

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 2020. The figures have not been audited.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Individual Period			Changes in %	Cumulative Period		
	Current Year Quarter 30/09/2020 RM'000	Preceding Year Corresponding Quarter 30/09/2019 RM'000	Changes in Amount RM'000		Current Year-to- date 30/09/2020 RM'000	Preceding Year Corresponding Period 30/09/2019 RM'000	Changes in Amount RM'000
Continuing Operations							
Revenue	8,950	6,082	2,868	20,112	19,877	235	1
Cost of sales	(3,403)	(2,101)	(1,302)	(6,365)	(4,780)	(1,589)	(33)
Gross profit	5,547	3,981	1,566	13,743	15,097	(1,354)	(9)
Interest income	16	6	10	30	7	23	329
Net gain from disposal of investment properties	390	1,704	(1,314)	3,995	6,265	(2,270)	(36)
Other income	52	5	47	53	22	31	141
Administrative and Distribution expenses	(1,061)	(785)	(276)	(3,465)	(4,072)	607	15
Depreciation of investment properties and PPE	(1,098)	(1,051)	(47)	(3,290)	(3,211)	(79)	(2)
Other expenses	(580)	(561)	(19)	(1,583)	(1,546)	(37)	(2)
Finance costs	(2,497)	(2,514)	17	(7,255)	(7,857)	602	8
Profit before taxation	769	785	(16)	2,228	4,705	(2,477)	(53)
Income tax expense	(481)	(404)	(77)	(1,388)	(1,069)	(319)	3
Profit for the period	288	381	(93)	840	3,636	(2,796)	(77)

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

Basic and diluted earnings/(loss) per ordinary share (sen) 0.27 0.35

0.78 3.38

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statement for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020
Condensed Consolidated Statement of Financial Position

	Unaudited As At 30/09/2020 RM'000	Audited As At 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	2,189	2,401
Investment properties	293,663	282,152
Prepaid lease payments	2,135	2,190
Other investments	9,988	10,147
Deferred tax assets	230	240
	<u>308,205</u>	<u>297,130</u>
Current Assets		
Inventories	380	144
Contract assets	346	1,386
Receivables, deposits and prepayment	7,767	11,953
Current tax assets	46	-
Assets classified as held for sale	515	524
Fixed Deposit	3,026	2,996
Cash & bank balances	6,144	3,419
	<u>18,224</u>	<u>20,422</u>
TOTAL ASSETS	<u>326,429</u>	<u>317,552</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	107,491	107,491
Reserves	40,266	39,426
Total equity	<u>147,757</u>	<u>146,917</u>
Non-current liabilities		
Loan and borrowings	127,314	133,168
Deferred income	865	906
Deferred tax liabilities	332	317
	<u>128,511</u>	<u>134,391</u>
Current liabilities		
Loan and borrowings	32,932	23,661
Payables and accruals	16,586	12,295
Provision for taxation	588	233
Deferred income	55	55
	<u>50,161</u>	<u>36,244</u>
Total liabilities	<u>178,672</u>	<u>170,635</u>
TOTAL EQUITY AND LIABILITIES	<u>326,429</u>	<u>317,552</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.37	1.37

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements).

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020
Condensed Consolidated Statement of Cash Flows

	9 months period ended 30 Sept	
	2020	2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	2,228	4,705
Adjustment for:-		
Depreciation and amortisation	3,290	3,211
Dividend received	(20)	(20)
Interest income	(30)	(7)
Interest expense	7,255	7,857
Net gain from disposal of investment properties	(3,995)	(6,265)
Operating profit before working capital changes	8,728	9,481
Decrease/(Increase) in:		
Inventories	(236)	(749)
Contract assets	1,040	1,518
Receivables	4,186	1,286
Increase/(Decrease) in:		
Deferred income	(41)	(41)
Payables	4,291	1,402
Cash generated from operating activities	17,968	12,897
Tax paid	(1,054)	(2,000)
Net cash generated from operating activities	16,914	10,897
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	30	7
Dividend received	20	20
Acquisition of:		
- property, plant and equipment	(13)	(11)
- investment properties	(17,027)	(11,473)
Proceeds from disposal of investment properties	6,509	15,740
Proceeds from other investment	159	-
Net cash (used in)/generated from investing activities	(10,322)	4,283
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of finance lease liability		(72)
Interest paid	(7,255)	(7,857)
Redeem term loan	(32,881)	-
Drawdown of term loan	35,562	18,840
Repayment of term loan	(8,035)	(10,494)
Withdrawal/(Placement) of pledged deposit	(30)	(905)
Net cash used in financing activities	(12,639)	(488)
Net (decrease)/increase in cash and cash equivalents	(6,047)	14,692
Cash and cash equivalents at 1 January	(3,853)	(11,542)
Cash and cash equivalents at 30 September	(9,900)	3,150
Net Cash Generated From/(Used In) Operating Activities	16,914	10,897
Net Cash Generated From/(Used In) Investing Activities	(10,322)	4,283
Net Cash Generated From/(Used In) Financing Activities	(12,639)	(488)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,047)	14,692
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(3,853)	(11,542)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	(9,900)	3,150
Cash and Cash Equivalents at 30 September consist of:-		
Cash and bank balances	6,144	10,192
Bank overdrafts	(16,044)	(7,042)
	(9,900)	3,150

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements).

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020
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	RM'000	RM'000
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
At 1 January 2020	107,491	-	3,188	36,238	146,917
Profit for the period	-	-	-	840	840
Total comprehensive income for the period	-	-	-	840	840
At 30 September 2020	107,491	-	3,188	37,078	147,757

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2020 – 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 2020, 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 2019. 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 2019.

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 2019.

The Group has adopted the following MFRSs, Interpretation and amendments effective 1st 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

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 effective for annual periods beginning on or after 1 January 2021

- MFRS 17 Insurance Contracts

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 101 Presentation of Financial Statements-Classification of Liabilities as Current or Non Current

**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 2019 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 2020 ("Q3 FY20").

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 FY20.

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 FY20	Manufacturing RM'000		Investment Holding RM'000		Consolidated RM'000	
	2020	2019	2020	2019	2020	2019
Revenue	4,455	1,970	4,495	4,112	8,950	6,082
Results						
Segment results	665	(852)	2,601	4,151	3,266	3,299
Interest Expenses	(187)	(96)	(2,310)	(2,418)	(2,497)	(2,514)
Total					769	785

9 Months ended Q3 FY20	Manufacturing RM'000		Investment Holding RM'000		Consolidated RM'000	
	2020	2019	2020	2019	2020	2019
Revenue	8,133	7,332	11,979	12,545	20,112	19,877
Results						
Segment results	378	762	9,105	11,800	9,483	12,562
Interest Expenses	(578)	(442)	(6,677)	(7,415)	(7,255)	(7,857)
Total					2,228	4,705

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 2019.

A11 Material events subsequent to balance sheet date

There were no material events subsequent to the end of the period under review to 17 November 2020 except on 30 September 2020, 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 RM1.0 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 17 November 2020.

A13 Changes in contingent liabilities or contingent assets as at 30 September 2020

The contingent liabilities / assets as at 30 September 2020 is as tabulated:

Unsecured:	RM '000
Corporate guarantee issued to banks for credit facilities granted to subsidiary companies	99,955

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 2020.

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

	<-----3 months ended 30 September ----->			
	Current year quarter 3Q FY20 RM'000	Preceding year corresponding quarter 3Q FY19 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	4,455	1,970	2,485	126
Profit/(Loss) Before Interest and Tax	665	(852)	1,517	178
Profit/(Loss) Before Tax	478	(949)	1,427	150
Profit/(Loss) After Tax	142	(1,191)	1,333	112
Investment holding				
Revenue	4,495	4,112	383	9
Profit Before Interest and Tax	2,601	4,151	(1,550)	(37)
Profit Before Tax	291	1,734	(1,443)	(83)
Profit After Tax	146	1,572	(1,426)	(91)
Total				
Revenue	8,950	6,082	2,868	47
Profit Before Interest and Tax	3,266	3,299	(33)	(1)
Profit Before Tax	769	785	(16)	(2)
Profit After Tax	288	381	(93)	(24)

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

<-----9 months ended 30 September 2020----->

	Current year quarter 3Q FY20 RM'000	Preceding year corresponding quarter 3Q FY19 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	8,133	7,332	801	11
Profit Before Interest and Tax	378	762	(384)	(50)
(Loss)/Profit Before Tax	(200)	320	(520)	(163)
Loss After Tax	(525)	(134)	(391)	(292)
Investment holding				
Revenue	11,979	12,545	(566)	(5)
Profit Before Interest and Tax	9,105	11,800	(2,695)	(23)
Profit Before Tax	2,428	4,385	(1,957)	(45)
Profit After Tax	1,365	3,770	(2,983)	(79)
Total				
Revenue	20,112	19,877	235	1
Profit Before Interest and Tax	9,483	12,562	(3,079)	(25)
Profit Before Tax	2,228	4,705	(2,477)	(53)
Profit After Tax	840	3,636	(2,796)	(77)

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

During the current quarter under review the Group recorded revenue of RM8.95 million and profit before tax (PBT) of RM0.77 million. The revenue increase by RM2.87 million quarter on quarter ("QoQ") from RM6.08 million recorded in the 3Q FY2019. PBT remain almost the same as Q3 FY2019.

For the nine months ended 30 September 2020, the Group recorded revenue of RM20.11 million and PBT of RM2.23 million against revenue of RM19.88 million and PBT of RM4.71 million for the corresponding period ended 30 September 2019. The increase in revenue was mainly contributed by the manufacturing division.

The decreased in PBT for the current period ended 30 September 2020 as compared to Q3 FY2019 was mainly due to lower contribution from gain in disposal of properties.

Statement of Financial Position

The total equity attributable to the owners of the Company as at 30 September 2020 was RM147.76 million from RM146.92 million as at 31 December 2019. The increase was mainly due to net profit achieved for the period ended 30 September 2020.

Total borrowings of the Group increased to RM160.25 million as at 30 September 2020 against RM156.83 million as at 31 December 2019.

(ii) Statement of Cash Flows

The net cash generated from operations of the Group was RM16.91 million for the nine months ended 30 September 2020 against RM10.90 million generated from operating activities in the preceding year corresponding period ended Q3 FY19. The net cash used in investing activities was RM10.30 million during the current period ended 30 September 2020 against RM4.28 million generated from investing activities recorded in the preceding year corresponding quarter. The net cash used in financing activities was RM12.64 million for Q3 FY20 against RM0.50 million in the preceding year corresponding period ended Q3 FY19. Overall, cash and cash equivalents as at 30 September 2020 was (RM9.90) million compared with (RM3.85) million as at 1 January 2020.

(d) Segmental Analysis

Current quarter compared with previous year corresponding quarter

The manufacturing division recorded a revenue RM4.46 million compared to RM1.97 million recorded in the preceding year corresponding quarter. During the current quarter the manufacturing division recorded profit before tax ("PBT") of RM0.48 million compared with loss before tax ("LBT") of RM0.95 million achieved in the 3Q FY19. The higher revenue and PBT was mainly due to higher demand from existing customers.

The investment holding division recorded a revenue of RM4.50 million during the current quarter, an increase of RM0.39 million from RM4.11 million achieved in the preceding year corresponding quarter. The investment holding division recorded PBT of RM0.29 million, a decrease of RM1.44 million from PBT of RM1.73 million recorded in 3Q FY19. The decrease in PBT was mainly due to lower contribution from gain in disposal of properties during the current quarter.

B2 Financial review for current quarter compared with immediate preceding quarter

The Group posted revenue of RM8.95 million during the current financial quarter compared with RM5.98 million recorded in the immediate preceding quarter. The Group PBT recorded in the current quarter was RM0.77 million as compared with PBT of RM0.40 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 30.09.2020 RM'000	Immediate Preceding Quarter ended 30.06.2020 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	4,455	2,296	2,159	94
Profit Interest and Tax	665	316	349	110
Profit before Tax	478	133	345	259
Profit after Tax	142	280	(138)	(49)
Investment holding				
Revenue	4,495	3,685	810	22
Profit before Interest and Tax	2,601	2,382	219	9
Profit before Tax	291	263	28	11
Profit/(Loss) after Tax	146	(88)	234	266
Total				
Revenue	8,950	5,981	2,969	50
Profit before Interest and Tax	3,266	2,698	568	21
Profit before Tax	769	396	373	94
Profit after Tax	288	192	96	50

- (a) The manufacturing division recorded revenue of RM4.46 million and PBT of RM0.48 million in the current quarter compared with RM2.30 million and profit before tax of RM0.13 million respectively in the immediate preceding quarter. The increase in revenue and profit before tax during the current quarter was mainly due to higher demand from existing customers.

- (b) During the current quarter, the investment holding division achieved revenue of RM4.50 million and PBT of RM0.29 million compared with RM3.69 million and RM0.26 million respectively in the immediate preceding quarter. The higher revenue and PBT recorded in the current quarter as compared to the immediate preceding quarter was mainly due to higher rental received from existing tenants.

B3 Prospects for FY2020

The manufacturing division's performance is driven by the demand from semiconductor industry. The current Covid-19 pandemic and trade war between the US and China would further dampen the recovery of the global slowdown.

The investment holding division which derived its revenue through rental income from investment properties would be a challenge due to the prolong Condition Movement Control Order caused by Covid-19 pandemic and has resulted in softer market demand for rental of property.

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-----→	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
(a) Net gain on disposal of investment properties	390	1,704	3,995	6,265
(b) Interest expense	(2,497)	(2,514)	(7,255)	(7,857)
(c) Interest income	16	6	30	7
(d) Allowance for write (down)/back of inventories	(75)	(75)	(225)	(75)
(e) Gain/(loss) on foreign exchange				
– Realized	41	(9)	26	(18)
– Unrealized	(15)	(5)	11	(12)

	←-----3 months ended-----→		←-----9 months ended-----→	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
(f) Depreciation and amortisation	(1,098)	(1,051)	(3,290)	(3,211)

B6 Tax expense

	←-----3 months ended-----→		←-----9 months ended-----→	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Income tax expense				
-Current	441	224	1,455	853
-Prior year	-	-	-	33
Deferred tax expense				
-Current	40	180	(67)	183
	<u>481</u>	<u>404</u>	<u>1,388</u>	<u>1,069</u>

The effective tax rate for the current quarter is higher than the statutory tax rate mainly due to certain expenses 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 September 2020 except for the net gain of RM390,000 from disposal of a condominium by the company.

B8 Marketable securities

There were no purchase or disposal of quoted securities during the current quarter ended 30 September 2020.

B9 Status of corporate proposals

There were no corporate proposals during the current quarter ended 30 September 2020.

B10 Borrowing and debts securities

All borrowings of the Group are denominated in Ringgit Malaysia.

9 months ended 30.09.2020 (RM'000)

	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	16,044	16,044
Bank Loan	127,314	16,888	144,202
Total	127,314	32,932	160,246

9 months ended 30.09.2019 (RM'000)

	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	7,042	7,042
Bank Loan	126,834	16,005	142,839
Finance Lease Liability	-	43	43
Total	126,834	23,090	149,924

B11 Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 20 November 2020.

B12 Changes in material litigation

There was no material litigation during the current quarter and period ended 30 September 2020.

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	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Net profit for the period attributable to owners of the Company (RM'000)	288	381	840	3,636
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)	0.27	0.35	0.78	3.38

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 : 24 November 2020