

The Board of directors is pleased to submit its quarterly report on the consolidated results of the Group for the second quarter ended 30 June 2019. The figures have not been audited.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2019**  
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Individual Year			Cumulative Period				
	Current Year Quarter 30/6/2019 RM'000	Preceding Year Corresponding Quarter 30/6/2018 RM'000	Changes in Amount RM'000	Changes in %	Current Year-to- date 30/6/2019 RM'000	Preceding Year Corresponding Period 30/6/2018 RM'000	Changes in Amount RM'000	Changes in %
<b>Continuing Operations</b>								
Revenue	7,002	5,475	1,527	28	13,793	15,041	(1,248)	(8)
Cost of sales	(1,448)	(307)	(1,141)	372	(2,679)	(3,115)	436	(14)
<b>Gross profit</b>	<b>5,554</b>	<b>5,168</b>	<b>386</b>	<b>7</b>	<b>11,114</b>	<b>11,926</b>	<b>(812)</b>	<b>(7)</b>
Interest income	-	-	-	-	1	1	-	-
Net gain from disposal of investment properties	946	-	946	-	4,561	-	4,561	-
Other income	4	15	(11)	(73)	17	37	(20)	(54)
Administrative and Distribution expenses	(1,172)	(583)	(589)	101	(3,313)	(2,275)	(1,038)	46
Depreciation of investment properties and PPE	(1,069)	(1,074)	5	(0)	(2,160)	(2,150)	(10)	0
Other expenses	(431)	(443)	12	(3)	(985)	(1,015)	30	(3)
Finance costs	(2,643)	(2,755)	112	(4)	(5,315)	(5,343)	28	(1)
<b>Profit before taxation</b>	<b>1,189</b>	<b>328</b>	<b>861</b>	<b>263</b>	<b>3,920</b>	<b>1,181</b>	<b>2,739</b>	<b>232</b>
Income tax expense	(268)	(321)	53	(17)	(665)	(722)	57	(8)
<b>Profit for the period</b>	<b>921</b>	<b>7</b>	<b>914</b>	<b>13,057</b>	<b>3,255</b>	<b>459</b>	<b>2,796</b>	<b>609</b>

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

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

0.857

0.007

3.028

0.427

(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 SECOND QUARTER ENDED 30 JUNE 2019**  
**Condensed Consolidated Statement of Financial Position**

	Unaudited As At 30/06/2019 RM'000	Audited As At 31/12/2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	2,544	2,745
Investment properties	270,355	269,909
Prepaid lease payments	2,227	2,263
Other investments	9,501	9,501
Deferred tax assets	251	254
	<u>284,878</u>	<u>284,672</u>
<b>Current Assets</b>		
Inventories	1,289	351
Contract assets	-	1,518
Receivables, deposits and prepayment	12,069	9,587
Current tax assets	1,042	720
Assets classified as held for sale	535	539
Cash & bank balances	5,381	5,681
	<u>20,316</u>	<u>18,396</u>
<b>TOTAL ASSETS</b>	<b><u>305,194</u></b>	<b><u>303,068</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	107,491	107,491
Reserves	37,068	33,813
<b>Total equity</b>	<u>144,559</u>	<u>141,304</u>
<b>Non-current liabilities</b>		
Loan and borrowings	118,535	121,360
Deferred income	933	961
Deferred tax liabilities	428	302
	<u>119,896</u>	<u>122,623</u>
<b>Current liabilities</b>		
Loan and borrowings	29,487	28,709
Payables and accruals	11,118	10,326
Provision for taxation	79	51
Deferred income	55	55
	<u>40,739</u>	<u>39,141</u>
<b>Total liabilities</b>	<u>160,635</u>	<u>161,764</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>305,194</u></b>	<b><u>303,068</u></b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>1.34</b>	<b>1.31</b>

(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 SECOND QUARTER ENDED 30 JUNE 2019**  
**Condensed Consolidated Statement of Cash Flows**

	6 months period ended 30 Jun	
	2019	2018
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before tax	3,920	1,181
Adjustment for:-		
Depreciation and amortisation	2,160	2,150
Interest income	(1)	(1)
Interest expense	5,315	5,343
Net gain from disposal of Investment properties	(4,561)	-
Operating profit before working capital changes	6,833	8,673
Decrease/(Increase) in:		
Inventories	(938)	(451)
Contract assets	1,518	-
Receivables	(2,482)	111
Increase/(Decrease) in:		
Deferred income	(28)	(28)
Payables	792	(887)
Cash generated from/(used in) operating activities	5,695	7,418
Tax paid	(1,030)	(818)
Net cash generated from/(used in) operating activities	4,665	6,600
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	1	1
Acquisition of:		
- property, plant and equipment	(7)	(47)
- investment properties	(6,352)	(11,903)
Proceeds from disposal of investment properties	8,755	-
Net cash generated from/(used in) investing activities	2,397	(11,949)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of finance lease liability	(48)	(145)
Interest paid	(5,315)	(5,343)
Redemption of term loan	-	(3,860)
Drawdown of term loan	5,600	15,806
Repayment of term loan	(6,839)	(6,027)
Net cash (used in)/generated from financing activities	(6,602)	431
Net increase/(decrease) in cash and cash equivalents	460	(4,918)
Cash and cash equivalents at 1 January	(11,542)	(5,898)
Cash and cash equivalents at 30 June	(11,082)	(10,816)
Net Cash Generated From/(Used In) Operating Activities	4,665	6,600
Net Cash Generated From/(Used In) Investing Activities	2,397	(11,949)
Net Cash (Used In)/Generated From Financing Activities	(6,602)	431
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	460	(4,918)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	(11,542)	(5,898)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	(11,082)	(10,816)
<b>Cash and Cash Equivalents at 30 June consist of:-</b>		
Cash and bank balances	5,381	5,704
Bank overdrafts	(14,702)	(14,831)
Less: Deposit pledged to the financial institutions	(1,761)	(1,689)
	(11,082)	(10,816)

(The Condensed Consolidated Statement of Cash Flows 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 SECOND QUARTER ENDED 30 JUNE 2019**  
Condensed Consolidated Statement of Changes in Equity

	←-----> Attributable to shareholders of the parent ----->			
	←----->	----->	Distributable	Total
	Share Capital	Share Premium	Fair Value Reserve	Retained Earnings
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2018</b>	107,491	-	3,922	30,112
Profit for the period	-	-	-	459
<b>Total comprehensive income for the period</b>	-	-	-	459
<b>At 30 June 2018</b>	107,491	-	3,922	30,571
<b>At 1 January 2019</b>	107,491	-	2,542	31,271
Profit for the period	-	-	-	3,255
<b>Total comprehensive income for the period</b>	-	-	-	3,255
<b>At 30 June 2019</b>	107,491	-	2,542	34,526

(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 SECOND QUARTER IN RESPECT OF FINANCIAL YEAR ENDING 30 JUNE 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 30 June 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 1<sup>st</sup> 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 second quarter ended 30 June 2019 ("Q2 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 Q2 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 Q2 FY19	Manufacturing RM'000		Investment Holding RM'000		Consolidated RM'000	
	2019	2018	2019	2018	2019	2018
<b>Revenue</b>	2,679	1,938	4,323	3,537	7,002	5,475
<b>Results</b>						
Segment results	945	1,008	2,887	2,075	3,832	3,083
Interest Expenses	(153)	(181)	(2,490)	(2,574)	(2,643)	(2,755)
Total					1,189	328

6 Months ended Q2 FY19	Manufacturing RM'000		Investment Holding RM'000		Consolidated RM'000	
	2019	2018	2019	2018	2019	2018
<b>Revenue</b>	5,362	5,782	8,431	9,259	13,793	15,041
<b>Results</b>						
Segment results	1,615	1,398	7,620	5,126	9,235	6,524
Interest Expenses	(346)	(342)	(4,969)	(5,001)	(5,315)	(5,343)
Total					3,920	1,181

### 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 16 August 2019 except for the following:

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

**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 16 August 2019.

**A13 Changes in contingent liabilities or contingent assets as at 30 June 2019**

The contingent liabilities / assets as at 30 June 2019 is as tabulated:

<b>Unsecured:</b>	<b>RM '000</b>
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 30 June 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 30 June ----->			
	Current year quarter 2Q FY19 RM'000	Preceding year corresponding quarter 2Q FY18 RM'000	Changes in amount RM'000	Changes in %
<b>Manufacturing</b>				
Revenue	2,679	1,938	741	38
Profit Before Interest and Tax	945	1,008	(63)	(6)
Profit Before Tax	792	827	(35)	(4)
Profit After Tax	792	727	65	9
<b>Investment holding</b>				
Revenue	4,323	3,537	786	22
Profit Before Interest and Tax	2,887	2,075	812	39
Profit Before Tax	397	(499)	896	180
Profit After Tax	129	(720)	849	118
<b>Total</b>				
Revenue	7,002	5,475	1,527	28
Profit Before Interest and Tax	3,832	3,083	749	24
Profit Before Tax	1,189	328	861	263
Profit After Tax	921	7	914	13,057

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

Segment	<----- 6 months ended 30 June ----->			
	Current year quarter 2Q FY19 RM'000	Preceding year corresponding quarter 2Q FY18 RM'000	Changes in amount RM'000	Changes in %
<b>Manufacturing</b>				
Revenue	5,362	5,782	(420)	(7)
Profit Before Interest and Tax	1,615	1,398	217	16
Profit Before Tax	1,269	1,056	213	20
Profit After Tax	1,058	785	273	35
<b>Investment holding</b>				
Revenue	8,431	9,259	(828)	(9)
Profit Before Interest and Tax	7,620	5,126	2,494	49
Profit Before Tax	2,651	125	2,526	2,021
Profit After Tax	2,197	(326)	2,523	774
<b>Total</b>				
Revenue	13,793	15,041	(1,248)	(8)
Profit Before Interest and Tax	9,235	6,524	2,711	42
Profit Before Tax	3,920	1,181	2,739	232
Profit After Tax	3,255	459	2,796	609

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

The Group recorded revenue of RM7.00 million for Q2 FY19, an increase of RM1.52 million from RM5.48 million reported in the preceding year corresponding quarter. For the current quarter under review profit before tax ("PBT") recorded was RM1.19 million an increase by RM0.86 million compared to RM0.33 million over the preceding year corresponding quarter. The variance in revenue and PBT would be explained in the respective business segments in Note B1 (c).

For the six months ended 30 June 2019, the Group recorded revenue of RM13.79 million and PBT of RM3.92 million against revenue of RM15.04 million and PBT of RM1.18 million for the corresponding period ended 30 June 2018. The decrease in revenue was mainly due to drop in occupancy rate. The higher PBT achieved during the current quarter was mainly contributed by gain from disposal of property.

(ii) **Statement of Financial Position**

The total equity attributable to the owners of the Company as at 30 June 2019 was RM144.56 million from RM141.30 as at 31 December 2018. The increase was mainly due to net profit achieved for the period ended 30 June 2019.

Total borrowings of the Group decreased to RM148.02 million as at 30 June 2019 against RM150.07 million as at 31 December 2018.

(iii) **Statement of Cash Flows**

The net cash generated from operations of the Group was RM4.67 million for the six months ended 30 June 2019 against RM6.60 million generated from operating activities in the preceding year corresponding period ended Q2 FY18. The net cash generated from investing activities was RM2.40 million during the current quarter against RM11.95 million used in preceding year corresponding quarter. The net cash used in financing activities increased to RM6.60 million for Q2 FY19 against RM0.43 million net cash generated in the preceding year corresponding period ended Q2 FY18. Overall, cash and cash equivalents increased by RM0.46 millions compared with opening cash and cash equivalents as at 1 January 2019.

(c) **Segmental Analysis**

**Current quarter compared with previous year corresponding quarter**

The manufacturing division recorded a revenue RM2.68 million compared to RM1.94 million recorded in the preceding year corresponding period. The higher revenue was mainly due to higher orders received from existing customers. During the current quarter the manufacturing division recorded PBT of RM0.79 million compared with RM0.73 million achieved in the 2Q FY18.

The investment holding division recorded a revenue of RM4.32 million during the current quarter, an increase of RM0.78 million from RM3.54 million in the preceding year corresponding quarter. The higher revenue was mainly contributed by higher occupancy rates. The investment holding division recorded PBT of RM0.40 million, an increase of RM0.90 million from LBT of RM0.50 million recorded in 2Q FY18.

**B2 Financial review for current quarter compared with immediate preceding quarter**

The Group posted revenue of RM7.00 million during the current financial quarter, an increase of RM0.21 million from RM6.79 million recorded in the immediate preceding quarter. The Group recorded PBT of RM1.19 million as compared to RM2.73 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 30.06.2019 RM'000	Immediate Preceding Quarter ended 31.03.2019 RM'000	Changes in amount RM'000	Changes in %
<b>Manufacturing</b>				
Revenue	2,679	2,683	(4)	-
Profit before Interest and Tax	945	670	275	41
Profit before Tax	792	477	315	66
Profit after Tax	792	266	526	198
<b>Investment holding</b>				
Revenue	4,323	4,109	214	5
Profit before Interest and Tax	2,887	4,740	(1,883)	(39)
Profit/(Loss) before Tax	397	2,254	(1,857)	(82)
Profit/(Loss) after Tax	129	2,068	(1,939)	(94)
<b>Total</b>				
Revenue	7,002	6,792	210	3
Profit before Interest and Tax	3,832	5,410	(1,578)	(29)
Profit before Tax	1,189	2,731	(1,542)	(56)
Profit after Tax	921	2,334	(1,413)	(61)

- (a) The manufacturing division recorded revenue of RM2.68 million and PBT of RM0.79 million in the current quarter compared to RM2.68 million and RM0.48 million respectively in the immediate preceding quarter. The PBT recorded in the current quarter was mainly due to higher production efficiencies.

- (b) During the current quarter, the investment holding division reported revenue of RM4.32 million and PBT of RM0.40 million as compared to RM4.11 million and Profit before tax of RM2.25 million respectively in the immediate preceding quarter. The PBT recorded in the immediate preceding 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 and the trade war between the US and China further dampen the chances of improvement to IC mold business. 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-----→		←-----6 months ended-----→	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
(a) Net gain on disposal of investment properties	946	-	4,561	-
(b) Interest expense	(2,643)	(2,755)	(5,315)	(5,343)
(c) Interest income	-	-	1	1
(d) Allowance for write (down)/back of inventories	150	(75)	-	(37)
(e) Gain/(loss) on foreign exchange				
- realised	(4)	(14)	(9)	(33)

	←-----3 months ended-----→		←-----6 months ended-----→	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
- unrealised	(4)	1	(6)	8
(f) Depreciation and amortisation	(1,069)	(1,074)	(2,160)	(2,150)

**B6 Tax expense**

	←-----3 months ended-----→		←-----6 months ended-----→	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Income tax expense				
-Current	235	318	629	716
-Prior year	33	-	33	-
Deferred tax expense				
-Current	-	3	3	6
	268	321	665	722

The effective tax rate for the current quarter is higher than the statutory tax rate mainly due to certain profit which is 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 June 2019 except for the net gain of RM0.95 million from the disposal of investment properties.

**B8 Marketable securities**

There were no purchase or disposal of quoted securities during the current quarter ended 30 June 2019.

**B9 Status of corporate proposals**

There were no corporate proposals during the current quarter ended 30 June 2019.

**B10 Borrowing and debts securities**

All borrowings of the Group are denominated in Ringgit Malaysia.

	6 months ended 30.06.2019 (RM'000)		
	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	14,718	14,718
Bank Loan	118,535	14,702	133,237
Finance Lease Liability	-	67	67
<b>Total</b>	<b>118,535</b>	<b>29,487</b>	<b>148,022</b>

	6 months ended 30.06.2018 (RM'000)		
	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	14,831	14,831
Bank Loan	123,340	12,669	136,009
Finance Lease Liability	-	233	233
<b>Total</b>	<b>123,340</b>	<b>27,733</b>	<b>151,073</b>

**B11 Off balance sheet financial instruments**

The Group does not have any financial instruments with off-balance sheet risk as at 16 August 2019.

**B12 Changes in material litigation**

There was no material litigation during the current quarter and period ended 30 June 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		6 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Net profit for the period attributable to owners of the Company (RM'000)	921	7	3,255	459
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)	0.857	0.007	3.028	0.427

**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 : 23 August 2019