

RAPID SYNERGY BERHAD Registration No. 199401040248 (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 fifth quarter ended 31 March 2023. The figures have not been audited.

INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 MARCH 2023
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Individual Period		Cumulative Period	
	Current Year Quarter 31-03-23 RM'000 (3 months)	Preceding Year Corresponding Quarter 31-03-22 RM'000 (3 months)	Current Year-to date 31-03-23 RM'000 (15 months)	Preceding Year Corresponding Period 31-03-22 RM'000 (15 months)
Continuing Operations				
Revenue	5,875	N/A	34,535	N/A
Cost of sales	(1,738)	N/A	(12,120)	N/A
Gross profit	4,137	N/A	22,415	N/A
Interest income	910	N/A	1,650	N/A
Net gain from disposal of investment properties	-	N/A	2,552	N/A
Other income	11	N/A	305	N/A
Administrative and Distribution expenses	(853)	N/A	(4,267)	N/A
Depreciation of investment properties and PPE	(1,067)	N/A	(5,360)	N/A
Other expenses	(545)	N/A	(2,005)	N/A
Finance costs	(2,293)	N/A	(10,632)	N/A
Profit before taxation	300	N/A	4,658	N/A
Income tax expense	(200)	N/A	(2,589)	N/A
Profit for the period	100	N/A	2,069	N/A
Other comprehensive loss				
Fair value of available-for sale financial assets	-	N/A	-	N/A
	100	N/A	2,069	N/A

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

Basic and diluted earnings/(loss) per ordinary share (sen) 0.09 1.94

Note: Due to the change in financial year end from 31 December 2022 to 30 June 2023, there are no comparative figures for this quarter.

(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 FIFTH QUARTER ENDED 31 MARCH 2023
Condensed Consolidated Statement of Financial Position

	Unaudited As At 31/03/2023 RM'000	Audited As At 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	3,516	4,003
Investment properties	262,162	274,359
Prepaid lease payments	1,953	2,044
Other investments	573	551
Deferred tax assets	187	204
	<u>268,391</u>	<u>281,161</u>
Current Assets		
Inventories	979	224
Contract assets	916	1,651
Receivables, deposits and prepayment	56,972	11,782
Current tax assets	937	482
Assets classified as held for sale	1,305	1,263
Fixed Deposit	872	2,421
Cash & bank balances	7,428	22,356
	<u>69,409</u>	<u>40,179</u>
TOTAL ASSETS	<u>337,800</u>	<u>321,340</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	107,491	107,491
Reserves	53,466	51,376
Total equity	<u>160,957</u>	<u>158,867</u>
Non-current liabilities		
Loan and borrowings	115,617	112,342
Payables and accruals	2,794	2,794
Deferred income	1,468	795
Deferred tax liabilities	646	228
	<u>120,525</u>	<u>116,159</u>
Current liabilities		
Loan and borrowings	46,608	36,159
Payables and accruals	9,596	9,576
Provision for taxation	-	524
Deferred income	114	55
	<u>56,318</u>	<u>46,314</u>
Total liabilities	<u>176,843</u>	<u>162,473</u>
TOTAL EQUITY AND LIABILITIES	<u>337,800</u>	<u>321,340</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.50	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 FIFTH QUARTER ENDED 31 MARCH 2023
Condensed Consolidated Statement of Cash Flows

	Unaudited 31-03-23 RM'000 (15 months)	Audited 31-12-21 RM'000 (12 months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	4,658	6,165
Adjustment for:-		
Depreciation and amortisation	5,360	4,151
Interest income	(1,650)	(84)
Interest expense	10,632	8,460
Net gain from disposal of Investment properties	(2,552)	(4,851)
Unrealised loss/(gain) on foreign exchange	-	99
Operating profit before working capital changes	16,448	13,940
Decrease/(Increase) in:		
Inventories	(755)	(22)
Contract assets	735	(646)
Receivables	(45,190)	(2,851)
Increase/(Decrease) in:		
Deferred income	731	(56)
Payables	20	(899)
Cash (used in)/generated from operating activities	(28,011)	9,466
Tax paid	(3,133)	(2,658)
Net cash (used in)/generated from operating activities	(31,144)	6,808
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	1,650	84
Acquisition of:		
- property, plant and equipment	(139)	(531)
- investment properties	(6,961)	(10,291)
Deposits paid for acquisition of investment properties	-	(5,412)
Proceeds from disposal of investment properties	5,655	37,150
Proceeds from disposal of other investment	-	12,885
Proceeds from termination of investment properties	11,370	-
Net cash generated from investing activities	11,575	33,885
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(10,632)	(8,460)
Redeem term loan	(1,495)	-
Redeem finance lease liability net	850	-
(Repayment)/Drawdown of term loans	5,430	(18,239)
(Repayment)/Drawdown of revolving credit	4,676	(195)
Withdrawal/(Placement) of pledged deposit	1,549	644
Net cash generated from/(used in) financing activities	378	(26,250)
Net decrease in cash and cash equivalents	(19,191)	14,443
Cash and cash equivalents at beginning of Year	22,356	7,913
Cash and cash equivalents at end of Year	3,165	22,356
Net Cash (Used in)/Generated From Operating Activities	(31,144)	6,808
Net Cash (Used in)/Generated From Investing Activities	11,575	33,885
Net Cash (Used in)/Generated From Financing Activities	378	(26,250)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(19,191)	14,443
CASH AND CASH EQUIVALENTS AT 1 JANUARY	22,356	7,913
CASH AND CASH EQUIVALENTS AT 31 MARCH	3,165	22,356
Cash and Cash Equivalents at 31 March consist of:-		
Cash and bank balances	7,428	22,356
Bank overdrafts	(4,263)	
	3,165	22,356

(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).

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INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 MARCH 2023
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	-	-	(796)	-	(796)
Profit for the period	-	-	-	3,462	3,462
Total comprehensive income for the period	-	-	(796)	3,462	2,666
At 31 December 2021	107,491	-	6,477	44,899	158,867
At 1 January 2022	107,491	-	(293)	51,669	158,867
Other comprehensive loss					
- Fair value of available-for-sale financial assets	-	-	21	-	21
Profit for the period	-	-	-	2,069	2,069
Total comprehensive income for the period	-	-	21	2,069	2,090
At 31 March 2023	107,491	-	(272)	53,738	160,957

(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 FIFTH QUARTER IN RESPECT OF FINANCIAL YEAR ENDING 31 MARCH 2023 – 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 2023, 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, 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 fifth quarter ended 31 March 2023 ("Q5 FY23").

A6 Change in Estimates

There were no significant changes in estimates of amounts reported in prior financial year which have a material effect in Q5 FY23.

A7 Debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debts 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.

	Manufacturing RM'000	Investment Holding RM'000	Consolidated RM'000
3 Months ended Q5 FY23	2023	2023	2023
Revenue	2,021	3,854	5,875
Results			
Segment results	(384)	2,977	2,593
Interest Expenses	(158)	(2,135)	(2,293)
Total			300

	Manufacturing RM'000	Investment Holding RM'000	Consolidated RM'000
15 Months ended Q5 FY23	2023	2023	2023
Revenue	15,800	18,735	34,535
Results			
Segment results	1,290	14,012	15,302
Interest Expenses	(828)	(9,816)	(10,644)
Total			4,658

Note : Due to the change in financial year end from 31 December 30 June, there are no comparative figures for this quarter.

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 March 2021.

A11 Material events subsequent to balance sheet date

There were no material events subsequent to the end of the period under review to 12 May 2023.

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 12 May 2023.

A13 Changes in contingent liabilities or contingent assets as at 31 March 2023

The contingent liabilities / assets as at 31 March 2023 is as tabulated:

Unsecured:	RM '000
Corporate guarantee issued to banks for credit facilities granted to subsidiary companies	99,905

A14 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment losses.

A15 Capital commitments

There were no capital commitments during the current quarter ended 31 March 2023.

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

(1) Overall review of Group's financial performance by quarter

	<-----3 months ended 31 March ----->			
	Current year quarter 5Q FY23 RM'000	Preceding year Corresponding Quarter 31.3.FY22 RM'000	Changes in Amount RM'000	Changes in %
Manufacturing				
Revenue	2,021	N/A	N/A	N/A
Loss Before Interest and Tax	(444)	N/A	N/A	N/A
Loss Before Tax	(602)	N/A	N/A	N/A
Loss After Tax	(652)	N/A	N/A	N/A
Investment holding				
Revenue	3,854	N/A	N/A	N/A
Profit Before Interest and Tax	3,037	N/A	N/A	N/A
Profit Before Tax	902	N/A	N/A	N/A
Profit After Tax	752	N/A	N/A	N/A
Total				
Revenue	5,875	N/A	N/A	N/A
Profit Before Interest and Tax	2,593	N/A	N/A	N/A
Profit Before Tax	300	N/A	N/A	N/A
Profit After Tax	100	N/A	N/A	N/A

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

	<-----15 months ended 31 March ----->			
	Current year quarter 5Q FY23 RM'000	Preceding Year Corresponding Year 5Q FY22 RM'000	Changes Amount RM'000	Change %
Manufacturing				
Revenue	15,800	N/A	N/A	N/A
Profit Before Interest and Tax	1,278	N/A	N/A	N/A
Profit Before Tax	462	N/A	N/A	N/A
Loss After Tax	(171)	N/A	N/A	N/A
Investment holding				
Revenue	18,735	N/A	N/A	N/A
Profit Before Interest and Tax	14,324	N/A	N/A	N/A
Profit Before Tax	4,196	N/A	N/A	N/A
Profit After Tax	2,240	N/A	N/A	N/A
Total				
Revenue	34,535	N/A	N/A	N/A
Profit Before Interest and Tax	15,602	N/A	N/A	N/A
Profit Before Tax	4,658	N/A	N/A	N/A
Profit After Tax	2,069	N/A	N/A	N/A

There are no comparative figures with the preceding year corresponding quarter and preceding year corresponding period-to-date quarter following change in financial year end from 31 December to 30 June as disclosed under note B14.

- (i) **Statement of Profit or Loss and Other Comprehensive Income**
During the current quarter under review the Group recorded revenue of RM5.88 million and profit before tax ("PBT") of RM0.30 million. The Company has changed its financial year from 31 December to 30 June. As such there are no comparatives for the quarter under review.

Statement of Financial Position

The total equity attributable to the owners of the Company as at 31 March 2023 increase to RM160.96 million.

Total borrowings of the Group increased to RM162.22 million as at 31 March 2023. The reduction in the non-current assets was resulted from termination of purchase of investment properties.

(ii) Statement of Cash Flows

The net cash used in operations of the Group was RM31.14 million for the fifteen months ended 31 March 2023. The net cash generated from investing activities was RM11.58 million and net cash generated from financing activities was RM0.38 million. Overall, cash and cash equivalents as at 31 March 2023 was RM3.17 million.

(3) Segmental Analysis

Current quarter compared with previous year corresponding quarter

During the current quarter the manufacturing division recorded a revenue RM2.02 million and LBT of RM0.60 million. The investment holding division recorded a revenue of RM3.85 million and PBT of RM0.90 million. The Company has changed its financial year from 31 December to 30 June. As such there are no comparatives for the quarter under review.

B2 Financial review for current quarter compared with immediate preceding quarter

The Group posted revenue of RM5.88 million during the current financial quarter compared with RM8.27 million recorded in the immediate preceding quarter. The Group PBT recorded in the current quarter was RM0.30 million as compared with PBT of RM3.22 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 31.03.2023 RM'000	Immediate Preceding Quarter 31.12.2022 RM'000	Changes in amount RM'000	Changes in %
Manufacturing				
Revenue	2,021	4,432	(2,411)	(54)
Loss Interest and Tax	(444)	612	(1,056)	(173)
Loss before Tax	(602)	444	(1,046)	(236)
Loss after Tax	(652)	(29)	(623)	(2,148)
Investment holding				
Revenue	3,854	3,835	19	0
Profit before Interest and Tax	3,037	4,682	(1,645)	(35)
Profit before Tax	902	2,774	(1,872)	(67)

	Current Quarter ended 31.03.2023 RM'000	Immediate Preceding Quarter 31.12.2022 RM'000	Changes in amount RM'000	Changes in %
Profit after Tax	752	1,891	(1,139)	(60)
Total				
Revenue	5,875	8,267	(2,392)	(29)
Profit before Interest and Tax	2,593	5,294	(2,701)	(51)
Profit before Tax	300	3,218	(2,918)	(91)
Profit after Tax	100	1,862	(1,762)	(95)

- (a) The manufacturing division recorded revenue of RM2.02 million and LBT of RM0.60 million in the current quarter as compared with RM4.43 million and profit before tax (“PBT”) of RM0.44 million respectively in the immediate preceding quarter. The lower revenue and LBT recorded in the current quarter as compared to the immediate preceding quarter was mainly due to lower output from production. The current quarter has shorter work week than the immediate preceding year quarter.
- (b) During the current quarter, the investment holding division achieved revenue of RM3.85 million as compared with RM3.84 million recorded in the immediate preceding quarter. The investment holding division recorded a PBT of RM0.90 million during the current quarter as compared PBT of RM2.77 million during the immediate preceding quarter. The higher PBT recorded in the immediate preceding quarter was mainly due to the gain from disposal of investment property.

B3 Prospects for FY2023

The global economy is expected to soften in 2023. This is due to the anticipated challenges arising from prolong supply chain disruptions, monetary policy tightening and geopolitical tensions.

However the stable domestic demand mainly from household spending in line with the labour market recovery and improve contribution from tourism-related sector following an increase in tourist-arrivals. This would support the retail, food and beverage and hotels related business. This would augur well for the investment holding division in its rental income collection. The investment property division is expected to perform fairly well and able contribute continuous revenue to the group.

Semiconductor industry is cyclical and experiences brief periods of weakness in the short-term, the long-term prospects for this sector are incredibly bright. The long-term market outlook remains strong for the manufacturing division and is expected to contribute positively to the Group for FY2023.

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-----→		←-----15 months ended-----→	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
(a) Net gain on disposal of investment properties	-	N/A	2,552	N/A
(b) Interest expense	(2,293)	N/A	(10,632)	N/A
(c) Interest income	910	N/A	1,650	N/A
(d) Allowance for write (down)/back of inventories	(75)	N/A	(375)	N/A
(e) Gain/(loss) on foreign exchange				
- Realized	(24)	N/A	(222)	N/A
- Unrealized	41	N/A	118	N/A
(f) Depreciation and amortisation	(1,067)	N/A	(5,360)	N/A

B6 Tax expense

	←-----3 months ended-----→		←-----15 months ended-----→	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Income tax expense				
- Current	197	N/A	2,217	N/A
Deferred tax expense				
- Current	3	N/A	372	N/A
	200	N/A	2,589	N/A

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 31 March 2023 except on 7 April 2023, Fresh Melody Sdn. Bhd. had entered into Sale and Purchase Agreement with an individual for disposal of an investment property, a double story shop office for the amount of RM790,000. The gain of the disposal would only be recognized upon completion. The disposal is expected to be completed by end of 2023.

B8 Marketable securities

There were no purchase or disposal of quoted securities during the current quarter ended 31 March 2023.

B9 Status of corporate proposals

There were no corporate proposals during the current quarter ended 31 March 2023.

B10 Borrowing and debts securities

All borrowings of the Group are denominated in Ringgit Malaysia.

	15 months ended 31.03.2023 (RM'000)		
	Long Term	Short Term	Total Borrowings
Bank Overdraft	-	4,263	4,263
Bank Loan	114,586	17,969	132,555
Revolving credit	-	24,124	24,124
Finance Lease Liability	1,031	252	1,283
Total	115,617	46,608	162,225

B11 Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 12 May 2023.

B12 Changes in material litigation

There was no material litigation during the current quarter and period ended 31 March 2023.

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 31.03.2023	15 months ended 31.03.2023
Net profit for the period attributable to owners of the Company (RM'000)	100	2,069
Weighted average number of ordinary shares in issue	106,896,506	106,896,506
Basic earnings per share (sen)	0.09	1.94

B14 Change of Financial Year End

On 26 April 2023, the Company announced an immediate change in financial year end from 31 December to 30 June. As such, the Group would be presenting an 18-month financial report from 1 January 2022 to 30 June 2023 and thereafter, the financial year end of the Company shall end on 30 June for each subsequent year.

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
19 May 2023