

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 2019.
The figures have not been audited.

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

	Individual Period				Cumulative Period			
	Current Year Quarter 30/9/2019 RM'000	Preceding Year Corresponding Quarter 30/9/2018 RM'000	Changes in Amount RM'000	Changes in %	Current Year-to- date 30/9/2019 RM'000	Preceding Year Corresponding Period 30/9/2018 RM'000	Changes in Amount RM'000	Changes in %
Continuing Operations								
Revenue	6,082	7,098	(1,016)	(14)	19,877	22,138	(2,261)	(10)
Cost of sales	(2,101)	(1,269)	(832)	66	(4,780)	(4,384)	(396)	9
Gross profit	3,981	5,829	(1,848)	(32)	15,097	17,754	(2,657)	(15)
Interest income	6	-	6	-	7	1	6	600
Net gain from disposal of investment properties	1,704	478	1,226	256	6,265	478	5,787	-
Other income	5	38	(33)	(87)	22	75	(53)	(71)
Administrative and Distribution expenses	(785)	(1,361)	576	(42)	(4,072)	(3,635)	(437)	12
Depreciation of investment properties and PPE	(1,051)	(1,093)	42	(4)	(3,211)	(3,244)	33	(1)
Other expenses	(561)	(602)	41	(7)	(1,546)	(1,616)	70	(4)
Finance costs	(2,514)	(2,687)	173	(6)	(7,857)	(8,030)	173	(2)
Profit before taxation	785	602	183	30	4,705	1,783	2,922	164
Income tax expense	(404)	(567)	163	(29)	(1,069)	(1,289)	220	(17)
Profit for the period	381	35	346	989	3,636	494	3,142	636

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

Basic and diluted earnings/(loss) per ordinary share (sen)	0.35	0.03	3.38	0.46
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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 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 THIRD QUARTER ENDED 30 SEPTEMBER 2019
Condensed Consolidated Statement of Financial Position

	Unaudited As At 30/09/2019 RM'000	Audited As At 31/12/2018 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	2,474	2,745
Investment properties	271,144	269,909
Prepaid lease payments	2,208	2,263
Other investments	9,501	9,501
Deferred tax assets	244	254
	<u>285,571</u>	<u>284,672</u>
Current Assets		
Inventories	1,100	351
Contract assets	-	1,518
Receivables, deposits and prepayment	8,301	9,587
Current tax assets	433	720
Assets classified as held for sale	-	539
Cash & bank balances	12,858	5,681
	<u>22,692</u>	<u>18,396</u>
TOTAL ASSETS	<u>308,263</u>	<u>303,068</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	107,491	107,491
Reserves	37,449	33,813
Total equity	<u>144,940</u>	<u>141,304</u>
Non-current liabilities		
Loan and borrowings	126,834	121,360
Deferred income	920	961
Deferred tax liabilities	601	302
	<u>128,355</u>	<u>122,623</u>
Current liabilities		
Loan and borrowings	23,090	28,709
Payables and accruals	11,728	10,326
Provision for taxation	95	51
Deferred income	55	55
	<u>34,968</u>	<u>39,141</u>
Total liabilities	<u>163,323</u>	<u>161,764</u>
TOTAL EQUITY AND LIABILITIES	<u>308,263</u>	<u>303,068</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.35	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).

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019
Condensed Consolidated Statement of Cash Flows

	9 months period ended 30 Sept	
	2019	2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	4,705	1,783
Adjustment for:-		
Depreciation and amortisation	3,211	3,244
Dividend received	(20)	(20)
Interest income	(7)	(1)
Interest expense	7,857	8,030
Net gain from disposal of Investment properties	(6,265)	(478)
Operating profit before working capital changes	9,481	12,558
Decrease/(Increase) in:		
Inventories	(749)	(1,599)
Contract assets	1,518	-
Receivables	1,286	(2,162)
Increase/(Decrease) in:		
Deferred income	(41)	(41)
Payables	1,402	(130)
Cash generated from/(used in) operating activities	12,897	8,626
Tax paid	(2,000)	(1,495)
Net cash generated from/(used in) operating activities	10,897	7,131
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	7	1
Dividend received	20	20
Acquisition of:		
- property, plant and equipment	(11)	(47)
- investment properties	(11,473)	(12,486)
Proceeds from disposal of investment properties	15,740	1,100
Net cash generated from/(used in) investing activities	4,283	(11,412)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of finance lease liability	(72)	(197)
Interest paid	(7,857)	(8,030)
Redemption of term loan	-	(3,861)
Drawdown of term loan	18,840	21,006
Repayment of term loan	(10,494)	(9,647)
Withdrawal/(Placement) of pledged deposit	(905)	(665)
Net cash generated from/(used in) financing activities	(488)	(1,394)
Net increase/(decrease) in cash and cash equivalents	14,692	(5,675)
Cash and cash equivalents at 1 January	(11,542)	(5,278)
Cash and cash equivalents at 30 September	3,150	(10,953)
Net Cash Generated From/(Used In) Operating Activities	10,897	7,131
Net Cash Generated From/(Used In) Investing Activities	4,283	(11,412)
Net Cash Generated From/(Used In) Financing Activities	(488)	(1,394)
NET CHANGE IN CASH AND CASH EQUIVALENTS	14,692	(5,675)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(11,542)	(5,278)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	3,150	(10,953)
Cash and Cash Equivalents at 30 September consist of:-		
Cash and bank balances	12,858	6,131
Bank overdrafts	(7,042)	(15,375)
Less: Deposit pledged to the financial institutions	(2,666)	(1,709)
	3,150	(10,953)

(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).

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019
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 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
At 1 January 2019	107,491	-	2,542	31,271	141,304
Profit for the period	-	-	-	3,636	3,636
Total comprehensive income for the period	-	-	-	3,636	3,636
At 30 September 2019	107,491	-	2,542	34,907	144,940

(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 THIRD QUARTER IN RESPECT OF FINANCIAL YEAR ENDING 30 SEPTEMBER 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 September 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 third quarter ended 30 September 2019 ("Q3 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 Q3 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 Q3 FY19	Manufacturing RM'000		Investment Holding RM'000		Consolidated RM'000	
	2019	2018	2019	2018	2019	2018
Revenue	1,970	2,575	4,112	4,523	6,082	7,098
Results						
Segment results	(852)	592	4,151	2,697	3,299	3,289
Interest Expenses	(96)	(181)	(2,506)	(2,506)	(2,514)	(2,687)
Total					785	602

9 Months ended Q3 FY19	Manufacturing RM'000		Investment Holding RM'000		Consolidated RM'000	
	2019	2018	2019	2018	2019	2018
Revenue	7,332	8,357	12,545	13,781	19,877	22,138
Results						
Segment results	762	2,002	11,800	7,811	12,562	9,813
Interest Expenses	(442)	(535)	(7,415)	(7,495)	(7,857)	(8,030)
Total					4,705	1,783

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 14 November 2019 except for the following:

On 04 October 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 RM1.005 million. 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 14 November 2019.

A13 Changes in contingent liabilities or contingent assets as at 30 September 2019

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

Unsecured:	RM '000
Corporate guarantee issued to banks for credit facilities granted to subsidiary companies	118,555

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 September 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 September ----->			
	Current year quarter 3Q FY19 RM'000	Preceding year corresponding quarter 3Q FY18 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	1,970	2,575	(605)	(23)
(Loss)/Profit Before Interest and Tax	(852)	592	(1,444)	(244)
(Loss)/Profit Before Tax	(949)	411	(1,360)	(331)
(Loss)/Profit After Tax	(1,191)	101	(1,292)	(1,279)
Investment holding				
Revenue	4,112	4,523	(411)	(9)
Profit Before Interest and Tax	4,151	2,697	1,454	54
Profit Before Tax	1,734	191	1,543	808
Profit/(Loss) After Tax	1,572	(66)	1,638	2,482
Total				
Revenue	6,082	7,098	(1,016)	(14)
Profit Before Interest and Tax	3,299	3,289	10	0
Profit Before Tax	785	602	183	30
Profit After Tax	381	35	346	989

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

Segment	<----- 9 months ended 30 September ----->			
	Current year quarter 3Q FY19 RM'000	Preceding year corresponding quarter 3Q FY18 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	7,332	8,357	(1,025)	(12)
Profit Before Interest and Tax	762	2,002	(1,240)	(62)
Profit Before Tax	320	1,467	(1,147)	(78)
(Loss)/Profit After Tax	(134)	886	(1,020)	(115)
Investment holding				
Revenue	12,545	13,781	(1,236)	(9)
Profit Before Interest and Tax	11,800	7,811	3,989	51
Profit Before Tax	4,385	316	4,069	1,288
Profit/(Loss) After Tax	3,770	(392)	4,162	1,062
Total				
Revenue	19,877	22,138	(2,261)	(10)
Profit Before Interest and Tax	12,562	9,813	2,749	28
Profit Before Tax	4,705	1,783	2,922	164
Profit After Tax	3,636	494	3,142	636

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

The Group recorded revenue of RM6.08 million for Q3 FY19, a decrease of RM1.02 million from RM7.10 million reported in the preceding year corresponding quarter. The decrease in revenue was mainly due to lower orders received by manufacturing division. For the current quarter profit before tax ("PBT") has increased by 30% to RM0.785 million compared to RM0.602 million over the same comparative quarter.

For the nine months ended 30 September 2019, the Group recorded revenue of RM19.88 million and PBT of RM4.71 million against revenue of RM22.14 million and PBT of RM1.78 million for the corresponding period ended 30 September 2018. The higher PBT achieved during the current quarter was mainly contributed by gain from disposal of properties.

(ii) **Statement of Financial Position**

The total equity attributable to the owners of the Company as at 30 September 2019 was RM144.94 million from RM141.30 as at 31 December 2018. The increase was mainly due to net profit achieved for the period ended 30 September 2019.

Total borrowings of the Group decreased to RM149.92 million as at 30 September 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 RM10.90 million for the nine months ended 30 September 2019 against RM7.13 million generated from operating activities in the preceding year corresponding period ended Q3 FY18. The net cash generated from investing activities was RM4.28 million during the current quarter against RM11.41 million used in preceding year corresponding quarter. The net cash used in financing activities was RM0.49 million for Q3 FY19 against RM1.39 million in the preceding year corresponding period ended Q3 FY18. Overall, cash and cash equivalents generated as at 30 September 2019 was RM14.69 million compared with cash used in was RM11.54 million as at 1 January 2019.

(c) **Segmental Analysis**

Current quarter compared with previous year corresponding quarter

The manufacturing division recorded a revenue RM1.97 million compared to RM2.58 million recorded in the preceding year corresponding quarter. The lower revenue was mainly due to lower demand from existing customers. During the current quarter the manufacturing division recorded loss before tax ("LBT") of RM0.95 million compared with PBT of RM0.41 million achieved in the 3Q FY18. The negative performance is also due to lower orders from existing customers.

The investment holding division recorded a revenue of RM4.11 million during the current quarter, a decrease of RM0.41 million from RM4.52 million achieved in the preceding year corresponding quarter. The investment holding division recorded PBT of RM1.73 million, an increase of RM1.54 million from PBT of RM0.19 million recorded in 3Q FY18.

B2 Financial review for current quarter compared with immediate preceding quarter

The Group posted revenue of RM6.08 million during the current financial quarter, a decrease of RM0.92 million from RM7.00 million recorded in the immediate preceding quarter. The Group PBT recorded in the current quarter was RM0.79 million as compared to RM1.19 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 30.09.2019 RM'000	Immediate Preceding Quarter ended 30.06.2019 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	1,970	2,679	(709)	(26)
(Loss)/Profit before Interest and Tax	(852)	945	(1,797)	(190)
(Loss)/Profit before Tax	(949)	792	(1,741)	(220)
(Loss)/Profit after Tax	(1,191)	792	(1,983)	(250)
Investment holding				
Revenue	4,112	4,323	(211)	(5)
Profit before Interest and Tax	4,151	2,887	1,264	44
Profit before Tax	1,734	397	1,337	337
Profit after Tax	1,572	129	1,443	(1,119)
Total				
Revenue	6,082	7,002	(920)	(13)
Profit before Interest and Tax	3,299	3,832	(533)	(14)
Profit before Tax	785	1,189	(404)	(34)
Profit after Tax	381	921	(540)	(59)

- (a) The manufacturing division recorded revenue of RM1.97 million and LBT of RM0.95 million in the current quarter compared to RM2.68 million and PBT of RM0.79 million respectively in the immediate preceding quarter. The LBT recorded in the current quarter was mainly due to lower demand from customer.
- (b) During the current quarter, the investment holding division achieved revenue of RM4.11 million and PBT of RM1.73 million as compared to RM4.32 million and Profit before tax of RM0.40 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 orders for tooling parts are not expected to improve due to global slowdown in the semiconductor business and the trade war between the US and China had 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-----→		←-----9 months ended-----→	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
(a) Net gain on disposal of investment properties	1,704	478	6,265	478
(b) Interest expense	(2,514)	(2,687)	(7,857)	(8,030)
(c) Interest income	6	-	7	1
(d) Allowance for write (down)/back of inventories	(75)	(38)	(75)	(75)
(e) Gain/(loss) on foreign exchange				

	←-----3 months ended-----→		←-----9 months ended-----→	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
- realised	(9)	6	(18)	(27)
- unrealised	(5)	(8)	(12)	-
(f) Depreciation and amortisation	(1,051)	(1,093)	(3,211)	(3,244)

B6 Tax expense

	←-----3 months ended-----→		←-----9 months ended-----→	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Income tax expense				
-Current	224	616	853	1,332
-Prior year	-	37	33	37
Deferred tax expense				
-Current	180	(86)	183	(80)
	<u>404</u>	<u>567</u>	<u>1,069</u>	<u>1,289</u>

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 in the current quarter ended 30 September 2019 except for the net gain of RM1.70 million from disposal of investment properties.

B8 Marketable securities

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

B9 Status of corporate proposals

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

B10 Borrowing and debts securities

All borrowings of the Group are denominated in Ringgit Malaysia.

	9 months ended 30.09.2019 (RM'000)		
	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	7,639	7,639
Bank Loan	126,834	15,408	142,242
Finance Lease Liability	-	43	43
Total	126,834	23,090	149,924

	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

B11 Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 14 November 2019.

B12 Changes in material litigation

There was no material litigation during the current quarter and period ended 30 September 2019.

B13 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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Net profit for the period attributable to owners of the Company (RM'000)	381	35	3,636	494
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)	0.35	0.03	3.38	0.46

B14 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 : 21 November 2019