

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 2022.
The figures have not been audited.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Individual Period				Cumulative Period			
	Current Year Quarter 31-03-22 RM'000	Preceding Year Corresponding Quarter 31-03-21 RM'000	Changes in Amount RM'000	Changes in %	Current Year-to- date 31-03-22 RM'000	Preceding Year Corresponding Period 31-03-21 RM'000	Changes in Amount RM'000	Changes in %
Continuing Operations								
Revenue	6,071	7,517	(1,446)	(19)	6,071	7,517	(1,446)	(19)
Cost of sales	(1,197)	(1,922)	725	38	(1,197)	(1,922)	725	38
Gross profit	4,874	5,595	(721)	(13)	4,874	5,595	(721)	(13)
Interest income	2	34	(32)	(94)	2	34	(32)	(94)
Net gain from disposal of investment properties	232	-	232	100	232	-	232	100
Other income	31	14	17	121	31	14	17	121
Administrative and Distribution expenses	(641)	(954)	313	33	(641)	(954)	313	33
Depreciation of investment properties and PPE	(1,069)	(1,093)	24	2	(1,069)	(1,093)	24	2
Other expenses	(526)	(553)	27	5	(526)	(553)	27	5
Finance costs	(2,039)	(2,273)	234	10	(2,039)	(2,273)	234	10
Profit before taxation	864	770	94	12	864	770	94	12
Income tax expense	(510)	(421)	(89)	(21)	(510)	(421)	(89)	(21)
Profit for the period	354	349	5	1	354	349	5	1
Other comprehensive (loss)/income								
Fair value of available-for sale financial assets	-	(680)	680	(100)	-	(680)	680	(100)
	354	(331)	685	(207)	354	(331)	685	(207)
Earning/(Loss) per share attributable to shareholders of the parent	0.33	(0.31)			0.33	(0.31)		
Basic and diluted earnings/(loss) per ordinary share (sen)								

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements).

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022
Condensed Consolidated Statement of Financial Position

	Unaudited As At 31/03/2022 RM'000	Audited As At 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	3,924	4,003
Investment properties	273,781	274,359
Prepaid lease payments	2,026	2,044
Other investments	551	551
Deferred tax assets	201	204
	<u>280,483</u>	<u>281,161</u>
Current Assets		
Inventories	812	224
Contract assets	1,238	1,651
Receivables, deposits and prepayment	34,188	11,782
Current tax assets	332	483
Assets classified as held for sale	-	1,262
Fixed Deposit	2,065	2,421
Cash & bank balances	5,548	22,356
	<u>44,183</u>	<u>40,179</u>
TOTAL ASSETS	<u>324,666</u>	<u>321,340</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	107,491	107,491
Reserves	51,730	51,376
Total equity	<u>159,221</u>	<u>158,867</u>
Non-current liabilities		
Loan and borrowings	115,056	112,342
Payables and accruals	2,794	2,794
Deferred income	782	795
Deferred tax liabilities	291	228
	<u>118,923</u>	<u>116,159</u>
Current liabilities		
Loan and borrowings	40,480	36,159
Payables and accruals	5,575	9,576
Provision for taxation	412	524
Deferred income	55	55
	<u>46,522</u>	<u>46,314</u>
Total liabilities	<u>165,445</u>	<u>162,473</u>
TOTAL EQUITY AND LIABILITIES	<u>324,666</u>	<u>321,340</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.48	1.48

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements).

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022
Condensed Consolidated Statement of Cash Flows

	3 months period ended 31 Mar	
	2022	2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	864	770
Adjustment for:-		
Depreciation and amortisation	1,069	1,093
Interest income	(2)	(34)
Interest expense	2,039	2,273
Net gain from disposal of Investment properties	(232)	-
Loss on disposal of other investment	-	(680)
Operating profit before working capital changes	3,738	3,422
Decrease/(Increase) in:		
Inventories	(588)	(894)
Contract assets	413	503
Receivables	(22,406)	(9,282)
Increase/(Decrease) in:		
Deferred income	(14)	(14)
Payables	(4,001)	4,230
Cash used in operating activities	(22,858)	(2,035)
Tax paid	(405)	(613)
Net cash used in operating activities	(23,263)	(2,648)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	2	34
Acquisition of:		
- property, plant and equipment	(46)	(38)
- investment properties	(348)	(6,500)
Proceeds from disposal of investment properties	1,495	-
Proceeds from disposal of other investment	-	13,565
Net cash generated from investing activities	1,103	7,061
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(2,039)	(2,273)
Redeem term loan	(1,495)	-
Redeem finance lease liability net	1,196	-
(Repayment)/Drawdown of terms loans	4,083	1,120
(Repayment)/Drawdown of revolving credit	-	(3,204)
Withdrawl/(Placement) of pledged deposit	357	(681)
Net cash generated from/(used in) financing activities	2,102	(5,038)
Net decrease in cash and cash equivalents	(20,058)	(625)
Cash and cash equivalents at 1 January	22,356	(5,897)
Cash and cash equivalents at 31 March	2,298	(6,522)
Net Cash Generated From/(Used In) Operating Activities	(23,263)	(2,648)
Net Cash Generated From/(Used In) Investing Activities	1,103	7,061
Net Cash Generated From/(Used In) Financing Activities	2,102	(5,038)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(20,058)	(625)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	22,356	(5,897)
CASH AND CASH EQUIVALENTS AT 31 MARCH	2,298	(6,522)
Cash and Cash Equivalents at 31 March consist of:-		
Cash and bank balances	5,548	7,954
Short term deposits	-	-
Less: Bank overdrafts	(3,250)	(14,476)
	2,298	(6,522)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements).

RAPID SYNERGY BERHAD Registration No. 199401040248 (325935-U)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022
Condensed Consolidated Statement of Changes in Equity

	<----- Attributable to shareholders of the parent ----->				Total RM'000
	Share Capital RM'000	<----- Non-distributable ----->		Distributable Retained Earnings RM'000	
		Share Premium RM'000	Fair Value Reserve RM'000		
At 1 January 2021	107,491		7,273	41,437	156,201
Other comprehensive income					
- Fair value of available-for-sale financial assets	-	-	(680)	-	(680)
Profit for the period	-	-	-	349	349
Total comprehensive income for the period	-	-	(680)	349	(331)
At 31 March 2021	107,491	-	6,593	41,786	155,870
At 1 January 2022	107,491	-	(293)	51,669	158,867
Other comprehensive loss					
- Fair value of available-for-sale financial assets	-	-	-	-	-
Profit for the period	-	-	-	354	354
Total comprehensive income for the period	-	-	-	354	354
At 31 March 2022	107,491	-	(293)	52,023	159,221

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022 – 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 2022, 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 2021. 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 2021.

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 2021.

The following revised Malaysian Financial Reporting Standards (“MFRSs”) and Amendments to MFRSs applicable to the Group have been issued by the MASB and are not yet effective for adoption by the Group.

MFRSs and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16 Leases-Covid-19-Related Rent Concessions beyond 30 June 2021

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

- Amendments to MFRS 1 First-time adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 3 Business Combinations-Reference to the Conceptual Framework
- Amendments to MFRS 9 Financial Instruments
- Amendments to Illustrative Examples Accompanying MFRS 16, Leases

- Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets- Onerous Contracts-Cost of Fulfilling a Contract
- Amendments to MFRS 141 Agriculture

MFRSs and Amendments effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements-Classification of Liabilities as Current or Non-Current and Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

MFRSs and Amendments effective for a date yet to be confirmed

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

The Group does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods on or after 1 January 2023 as it is not applicable to the Group.

The adoption of the above MFRSs and Amendments to MFRSs 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 2021 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 first quarter ended 31 March 2022 ("Q1 FY22").

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 FY22.

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 FY22	Manufacturing RM'000		Investment Holding RM'000		Consolidated RM'000	
	2022	2021	2022	2021	2022	2021
Revenue	2,411	3,322	3,660	4,195	6,071	7,517
Results						
Segment results	818	804	2,085	2,239	2,903	3,043
Interest Expenses	(157)	(149)	(1,882)	(2,124)	(2,039)	(2,273)
Total					864	770

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 2021.

A11 Material events subsequent to balance sheet date

There were no material events subsequent to the end of the period under review to 13 May 2022.

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 13 May 2022.

A13 Changes in contingent liabilities or contingent assets as at 31 March 2022

The contingent liabilities / assets as at 31 March 2022 is as tabulated:

Unsecured:	RM '000
Corporate guarantee issued to banks for credit facilities granted to subsidiary companies	80,153

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 2022.

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 31 March ----->

	Current year quarter 1Q FY22 RM'000	Preceding year corresponding quarter 1Q FY21 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	2,411	3,322	(911)	(27)
Profit Before Interest and Tax	818	804	14	2
Profit Before Tax	661	655	6	1
Profit After Tax	559	471	88	19
Investment holding				
Revenue	3,660	4,195	(535)	(13)
Profit Before Interest and Tax	2,085	2,239	(154)	(7)
Profit Before Tax	203	115	88	77
Loss After Tax	(205)	(122)	(83)	(68)
Total				
Revenue	6,071	7,517	(1,446)	(19)
Profit Before Interest and Tax	2,903	3,043	(140)	(5)
Profit Before Tax	864	770	94	12
Profit After Tax	354	349	5	1

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

During the current quarter ended 31 March 2022, the Group recorded revenue of RM6.07 million and profit before tax (“PBT”) of RM0.86 million as compared to RM7.52 million and RM0.77 million recorded in the preceding year corresponding quarter respectively.

Statement of Financial Position

The total equity attributable to the owners of the Company as at 31 March 2022 was RM159.22 million from RM158.87 million as at 31 December 2021. The increase was mainly due to net profit achieved for the current quarter ended 31 March 2022 .

Total bank borrowings of the Group increase to RM155.54 million as at 31 March 2022 against RM148.50 million as at 31 December 2021.

(ii) **Statement of Cash Flows**

The net cash used in operations of the Group was RM23.27 million for the three months ended 31 March 2022 against RM2.65 million in the preceding year corresponding quarter ended Q1 FY21. The net cash generated from investing activities during the current quarter was RM1.10 million against RM7.06 million generated in the preceding year corresponding quarter. The net cash generated from financing activities was RM2.10 million in current quarter ended Q1 FY2022 against (RM5.04) million used in the preceding year corresponding quarter ended Q1 FY21. Overall, cash and cash equivalents as at 31 March 2022 was RM2.30 million compared with RM22.36 million as at 1 January 2022.

(c) **Segmental Analysis**

Current quarter compared with previous year corresponding quarter

During the current quarter, the manufacturing division recorded a revenue RM2.41 million and PBT of RM0.66 million. The revenue decreased by RM0.91 million from RM3.32 million recorded in the preceding year corresponding quarter. PBT was comparatively similar compared to the preceding year corresponding quarter ended 31 March 2021. The lower revenue recorded during the current quarter was mainly contributed by loss in production hours due to the spread of Covid-19 after interstate travel was allowed by the government. The management continue to take steps to keep the work place safe through weekly self-test using antigen rapid test kit and those employees who show symptoms of Covid-19 would have to stay away from work and self-quarantine at home.

The investment holding division recorded a revenue of RM3.66 million during the current quarter, a decrease of RM0.54 million from RM4.20 million achieved in the preceding year corresponding quarter. The investment holding division recorded PBT of RM0.20 million, an increase of RM0.08 million from PBT of RM0.12 million

recorded in 1Q FY21. The lower revenue recorded during the current quarter compared to the preceding year corresponding quarter was mainly due to certain properties which contributed rental income to the group had been disposed off. The higher PBT recorded in the current quarter as compared to the preceding year corresponding quarter was mainly contributed by gain in disposal of investment property.

B2 Financial review for current quarter compared with immediate preceding quarter

The Group posted revenue of RM6.07 million during the current financial quarter compared with RM8.68 million recorded in the immediate preceding quarter. The Group PBT recorded in the current quarter was RM0.86 million as compared with PBT of RM4.07 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 31.03.2022 RM'000	Immediate Preceding Quarter ended 31.12.2021 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	2,411	5,004	(2,593)	(52)
Profit Interest and Tax	818	689	129	19
Profit before Tax	661	609	52	9
Profit after Tax	559	(237)	796	336
Investment holding				
Revenue	3,660	3,672	(12)	0
Profit before Interest and Tax	2,085	4,996	(2,911)	(58)
Profit before Tax	203	3,465	(3,262)	(94)
(Loss)/Profit after Tax	(205)	2,496	(2,701)	(108)
Total				
Revenue	6,071	8,676	(2,605)	(30)
Profit before Interest and Tax	2,903	5,685	(2,782)	(49)
Profit before Tax	864	4,074	(3,210)	(79)
Profit after Tax	354	2,259	(1,905)	(84)

- (a) The manufacturing division recorded revenue of RM2.41 million and PBT of RM0.66 million in the current quarter compared with RM5.00 million and RM0.61 million achieved in the immediate preceding quarter respectively. The lower revenue recorded in the current quarter as compared to the immediate current quarter was mainly contributed by loss in production hours due to the spread of Covid-19 after interstate travel was allowed by the government. Despite recording a lower revenue, the manufacturing division has a slight improvement to the PBT as compared with the PBT recorded in the immediate preceding quarter. This was mainly due to lower administrative cost incurred during current quarter.
- (b) During the current quarter, the investment holding division achieved revenue of RM3.66 million and PBT of RM0.20 million compared with RM3.67 million and RM3.47 million respectively in the immediate preceding quarter. The PBT for the current quarter reduced by 94% from PBT recorded in the immediate preceding quarter. This was mainly contributed by the gain from disposal of investment properties amounting to RM4.30 million in the immediate preceding quarter ended 31 December 2021.

Prospects for FY2022

Malaysia transits into endemic phase of Covid-19 on 1 April 2022, with all restrictions on business operating hours and border control uplifted for all regardless of their vaccination status. The endemic phase is an exit transition strategy to return to near normal life for all Malaysians.

The Group's investment holding division which derived its revenue through rental income from investment properties would expect improvements to be gradual and at a measured pace. The current portfolio of properties is expected to contribute continuous rental income to the Group.

The transition to a digital society with intelligence and electronics equipment continues to drive demand for semiconductors. Even though the strong-market upturn for microchips sale is expected to continue through 2023, fluctuation in raw material prices could depress profit of the manufacturing division.

B3 Profit forecast

This was not applicable as no profit forecast was published.

B4 Profit/(Loss) before taxation

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

	←-----3 months ended-----→		←-----Period ended-----→	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
(a) Net gain on disposal of investment properties	232	-	232	-
(b) Interest expense	(2,039)	(2,273)	(2,039)	(2,273)
(c) Interest income	2	34	2	34
(d) Allowance for write (down)/back of inventories	(75)	(75)	(75)	(75)
(e) Gain/(loss) on foreign exchange				
– Realized	(8)	(12)	(8)	(12)
– Unrealized	(33)	(39)	(33)	(39)
(f) Depreciation and amortisation	(1,069)	(1,093)	(1,069)	(1,093)

B6 Tax expense

	←-----3 months ended-----→		←-----Period ended-----→	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Income tax expense				
-Current	447	261	447	261
Deferred tax expense				
-Current	63	160	63	160
	<u>510</u>	<u>421</u>	<u>510</u>	<u>421</u>

The effective tax rate for the current quarter is higher than the statutory tax rate of 24% mainly due to certain expenses which is not tax deductible.

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

During the current quarter ended 31 March 2022, there was no gain/(losses) on sale of unquoted investments and/or properties except for the gain of RM0.232 million from disposal of investment properties.

B8 Marketable securities

There were no purchase or disposal of quoted securities during the current quarter ended 31 March 2022.

B9 Status of corporate proposals

There were no corporate proposals during the current quarter ended 31 March 2022.

B10 Borrowing and debts securities

All borrowings of the Group are denominated in Ringgit Malaysia.

	3 months ended 31.03.2022 (RM'000)		
	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	3,250	3,250
Bank Loan	113,767	17,442	131,209
Revolving Credit	-	19,448	19,448
Finance Lease Liability	1,289	340	1,629
Total	115,056	40,480	155,536

	3 months ended 31.03.2021 (RM'000)		
	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	3,828	3,828
Bank Loan	130,487	14,290	144,777
Revolving Credit	-	19,481	19,481
Total	130,487	37,599	168,086

B11 Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 13 May 2022.

B12 Changes in material litigation

There was no material litigation during the current quarter and period ended 31 March 2022.

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		Period ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Net profit/(loss) for the period attributable to owners of the Company (RM'000)	354	(331)	354	(331)
Weighted average number of ordinary shares in issue	106,896,506	106,896,506	106,896,506	106,896,506
Basic earnings per share (sen)	0.33	(0.31)	0.33	(0.31)

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 : 20 May 2022