181)	(503)	43	(1,684)	(1,181)	(503)	43
Depreciation of investment properties and PPE	(1,091)	(1,077)	(14)	1	(1,091)	(1,077)	(14)	1
Other expenses	(554)	(570)	16	(3)	(554)	(570)	16	(3)
Finance costs	(2,672)	(2,599)	(73)	3	(2,672)	(2,599)	(73)	3
Profit before taxation	2,731	854	1,877	220	2,731	854	1,877	220
Income tax expense	(397)	(402)	5	(1)	(397)	(402)	5	(1)
Profit for the period	2,334	452	1,882	416	2,334	452	1,882	416

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

Basic and diluted earnings/(loss) per ordinary share (sen) 2.17 0.42 2.17 0.42

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statement for the year ended 31 December 2018 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 2019
Condensed Consolidated Statement of Financial Position

	Unaudited As At 31/03/2019 RM'000	Audited As At 31/12/2018 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	2,640	2,745
Investment properties	273,444	269,909
Prepaid lease payments	2,244	2,263
Other investments	9,501	9,501
Deferred tax assets	251	254
	<u>288,080</u>	<u>284,672</u>
Current Assets		
Inventories	1,591	351
Contract assets	589	1,518
Receivables, deposits and prepayment	11,591	9,587
Current tax assets	811	720
Assets classified as held for sale	981	539
Cash & bank balances	8,158	5,681
	<u>23,721</u>	<u>18,396</u>
TOTAL ASSETS	<u>311,801</u>	<u>303,068</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	107,491	107,491
Reserves	36,147	33,813
Total equity	<u>143,638</u>	<u>141,304</u>
Non-current liabilities		
Loan and borrowings	122,441	121,360
Deferred income	947	961
Deferred tax liabilities	428	302
	<u>123,816</u>	<u>122,623</u>
Current liabilities		
Loan and borrowings	30,628	28,709
Payables and accruals	13,637	10,326
Provision for taxation	27	51
Deferred income	55	55
	<u>44,347</u>	<u>39,141</u>
Total liabilities	<u>168,163</u>	<u>161,764</u>
TOTAL EQUITY AND LIABILITIES	<u>311,801</u>	<u>303,068</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.34	1.31

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements).

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019
Condensed Consolidated Statement of Cash Flows

	3 months period ended 31 Mar	
	2019	2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	2,731	854
Adjustment for:-		
Depreciation and amortisation	1,091	1,077
Interest income	(1)	(1)
Interest expense	2,672	2,599
Net gain from disposal of investment properties	(3,163)	-
Operating profit before working capital changes	3,330	4,529
Decrease/(Increase) in:		
Inventories	(1,240)	631
Contract assets	929	-
Receivables	(2,004)	(13,369)
Increase/(Decrease) in:		
Deferred income	(13)	(13)
Payables	3,311	538
Cash generated from/(used in) operating activities	4,313	(7,684)
Tax paid	(836)	(426)
Net cash generated from/(used in) operating activities	3,477	(8,110)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	1	1
Acquisition of:		
- property, plant and equipment	(2)	(32)
- investment properties	(6,352)	(4)
Proceeds from disposal of investment properties	5,025	-
Net cash used in investing activities	(1,328)	(35)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of finance lease liability	(24)	(72)
Interest paid	(2,672)	(2,599)
Drawdown of term loan	5,000	9,806
Repayment of term loan	(2,723)	(3,031)
Net cash (used in)/generated from financing activities	(419)	4,104
Net increase/(decrease) in cash and cash equivalents	1,730	(4,041)
Cash and cash equivalents at 1 January	(11,542)	(5,898)
Cash and cash equivalents at 31 March	(9,812)	(9,939)
Net Cash Generated From/(Used In) Operating Activities	3,477	(8,110)
Net Cash (Used In)/Generated From Investing Activities	(1,328)	(35)
Net Cash (Used In)/Generated From Financing Activities	(419)	4,104
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,730	(4,041)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(11,542)	(5,898)
CASH AND CASH EQUIVALENTS AT 31 MARCH	(9,812)	(9,939)
Cash and Cash Equivalents at 31 March consist of:-		
Cash and bank balances	8,158	6,464
Bank overdrafts	(16,209)	(14,714)
Less: Deposit pledged to the financial institutions	(1,761)	(1,689)
	(9,812)	(9,939)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2018 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 2019
Condensed Consolidated Statement of Changes in Equity

	←----- Non-distributable ----->		----- Attributable to shareholders of the parent ----->		
	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2018	107,491	-	3,922	30,700	142,113
Profit for the period	-	-	-	452	452
Total comprehensive income for the period	-	-	-	452	452
At 31 March 2018	107,491	-	3,922	31,152	142,565
At 1 January 2019	107,491	-	2,542	31,271	141,304
Profit for the period	-	-	-	2,334	2,334
Total comprehensive income for the period	-	-	-	2,334	2,334
At 31 March 2019	107,491	-	2,542	33,605	143,638

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER IN RESPECT OF FINANCIAL YEAR ENDING 31 MARCH 2019 – 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 31 March 2019, 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 2018. 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 2018.

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 2018.

The Group has adopted MFRS 16 *Leases* with effective from 1st January 2019. The adoption has no material financial impact to the Group.

The following revised MFRSs and Amendments to MFRSs applicable to the Group have been issued by the MASB and are not yet effective for adoption to the Group :

MFRSs, Interpretations and amendments for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3 Business Combinations
- Amendments to MFRS 101 Presentation of Financial Statements
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting estimates and Errors

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

The Group do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group.

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption.

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2018 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 first quarter ended 31 March 2019 ("Q1 FY19").

A6 Change in Estimates

There were no significant changes in estimates of amounts reported in prior financial year which have a material effect in Q1 FY19.

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 Q1 FY19	Manufacturing RM'000		Investment Holding RM'000		Consolidated RM'000	
	2019	2018	2019	2018	2019	2018
Revenue	2,683	4,534	4,109	5,033	6,792	9,567
Results						
Segment results	670	573	4,733	2,880	5,403	3,453
Interest Expenses	(193)	(160)	(2,479)	(2,439)	(2,672)	(2,599)
Total					2,731	854

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 2018.

A11 Material events subsequent to balance sheet date

There were no material events subsequent to the end of the period under review to 23 May 2019 except for the following:

On 25 April 2019, Rapid Synergy Berhad had entered into Sale and Purchase Agreement with an individual for disposal of an investment property, a condominium for the amount of RM1,010,000. The gain of the disposal would only be recognized upon completion of the disposal.

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 23 May 2019.

A13 Changes in contingent liabilities or contingent assets as at 31 March 2019

The contingent liabilities / assets as at 31 March 2019 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 commitments during the current quarter ended 31 March 2019.

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 3 March ----->			
	Current year quarter 1Q FY19 RM'000	Preceding year corresponding quarter 1Q FY18 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	2,683	4,534	(1,851)	(41)
Profit Before Interest and Tax	670	573	97	17
Profit Before Tax	477	413	64	15
Profit After Tax	266	242	24	10
Investment holding				
Revenue	4,109	5,033	(924)	(18)
Profit Before Interest and Tax	4,733	2,880	1,853	64
Profit Before Tax	2,254	441	1,813	411
Profit After Tax	2,068	210	1,858	885

<----- 3 months ended 3 March ----->

Segment	Current year quarter 1Q FY19 RM'000	Preceding year corresponding quarter 1Q FY18 RM'000	Changes in amount RM'000	Changes in %
Total				
Revenue	6,792	9,567	(2,775)	(29)
Profit Before Interest and Tax	5,403	3,453	1,950	56
Profit Before Tax	2,731	854	1,877	220
Profit After Tax	2,334	452	1,882	416

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

The Group recorded revenue of RM6.79 million for Q1 FY19, a decrease of RM2.78 million from RM9.57 million reported in the preceding year corresponding quarter. For the current quarter profit before tax ("PBT") has increased by 220% to RM2.73 million compared to RM0.85 million over the same comparative quarter. The variance in revenue and PBT would be explained in the respective business segments in Note B1 (b).

(ii) **Statement of Financial Position**

The total equity attributable to the owners of the Company as at 31 March 2019 was RM143.64 million from RM141.30 as at 31 December 2018. The increase was mainly due to profit before tax achieved for the period ended 31 March 2019.

Total borrowings of the Group increased to RM153.07 million as at 31 March 2019 against RM150.07 million as at 31 December 2019.

(iii) **Statement of Cash Flows**

The net cash generated from operations of the Group was RM3.48 million for the three months ended 31 March 2019 against RM8.11 million used in operating activities in the preceding year corresponding quarter. The net cash used in investing activities increased to RM1.33 million during the current quarter against RM0.04 million in preceding year corresponding quarter. This is mainly due to the completion of an acquisition of an investment property which was committed on 7 December 2018. The net cash used in financing activities decreased to RM0.42 million for Q1 FY19 against RM4.10 million net cash generated in Q1 FY18. The higher net cash generated from financing activities in Q1 FY18 was mainly due to drawdown of borrowings.

(b) **Segmental Analysis**

Current quarter compared with previous year corresponding quarter

The manufacturing division recorded a revenue RM2.68 million compared to RM4.53 million recorded in the preceding year corresponding period. The lower revenue was mainly due to lower orders received from existing customers. However during the current quarter the manufacturing division recorded PBT of RM0.48 million compared with RM0.41 million achieved in the 1Q FY18. PBT of the manufacturing division has increased due to improve in production efficiencies.

The investment holding division recorded a revenue of RM4.11 million during the current quarter, a decrease of RM0.92 million from RM5.03 million in the preceding year corresponding quarter. The lower revenue was mainly contributed by lower occupancy rates. The investment holding division recorded PBT of RM2.25 million, an increase of RM1.81 million from PBT of RM0.44 million recorded in 1Q FY18. The PBT for the current quarter was mainly contributed by gain from disposal of investment properties.

B2 Financial review for current quarter compared with immediate preceding quarter

The Group posted revenue of RM6.79 million during the current financial quarter, a decrease of RM1.23 million from RM8.02 million recorded in the immediate preceding quarter. The Group PBT an increased to RM2.73 million as compared to RM0.34 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 31.03.2019 RM'000	Immediate Preceding Quarter ended 31.12.2018 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	2,683	4,102	(1,419)	(35)
Profit before Interest and Tax	670	830	(160)	(19)
Profit before Tax	477	668	(191)	(29)
Profit after Tax	266	515	(249)	(48)
Investment holding				
Revenue	4,109	3,921	188	5
Profit before Interest and Tax	4,740	2,278	2,462	108

	Current Quarter ended 31.03.2019 RM'000	Immediate Preceding Quarter ended 31.12.2018 RM'000	Changes in amount RM'000	Changes in %
Profit/(Loss) before Tax	2,254	(327)	2,581	789
Profit/(Loss) after Tax	2,068	(449)	2,517	561
Total				
Revenue	6,792	8,023	(1,231)	(15)
Profit before Interest and Tax	5,410	3,108	2,302	74
Profit before Tax	2,731	341	2,390	701
Profit after Tax	2,334	66	2,268	3,436

- (a) The manufacturing division recorded revenue of RM2.68 million and PBT of RM0.48 million in the current quarter compared to RM4.10 million and RM0.67 million respectively in the immediate preceding quarter. The lower revenue and PBT recorded in the current quarter was mainly due to lower orders received from existing customers.
- (b) During the current quarter, the investment holding division reported revenue of RM4.11 million and PBT of RM2.25 million as compared to RM3.92 million and loss before tax of RM0.33 million respectively in the immediate preceding quarter. The PBT recorded in the current quarter was mainly contributed by the gain from disposal of investment properties.

B3 Prospects for FY2019

The manufacturing division's performance is still very much dependent on the demand from the semi-conductor industry. The current global slowdown in the semiconductor business would be a challenge for the manufacturing division. 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-----→		←-----Period ended-----→	
	31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
(a) Net gain on disposal of investment properties	3,163	-	3,163	-
(b) Interest expense	(2,672)	(2,599)	(2,672)	(2,599)
(c) Interest income	1	1	1	1
(d) Allowance for write (down)/back of inventories	(75)	(75)	(75)	(75)
(e) Gain/(loss) on foreign exchange				
– realised	(5)	(19)	(5)	(19)
– unrealised	(3)	7	(3)	7
(f) Depreciation and amortisation	(1,091)	(1,077)	(1,091)	(1,077)

B6 Tax expense

	←-----3 months ended-----→		←-----Period ended-----→	
	31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Income tax expense				
-Current	271	399	271	399
Deferred tax expense				
-Current	126	3	126	3
	<u>397</u>	<u>402</u>	<u>397</u>	<u>402</u>

The effective tax rate for the current quarter is lower than the statutory tax rate mainly due to certain profit which is not subject income 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 31 March 2019 except for the net gain of RM3.16 million from the disposal of investment properties.

B8 Marketable securities

There were no purchase or disposal of quoted securities during the current quarter ended 31 March 2019.

B9 Status of corporate proposals

There were no corporate proposals during the current quarter ended 31 March 2019.

B10 Borrowing and debts securities

All borrowings of the Group are denominated in Ringgit Malaysia.

	3 months ended 31.03.2019 (RM'000)		
	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	16,209	16,209
Bank Loan	122,441	14,328	136,769
Finance Lease Liability	-	91	91
Total	122,441	30,628	153,069

	3 months ended 31.03.2018 (RM'000)		
	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	14,714	14,714
Bank Loan	124,643	12,223	136,866
Finance Lease Liability	-	306	306
Total	124,643	27,243	151,886

B11 Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 23 May 2019.

B12 Changes in material litigation

There was no material litigation during the current quarter and period ended 31 March 2019.

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		Period ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Net profit for the period attributable to owners of the Company (RM'000)	2,334	452	2,334	452
Weighted average number of ordinary shares in issue	107,491,228	107,491,228	107,491,228	107,491,228
Basic earnings per share (sen)	2.17	0.42	2.17	0.42

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
Date : 29 May 2019