

CYPARK RESOURCES BERHAD (642994-H)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2013

Unaudited Condensed Consolidated Statements of Comprehensive Income**For the Fourth Quarter ended 31 October 2013**

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	Current Year Quarter 31/10/2013 RM	Preceding Year Quarter 31/10/2012 RM (Restated)	Current Year To Date 31/10/2013 RM	Preceding Year To Date 31/10/2012 RM (Audited)
Continuing operations				
Revenue	53,199,402	56,095,716	217,097,216	195,801,612
Cost of sales	(38,260,679)	(44,771,087)	(156,465,182)	(145,336,423)
Gross profit	14,938,723	11,324,629	60,632,034	50,465,189
Other income	1,043,786	1,849,219	3,357,936	3,136,481
Administrative expenses	(1,638,333)	(4,071,309)	(9,216,082)	(10,688,345)
Operating profit	14,344,176	9,102,539	54,773,888	42,913,325
Finance costs	(4,807,262)	(2,483,625)	(13,974,249)	(8,775,393)
Profit before tax from continuing operations	9,536,914	6,618,914	40,799,639	34,137,932
Income tax expense	(2,255,970)	(1,584,627)	(6,527,362)	(8,526,720)
Profit from continuing operations, net of tax	7,280,944	5,034,287	34,272,277	25,611,212
Discontinued operation				
Loss from discontinued operations, net of tax	-	428	-	(32,811)
Profit net of tax	7,280,944	5,034,715	34,272,277	25,578,401
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year, attributable to owners of the parent	7,280,944	5,034,715	34,272,277	25,578,401
Earnings per share attributable to owners of the parent (sen per share)				
- Basic	4.42	3.26	20.78	16.59
- Diluted	4.19	3.09	19.74	15.68
Earnings per share from continuing operations attributable to owners of the parent (sen per share)				
- Basic	4.42	3.26	20.78	16.61
- Diluted	4.19	3.09	19.74	15.70
Loss per share from discontinued operation attributable to owners of the parent (sen per share)				
- Basic	-	-	-	(0.02)
- Diluted	-	-	-	(0.02)

Note:

1. The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 October 2012 and the accompanying notes attached to the unaudited interim financial statements.

Unaudited Condensed Consolidated Statements of Financial Position**As at 31 October 2013**

	Unaudited As At 31/10/2013	Audited As At 31/10/2012
	RM	RM
Assets		
Non-current assets		
Plant and equipment	274,203,781	96,896,523
Intangible assets	77,749,598	297,316
Deferred tax assets	2,077,067	522,836
Long term trade receivables	2,462,882	2,447,018
	<u>356,493,328</u>	<u>100,163,693</u>
Current assets		
Development costs	911,679	1,825,890
Trade and other receivables	199,244,211	336,543,365
Other current assets	212,619	465,345
Tax recoverable	-	1,788,572
Cash and bank balances	112,939,014	79,880,612
	<u>313,307,523</u>	<u>420,503,784</u>
Total assets	<u>669,800,851</u>	<u>520,667,477</u>
Equity and liabilities		
Current liabilities		
Loans and borrowings	141,519,822	144,071,490
Trade and other payables	118,512,182	121,798,772
Tax payables	3,636,267	4,201,847
	<u>263,668,271</u>	<u>270,072,109</u>
Net current assets	<u>49,639,252</u>	<u>150,431,675</u>
Non-current liabilities		
Loans and borrowings	178,401,103	85,366,325
Trade and other payables	12,378,603	12,273,102
Deferred tax liabilities	150,000	324,643
	<u>190,929,706</u>	<u>97,964,070</u>
Total liabilities	<u>454,597,977</u>	<u>368,036,179</u>
Net assets	<u>215,202,874</u>	<u>152,631,298</u>
Equity attributable to equity holders of the Company		
Share capital	89,172,325	79,966,250
Share premium	58,411,469	34,008,536
Reverse acquisition reserve	(36,700,000)	(36,700,000)
Share option reserve	3,222,609	2,106,258
Retained earnings	101,096,471	73,250,254
Total equity	<u>215,202,874</u>	<u>152,631,298</u>
Total equity and liabilities	<u>669,800,851</u>	<u>520,667,477</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.21	0.95

Note:

1. The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 October 2012 and the accompanying notes attached to the unaudited interim financial statements.
2. Current year is based on the issued weighted average share capital of shares as detailed in note B15. For the preceding year, it was based on the issued share capital of 159,932,500.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2013

Statements of Changes in Equity**For the Fourth Quarter ended 31 October 2013**

	← Non-distributable →				Distributable		
	Share capital RM	Share premium RM	Share option reserve RM	Reverse acquisition reserve RM	Reserve of disposal group classified as held for sale RM	Retained earnings RM	Equity, total RM
2013							
Group							
Opening balance at 1 November 2012	79,966,250	34,008,536	2,106,258	(36,700,000)	-	73,250,254	152,631,298
Total comprehensive income	-	-	-	-	-	34,272,277	34,272,277
Transactions with owners							
Issue of ordinary shares	8,032,575	22,491,210	-	-	-	-	30,523,785
Share issuance expenses	-	(104,240)	-	-	-	-	(104,240)
Exercise of employee share options	1,173,500	2,015,963	(535,763)	-	-	-	2,653,700
Grant of equity-settled share options to employees	-	-	1,652,114	-	-	-	1,652,114
Dividend on ordinary shares	-	-	-	-	-	(6,426,060)	(6,426,060)
Total transactions with owners	9,206,075	24,402,933	1,116,351	-	-	(6,426,060)	28,299,299
Closing balance at 31 October 2013	89,172,325	58,411,469	3,222,609	(36,700,000)	-	101,096,471	215,202,874
2012 (Audited)							
Group							
Opening balance at 1 November 2011	72,500,000	15,163,246	774,714	(36,700,000)	(47,858)	53,665,759	105,355,861
Total comprehensive income	-	-	-	-	-	25,578,401	25,578,401
Transactions with owners							
Issue of ordinary shares	7,250,000	18,850,000	-	-	-	-	26,100,000
Exercise of employee share options	216,250	414,222	(92,922)	-	-	-	537,550
Share issuance expenses	-	(418,932)	-	-	-	-	(418,932)
Reserve of disposal group classified as held for sale recycled to profit and loss	-	-	-	-	47,858	-	47,858
Grant of equity-settled share options to employees	-	-	1,424,466	-	-	-	1,424,466
Dividends on ordinary shares	-	-	-	-	-	(5,993,906)	(5,993,906)
Total transactions with owners	7,466,250	18,845,290	1,331,544	-	47,858	(5,993,906)	21,697,036
Closing balance at 31 October 2012	79,966,250	34,008,536	2,106,258	(36,700,000)	-	73,250,254	152,631,298

Note: The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 October 2012 and the accompanying notes attached to the unaudited interim financial statements.

CYPARK RESOURCES BERHAD (642994-H)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2013

**Unaudited Condensed Consolidated Statements of Cash Flows
For the Fourth Quarter ended 31 October 2013**

	12 months ended	
	31/10/2013	31/10/2012
	RM	RM
		Audited
Cash flows from operating activities		
Profit before tax from continuing operations	40,799,639	34,137,932
Loss before tax from discontinued operations	-	(32,811)
	<u>40,799,639</u>	<u>34,105,121</u>
Adjustments for:		
Depreciation of plant and equipment	7,656,957	1,978,293
Impairment loss on trade receivable	96,187	1,530,271
Provision for legal claim - over provision in prior year	-	(294,720)
Reversal of general provision	-	(1,422,524)
Unrealised foreign exchange loss	-	8,293
Loss on disposal of plant and equipment	-	25,257
Loss on disposal of subsidiary	-	12,929
Grant of equity-settled share options to employees	1,652,114	1,424,466
Recognition of concession asset (intangible)	(77,124,450)	-
Interest expense	13,974,249	8,775,393
Interest income	(2,417,425)	(1,446,447)
Operating cash flows before changes in working capital	<u>(15,362,729)</u>	<u>44,696,332</u>
Changes in working capital:		
Trade and other receivables	89,405,450	(106,746,098)
Other current assets	252,726	76,722
Development costs	914,211	(1,825,890)
Trade and other payables	33,930	44,651,032
Provision	-	(1,600,000)
Cash flows from/(used in) operations	<u>75,243,588</u>	<u>(20,747,902)</u>
Interest paid	(13,040,355)	(8,447,774)
Taxes paid	<u>(7,033,244)</u>	<u>(10,393,605)</u>
Net cash flows from/(used in) operating activities	<u>55,169,989</u>	<u>(39,589,281)</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	240,000
Net cash inflow on disposal of subsidiary	-	430,941
Purchase of plant and equipment	(46,084,936)	(92,629,193)
Net cash inflow on business combination	2,747,030	-
Interest received	<u>2,417,425</u>	<u>1,446,447</u>
Net cash flows used in investing activities	<u>(40,920,481)</u>	<u>(90,511,805)</u>
Cash flows from financing activities		
Dividend paid	(6,426,060)	(5,993,906)
Proceeds from issuance of ordinary shares		
- Private placement	30,523,785	26,100,000
- ESOS	2,653,700	537,550
Share issuance expense	(104,240)	(418,932)
Revolving credit, net	739,000	(400,000)
Short term borrowings, net	(14,476,756)	54,334,169
Term loans, net	20,721,485	75,000,000
Finance lease obligations, net	<u>(298,240)</u>	<u>(614,141)</u>
Net cash flows from financing activities	<u>33,332,674</u>	<u>148,544,740</u>
Net increase in cash and cash equivalents	<u>47,582,182</u>	<u>18,443,654</u>
Cash and cash equivalents at beginning of financial period	<u>43,188,862</u>	<u>24,751,052</u>
Effects of foreign exchange rate changes	<u>-</u>	<u>(5,844)</u>
Cash and cash equivalents at end of financial period	<u>90,771,044</u>	<u>43,188,862</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Short term deposits with licensed banks	82,414,930	40,505,772
Cash at banks and in hand	<u>30,524,084</u>	<u>39,374,840</u>
Cash and bank balances	112,939,014	79,880,612
Bank overdrafts	<u>(22,167,970)</u>	<u>(36,691,750)</u>
	<u>90,771,044</u>	<u>43,188,862</u>

Notes: The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 October 2012 and the accompanying notes attached to the unaudited interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT**PART A: EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING****A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with *MFRS 134: Interim Financial Reporting*, issued by Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the period up to and including the year ended 31 October 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 October 2013 and in which MFRS 1 First Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The MFRS are effective for the Group from 1 November 2012 and the date of transition to the MFRS framework for the purpose of the first MFRS compliant Condensed Report is 1 November 2011. The Group reviewed its accounting policies and considered transitional opportunities under MFRS on this date.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 October 2012. The explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the financial year ended 31 October 2012.

A2. Significant accounting policies**Adoption of MFRS 1**

The audited financial statements of the Group for the financial year ended 31 October 2012 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the accounting policies adopted in preparing this interim financial report with MFRS is consistent with those used in the Audited Financial Statements of the Group for the financial year ended 31 October 2012.

Standards and Interpretations issued and not yet effective

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but not yet effective:-

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual period beginning on or after
MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in May 2011 and December 2003)	1 January 2013
	Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)	1 January 2014

A2. Significant accounting policies – cont'd**Standards and Interpretations issued and not yet effective – cont'd**

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual period beginning on or after
MFRS 128	Investment in Associates and Joint Ventures	<i>1 January 2013</i>
Amendments to MFRSs	Annual Improvements 2009-2011 Cycle	<i>1 January 2013</i>
Amendments to MFRS 1	Government Loans	<i>1 January 2013</i>
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	<i>1 January 2013</i>
Amendments to MFRS 10, 12 & 127	Investment Entities	<i>1 January 2014</i>
Amendments to MFRSs 10, 11 & 12	Arrangements and Disclosures of Interests in Other Entities: Transition Guidance	<i>1 January 2013</i>
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	<i>1 January 2014</i>
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	<i>1 January 2014</i>
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	<i>1 January 2014</i>
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	<i>1 January 2013</i>
IC Interpretation 21	Levies	<i>1 January 2014</i>

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise stated, the initial application of the above pronouncements is not expected to have any significant impact on the Group and the Company.

A3. Auditors' report on preceding annual financial statements

There were no audit qualifications to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 October 2012.

A4. Seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

A5. Items of unusual nature

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow during the current financial quarter.

A6. Changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter.

A7. Changes in debt and equity securities

There were no issuance, cancellation, repurchase, resale, and repayment of debt and equity securities for the current financial quarter.

A8. Dividends paid

No interim ordinary dividend has been recommended for the quarter under review.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2013

A9. The Group is organised into the following business segments:-

- 1) Environmental engineering
- 2) Landscaping and Infrastructure
- 3) Maintenance
- 4) Renewable energy

	Environmental Engineering RM	Landscaping & Infrastructure RM	Maintenance RM	Renewable Energy RM	Elimination RM	Total RM
12 months ended 31 October 2013						
Revenue						
Sale to external customers	175,262,936	19,655,750	963,921	21,214,610	-	217,097,216
Inter-segment sales	102,047,909	4,493,075	-	-	(106,540,984)	-
Total revenue	<u>277,310,845</u>	<u>24,148,825</u>	<u>963,921</u>	<u>21,214,610</u>	<u>(106,540,984)</u>	<u>217,097,216</u>
Results						
Profit for reportable segments	50,271,236	1,966,547	563,921	7,830,330	-	60,632,034
Other income						3,357,936
Administrative expenses						<u>(9,216,082)</u>
Operating profits						54,773,888
Finance costs						<u>(13,974,249)</u>
Profit before taxation from continuing operations						40,799,639
Income tax expense						<u>(6,527,362)</u>
Profit from continuing operations, net of tax						34,272,277
Loss from discontinued operations, net of tax						-
Profit net of tax						<u>34,272,277</u>
Other Comprehensive Income						-
Total comprehensive income						<u>34,272,277</u>

	Environmental Engineering RM	Landscaping & Infrastructure RM	Maintenance RM	Renewable Energy RM	Elimination RM	Total RM
12 months ended 31 October 2012						
Revenue						
Sale to external customers	168,445,262	20,557,358	1,463,600	5,335,392	-	195,801,612
Inter-segment sales	29,332,950	16,350,357	912,000	-	(46,595,307)	-
Total revenue	<u>197,778,212</u>	<u>36,907,715</u>	<u>2,375,600</u>	<u>5,335,392</u>	<u>(46,595,307)</u>	<u>195,801,612</u>
Results						
Profit for reportable segments	43,642,015	3,762,132	756,933	2,304,109	-	50,465,189
Other income						3,136,481
Administrative expenses						<u>(10,688,345)</u>
Operating profit						42,913,325
Finance costs						<u>(8,775,393)</u>
Profit before taxation from continuing operations						34,137,932
Income tax expense						<u>(8,526,720)</u>
Profit from continuing operations, net of tax						25,611,212
Loss from discontinued operations, net of tax						<u>(32,811)</u>
Profit net of tax						<u>25,578,401</u>
Other Comprehensive Income						-
Total comprehensive income						<u>25,578,401</u>

A10. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current financial quarter.

A11. Capital commitments

There was no capital commitment for property, plant and equipment as at 31 October 2013.

A12. Material events subsequent to the end of the period

There were no material events subsequent to the end of the current financial quarter up to 24 December 2013, being the latest practicable date ("LPD") which is not earlier than 7 days from the date of issuance of this quarterly report, that have not been reflected in this quarterly report.

A13. Changes in composition of the group

There were no material changes in the composition of the Group during the current quarter under review.

A14. Contingent liabilities

As at this reporting date, the group does not have any contingent liabilities, other than as disclosed below:

	31 October 2013
	RM
Secured:	
- Performance bond guarantees favouring Government/ Statutory bodies and companies acceptable to the banks for various projects	29,842,700
- Bank guarantees extended to Government/Government Bodies in respect of various projects of the Group	3,075,793
- Bank guarantees extended to third parties in respect various projects of the Group	520,000
- Letter of credits given to suppliers for purchase of materials	14,545,433
	<u>47,983,925</u>
Unsecured:	
- Corporate guarantees given to banks for credit facilities granted to subsidiaries	318,700,000
	<u>318,700,000</u>
TOTAL	<u>366,683,925</u>

The secured performance bonds, corporate guarantees and letter of credits are secured by way of charge over certain fixed deposits of the Group.

A15. Significant related party transactions

The Group had the following transactions during the current financial quarter with related parties in which certain directors of the Company have substantial financial interest:-

Related Party	Interested Promoter / Director / Substantial Shareholder / Key Management	Nature of Transactions	Transaction Value based on billings for current quarter RM	Transaction Value based on billings year to date RM	Balance Outstanding as at 31/10/2013 RM
CyEn Resources Sdn Bhd	Daud bin Ahmad, Tan Sri Razali bin Ismail and Tan Swee Loon	Sub-contractor charges and consulting fees paid for environmental / landscape works	6,860,872	13,238,372	7,489,401

B1. Analysis of performance**Current year Quarter ended 31 October 2013 Vs Preceding year Quarter ended 31 October 2012**

The Group's revenue for 4Q2013 decreased slightly by 5.2% to RM53.2 million from RM56.1 million recorded in 4Q2012. The profit before tax for 4Q2013 increased to RM9.5 million from RM6.6 million as recorded in 4Q2012. Profit after tax increased by 45% to RM7.3 million from RM5.0 million due to lower administrative expenses. The details of the performance of the segments are as follows:

Environmental Engineering

The revenue for 4Q2013 decreased by 13.5% to RM45.1 million from RM52.1 million recorded in 4Q2012. The profit before tax margin, however, increased significantly from 13% in 4Q2012 to 21% in 4Q2013 due to the profit generated from design and specialist works performed for renewable energy related projects.

Landscaping & Infrastructure

Revenue for the landscaping and infrastructure division increased to RM2.1 million in 4Q2013 from RM1.1 million in 4Q2012 compared to the preceding year quarter. However, the profit before tax for 4Q13 decreased due to certain variation order works which yield a lower margin.

Maintenance

Revenue generated from maintenance division is slightly lower due to general maintenance works performed for lesser number of landfill sites in 4Q2013 as compared to 4Q2012.

Renewable Energy

The revenue for renewable energy division increased significantly by 151% to RM5.8 million in 4Q2013 from RM2.3 million in 4Q2012 as the export capacity of green electricity had increased to 22.3MW from 8MW in 4Q2012.

Current financial year ended 31 October 2013 Vs Preceding financial year ended 31 October 2012

The Group's revenue for the current financial year increased by 10.9% to RM217.1 million from RM195.8 million recorded in the preceding financial year. The profit before tax for the current financial year increased by 19.5% to RM40.8 million from RM34.1 million recorded in the preceding financial year. The Group's profit after tax rose substantially by 34.0% to RM34.3 million from RM25.6 million recorded in preceding financial year due to significant tax savings arising from tax incentive granted to renewable energy related projects. The details of the performance of the segments are as follows:

B1. Analysis of performance – cont'd**Current financial year ended 31 October 2013 Vs Preceding financial year ended 31 October 2012 – cont'd****Environmental Engineering**

The revenue for the current financial year increased by 4.0% or RM6.8 million to RM175.3 million from RM168.4 million recorded in the preceding financial year. The profit before tax in the current financial year also increased by 19.1% to RM37.2 million as compared to RM31.2 million in the preceding financial year. These are mainly contributed by the renewable energy related projects.

Landscaping & Infrastructure

Revenue for the landscaping and infrastructure division decreased slightly by RM0.9 million to RM19.7 million in the current financial year from RM20.1 million in the preceding financial year. The gross profit in the current financial year decreased by RM1.8 million to RM2.0 million from RM3.8 million recorded in the preceding financial year due mainly to additional costs arising from the amicable settlement of contractor's legal claim as disclosed in *Note B12 (a)* and certain variation order works which yield a lower margin..

Maintenance

Revenue generated from maintenance division for current financial year is lower at RM1 million due to general maintenance works performed for lesser landfill sites in current financial year as compared to preceding financial year. Operating profit was RM0.5 million in the current financial year as compared to RM0.7 million in the preceding financial year.

Renewable Energy

The revenue for renewable energy division increased fourfold to RM21.2 million in current financial year from RM5.3 million in preceding financial year. This is mainly due to the increase in export capacity of green electricity to 22.3MW in current financial year as compared to 8MW in the preceding financial year.

B2. Material changes in the quarterly results compared to the results of the preceding quarter

The revenue of the Group decreased slightly from RM53.7 million in the immediate preceding quarter to RM53.2 million in the current quarter. In line with the decrease in revenue, the gross profit margin for current quarter decreased to 28% from 29% as compared to the immediate preceding quarter. These are mainly due to the lower revenue generated from the renewable energy related projects in current quarter.

The profit before tax of the Group also decreased by 19.1%, from RM11.8 million in the immediate preceding quarter to RM9.5 million in current quarter due to higher finance costs incurred for environmental engineering and renewable energy projects.

B3. Prospects for the Current Financial Year

Market growth of solid waste management services is expected to be driven by an increasing waste output of Malaysia's population and an increasing awareness for environmental care and protection. Urbanisation and the increasing development of urban areas are the main cause of solid waste generation. By 2020, daily solid waste output is expected to increase to 30,000 tonnes compared to the current level of approximately 20,550 tonnes.

The solid waste management market is expected to grow robustly. It was valued at RM 3.82 billion in 2009, and is expected to grow at a compounded annual growth rate of 5.3% from 2009 to 2014. The demand-push for solid waste management solutions and services is likely to come most significantly from the public sector initiatives. With its experience, expertise and proven track records, the group expects to benefit from government projects earmarked under the RMK10.

The Group has successfully ventured into renewable energy sector. The group's first Renewable Energy Park project in Pajam which involves the integration of two potential resources available at the landfill i.e. Solar and Landfill gas (Biogas) into a scalable renewable energy project capable of generating up to 10 megawatts of electricity has been included as one of the Entry Point Projects of the National Economic Transformation Program announced by the Prime Minister of Malaysia on 8 March 2011.

The major driver of renewable energy sector is the Renewable Energy Act ("RE Act") which was passed in April 2011 and the establishment of Sustainable Energy Development Authority ("SEDA") in September 2011. SEDA was set up to implement the target 5.5% renewable energy contribution to the national grid and manage renewable energy fund and Feed-In-Tariff formulated under the RE Act. SEDA has already received applications for renewable energy projects under the Feed-In-Tariff (FIT) mechanism and a significant number of projects have already been allocated, including to Cypark.

The renewable energy business is expected to contribute significantly and Cypark expects to secure additional quota once the new quota allocation is opened for application.

The Group believes that with the various initiatives being implemented by the Malaysian Government in promoting Green Energy, our plans for our future growth, augur well for Cypark Resources Berhad.

In addition, the integrated waste management plant which includes waste to energy facility through public private partnership scheme that was approved in January 2012 is expected to boost the earning of the Group and enhance the financial position of the Group with a stable revenue stream over the next 25 years. The concession agreement nearing finalisation is expected to be signed soon.

Based on the industry outlook and our plans as indicated above and barring any unforeseen circumstances, the Board of Directors is of the opinion that the business and performance of the Group is expected to remain positive and strong.

B4. Profit forecast and profit estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Profit before tax

	Individual Quarter 3 months ended 31 October 2013	Cumulative Year to date 12 months ended 31 October 2013
Profit before tax is stated after crediting:-		
Interest income	610,316	2,417,425
Other income (including investment income)	315,038	822,079
Foreign exchange gain	118,431	118,431
Gain on disposal of quoted or unquoted investment or properties	N/A	N/A
Profit before tax is stated after charging:-		
Interest expenses	4,807,262	13,974,249
Depreciation	2,742,554	7,656,957
Foreign exchange loss	382	382
Impairment loss on trade receivables	96,187	96,187
Provision for and write off of inventories	N/A	N/A
Impairment of assets	N/A	N/A
Loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

B6. Income tax expense

	Current year quarter 31 October 2013 RM	Current year to date 31 October 2013 RM
Malaysia tax	3,710,687	8,256,236
Deferred tax	(1,454,717)	(1,728,874)
	<u>2,255,970</u>	<u>6,527,362</u>

B7. Profit on sale of unquoted investments and/or properties

There was no profit on sale of unquoted investments and/or properties during the current financial quarter.

B8. Purchase or disposal of quoted securities

There was no purchase or disposal of quoted securities during the current financial quarter.

B9. Status of corporate proposals

Save as disclosed below, there was no corporate proposal announced but not completed as at the date of this report:-

a. Private Placement

On 2 July 2013, the Company announced its proposal to implement a private placement up to 16,065,150 new ordinary shares of RM0.50 each in Cypark Resources Berhad (“CRB Shares” or “Shares”) (“Placement Shares”), representing up to ten per cent (10%) of the issued and paid up share capital of the Company, to third party investors to be identified for the Group working capital requirements.

The Placement Shares shall be issued based on a discount, if any, of not more than ten per cent (10%) to the five (5) days weighted average market price of CRB Shares immediately preceding the price-fixing date. In any case, the issue price of the Placement Shares shall not be lower than the par value of CRB Shares of RM0.50 each.

The Company submitted the additional listing application to Bursa Securities on 5 July 2013 and obtained the approval from Bursa Securities on 8 July 2013.

On 10 July 2013, the Company announced that the issued price for the Placement Shares has been fixed by the board of directors at RM1.90 per placement share. The issued price represents a discount of approximately 7.42% to the five (5) days volume weighted average market price of the CRB shares up to and including 9 July 2013, being the market day immediately preceding to the Price Fixing Date of RM2.0522.

On 19 July 2013, the Company announced that 16,065,150 new ordinary shares of RM0.50 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 22 July 2013.

On 22 July 2013, the Company announced that the Private Placement is completed following the listing and quotation of the private placement, comprising 16,065,150 placement shares on the Main Market Malaysia Securities Berhad on 22 July 2013.

The utilisation of the proceeds raised is as follows:-

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation		Explanations
				RM	%	
Working capital requirements	30,419,545	10,000,000	12 months	20,419,545	67	To be utilised in future quarters
Expenses	104,240	104,240	-	-	-	N/A
	30,523,785	104,240				

B9. Status of corporate proposals - cont'd**b. ESOS**

Bursa Securities had vide its letter dated 20 September 2010 granted the approval-in-principle for the listing of and quotation for new Shares of up to a maximum of fifteen percent (15%) of the issued and paid-up share capital to be issued at any point in time within the duration of the ESOS pursuant to the exercise of options granted to eligible Directors and employees of the Group.

The ESOS shall be for a duration of five (5) years and may be extended for up to another five (5) years at the discretion of the Board of Directors upon the recommendation of the ESOS committee.

A total of 3,650,000 ESOS options (2010 Options) under the ESOS Scheme was offered to eligible directors and employees at the Initial Public Offer (IPO) price of RM1.10 each on 14 October 2010 and were fully accepted by all eligible parties on 3 November 2010.

A total of 6,578,000 ESOS options (2011 Options) under the ESOS Scheme was offered to eligible directors and employees at RM1.34 each on 22 December 2011 and were fully accepted by all eligible parties on 5 January 2012.

A total of 7,827,000 ESOS options (2013 Options) under the ESOS Scheme was offered to eligible directors and employees at RM1.65 each on 3 September 2013 and were fully accepted by all eligible parties on 17 September 2013.

Details of the ESOS options granted to eligible directors are disclosed as below: -

	Title	Options Offered (Unit)		Options Accepted (Unit)
Daud Bin Ahmad	Director	2010 Option	1,400,000	1,400,000
		2011 Option	2,000,000	2,000,000
		2013 Option	2,000,000	2,000,000
Tan Sri Razali bin Ismail	Director	2013 Option	1,500,000	1,500,000
Dato' Dr. Freezailah bin Che Yeom	Director	2013 Option	75,000	75,000
Headir bin Mahfidz	Director	2013 Option	75,000	75,000
Megat Abdul Munir bin Megat Abdullah Rafaie	Director	2013 Option	75,000	75,000
Datuk Abdul Malek bin Abdul Aziz	Director	2013 Option	50,000	50,000

B9. Status of corporate proposals – cont'd**b. ESOS – cont'd**

The details of the options over ordinary shares of the Company are as follows:

	Outstanding as at 1.11.2012	Number of options over ordinary shares of RM0.50 each Movement during the financial period			Outstanding as at 31.10.2013	Exercisable as at 31.10.2013
		Granted	Exercised	Lapsed		
2010 option	3,475,000	-	2,047,000	-	1,428,000	1,428,000
Weighted average exercise price (RM)	1.10	1.10	1.10	1.10	1.10	1.10
Weighted average remaining contractual life (months)	36					24

The details of the share options outstanding at the end of the financial period are as follows:

	Weighted average exercise price (RM)	Exercise period
2010 option	1.10	14.10.2010 - 13.10.2015

The fair value of share options granted during the financial period was estimated using the Monte Carlo simulation model, taking into account the terms and conditions upon which the options were granted. The inputs to the option pricing model are as follows:-

Weighted average share price (RM)	1.04
Weighted average exercise price (RM)	1.10
Expected volatility (%)	40.00
Expected life (years)	5.00
Risk-free Interest rate (%)	2.30
Expected dividend yield (%)	<u>2.88</u>

B9. Status of corporate proposals – cont'd**b. ESOS – cont'd**

The details of the options over ordinary shares of the Company are as follows:

	Outstanding as at 1.11.2012	Number of options over ordinary shares of RM0.50 each Movement during the financial period			Outstanding as at 31.10.2013	Exercisable as at 31.10.2013
		Granted	Exercised	Lapsed		
2011 option	6,320,500	-	300,000	-	6,020,500	6,020,500
Weighted average exercise price (RM)	1.34	1.34	1.34	1.34	1.34	1.34
Weighted average remaining contractual life (months)	36					24

The details of the share options outstanding at the end of the financial period are as follows:

	Weighted average exercise price (RM)	Exercise period
2011 option	1.34	22.12.2011 - 13.10.2015

The fair value of share options granted during the financial period was estimated using the Monte Carlo simulation model, taking into account the terms and conditions upon which the options were granted. The inputs to the option pricing model are as follows:-

Fair value of share options at the following grant date (RM):

Weighted average share price (RM)	1.38
Weighted average exercise price (RM)	1.34
Expected volatility (%)	20.00
Expected life (years)	3.80
Risk-free Interest rate (%)	3.00
Expected dividend yield (%)	2.21

B9. Status of corporate proposals – cont'd**b. ESOS – cont'd**

The details of the options over ordinary shares of the Company are as follows:

	Outstanding as at 1.11.2012	Number of options over ordinary shares of RM0.50 each Movement during the financial period			Outstanding as at 31.10.2013	Exercisable as at 31.10.2013
		Granted	Exercised	Lapsed		
2013 option	-	7,827,000	-	-	7,827,000	7,827,000
Weighted average exercise price (RM)	-	1.65	1.65	1.65	1.65	1.65
Weighted average remaining contractual life (months)	-					24

The details of the share options outstanding at the end of the financial period are as follows:

	Weighted average exercise price (RM)	Exercise period
2013 option	1.65	3.9.2013 - 13.10.2015

The fair value of share options granted during the financial period was estimated using the Monte Carlo simulation model, taking into account the terms and conditions upon which the options were granted. The inputs to the option pricing model are as follows:-

Fair value of share options at the following grant date (RM):

Weighted average share price (RM)	1.87
Weighted average exercise price (RM)	1.65
Expected volatility (%)	36.02
Expected life (years)	2.11
Risk-free Interest rate (%)	3.49
Expected dividend yield (%)	1.95

B10. Group's borrowings and debts securities

The Group's borrowings and debts securities as at 31 October 2013 are as follows:-

	RM
Short term borrowings	
Secured:-	
Bank overdrafts	22,167,970
Advance against progress claim	42,678,000
Trust receipts	25,000,157
Bill discounting	3,538,425
Finance lease	332,650
Term loan	22,263,620
Revolving credits	25,539,000
	<u>141,519,822</u>
Long term borrowings	
Secured:-	
Finance lease	1,155,837
Term loan	171,545,266
Revolving credits	5,700,000
	<u>178,401,103</u>
Total borrowings	
Secured:-	
Bank overdrafts	22,167,970
Advance against progress claim	42,678,000
Trust receipts	25,000,157
Bill discounting	3,538,425
Finance lease	1,488,487
Term loan	193,808,886
Revolving credits	31,239,000
	<u>319,920,925</u>

B11. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this quarterly report.

B12. Material Litigation

There is no pending material litigation as at the date of issuance of this quarterly report except for the following:

a. **YNK Construction Sdn Bhd ("Plaintiff") v CSB (Kuala Lumpur High Court Suit No: S7-22-1859-2004)**

<<This case has been fully settled on 7 August 2013>>

In the above matter, the Plaintiff made a claim against the Defendant for the sum of RM 1,192,893.50 as balance of payment for alleged works done pursuant to a sub-contract arrangement where the Plaintiff was appointed as a sub-contractor of CSB in a development project. CSB is defending this suit against the Plaintiff and is further pursuing a counter claim against the Plaintiff for the sum of RM 72,828.27 or alternatively, the sum RM 156,742.27 due to a dispute on the methods valuing the payment for the agreed works done pursuant to the said sub-contract. The said sub-contract has provided for the method of construction to be "in-situ reinforced concrete drains". However the actual method of construction carried out was "precast concrete box culvert drain". The Plaintiff has contended that the method of valuation should be based on the terms of said sub-contract whereas CSB has contended that the method of valuation should be based on the actual construction.

The matter came up for case management on 28 September 2010 whereby the High Court Judge had requested for Parties to engage an independent expert to do the final valuation of workdone. The Parties counsels had then advised to refer the matter to Arbitration. Parties consented and pursuant to Section 24A of the Courts of Judicature 1964, the matter was referred to Arbitration, wherein preliminary meetings were held, trials and witnesses of each Party testified during the trial process conducted by the appointed Arbitrator.

In defending the legal suit, the Defendant engaged an independent registered quantity surveyor to form his professional opinion on the method of valuation and recommendation of final valuation for the construction of box culvert workdone by the Plaintiff. Accordingly, on 18 June 2013, the Defendant's independent expert witness had introduced additional evidence and testimony, whereby with this new evidence, arbitration proceedings adjourned and postponed for a continued trial date to be fixed by the Arbitrator.

Thenceforth, Parties resorted to mediation via negotiation in the spirit of commercial settlement. Parties agreed to discontinue the Arbitration proceedings with their rights and obligations in connection with the Arbitration being governed by the Settlement Agreement dated 7 August 2013. Cypark Sdn Bhd had agreed to pay YNK Construction Sdn Bhd the sum of RM625,000.00 only (Ringgit Malaysia Six Hundred and Twenty Five Thousand) (hereinafter referred to as the "**Settlement Sum**") in three instalment payments.

The Settlement Sum is without any admission of liability by either Party in full and final settlement of all claims and counterclaims that either Party may have against the other whether arising under and/or in connection with the Arbitration. Each Party agreed to bear their own respective Arbitrator's fees, legal and associated costs (including expert(s), consultant(s) and internal costs) incurred or to be incurred arising under or in connection with the said Arbitration.

For avoidance of doubt, all the three (3) current dated and post-dated cheques have been handed over to YNK Constuction Sdn Bhd's director, Mr. Khoo Say Pow on 7 August 2013 itself.

Since then our lawyers Azman Davidson & Co has written to the Arbitrator via letter dated 3 September 2013 informing the Arbitrator that the parties have reached an amicable settlement and Parties have agreed to withdraw their claims and counterclaims respectively and further informing the Arbitrator of the parties' intention to discontinue the arbitration proceedings.

B12. Material Litigation – cont'd**b. Kawalan Keselamatan Sentral (M) Sdn Bhd ("Plaintiff") v CSB (Shah Alam Session Court Summons No: S1-52-2047-2009)**

The Plaintiff is claiming against CSB for the sum of RM 210,731.20 for non-payments of their fees pursuant to purported security services rendered by the Plaintiff from August 2008 to May 2009. CSB is defending this suit against the Plaintiff and has filed its defence and counterclaim for this matter claiming, inter alia, the sum of RM 403,900.00 being losses suffered by CSB due to the negligence of the Plaintiff in rendering their security services. The matter was fixed for trial on 7, 8, and 9 June 2011 and 6 July 2011. Written submissions by both Plaintiff and Defendant's counsels were made to court on 18 August 2011 and the court has fixed 24 August 2011 for the decision to be heard. However on 24 August 2011, the judge was not ready with the decision and had fixed 7 October 2011 for the decision to parties.

On 7 October 2011, the Court allowed the Plaintiff's claim and dismissed CSB's counterclaim with costs. Subsequently, on 17 October 2011, CSB filed a Notice of Appeal to the High Court. The hearing was held on 20 February 2013, which decision conquered that of the Session's Court Judge.

Pending the details of the grounds of the decision made by the High Court Judge, CSB will file an application of appeal to the Court of Appeal as CSB's claim in the Sessions Court was wrongly dismissed based on technicalities on pleading, which was also flawed, as the Sessions Court Judge and High Court Judge overlooked the material facts supporting CSB's claim.

The Court of Appeal has fixed for hearing on 1 October 2013. However, pending the written grounds of the High Court's judgement, the Defendant's Counsel has written to the Court of Appeal for an adjournment. In view, both the Plaintiff's Counsel and the Defendant's Counsel will attend court on 1 October 2013 to make the application for adjournment orally in the open court. The Appeal Proper is now fixed for hearing on 10 January 2014.

c. Ocned Water Technology Sdn. Bhd. ("Plaintiff") v CSB (Shah Alam High Court Suit No. 22NCVC-627-10/2013)

The Plaintiff claimed, inter alia, for a sum of RM1,350,907.11, being the alleged and purported outstanding amount due to the plaintiff under their subcontract.

CSB filed a counter claim against the plaintiff on 18 November 2013. CSB in its defence and counter claim is disputing the alleged outstanding claim by the Plaintiff as the Subcontract was terminated as a result of the Plaintiff's default of the Subcontract. CSB has deducted various deductibles incurred including costs in engaging third party subcontractors to execute the balance of the works under the Plaintiff's Subcontract, whereby CSB has a balance outstanding amount of RM36,449.11 due from the Plaintiff. CSB further seeks indemnity against the Plaintiff for any losses suffered by CSB in completing the balance of works under the Subcontract.

This matter was fixed for case management on 9 January 2014.

B13. Realised and unrealised profits or losses of the Group

	Current Financial Year As at 31 October 2013 RM	Preceding Financial Year As at 31 October 2012 RM
Total retained earnings of the Group and its subsidiaries		
Realised	104,840,824	74,084,006
Unrealised	683,165	189,900
	<u>105,523,989</u>	<u>74,273,906</u>
Add: Consolidation adjustments	(4,427,518)	(1,023,652)
Retained earnings as per financial statements	<u>101,096,471</u>	<u>73,250,254</u>

B14. Dividends

No interim ordinary dividend has been recommended for the quarter under review.

B15. Earnings per share

The following reflect the profit and share date used in the computation of basic and diluted earnings per share for the quarter ended 31 October 2013:-

	Quarter ended		Year to date ended	
	31 Oct 2013 RM	31 Oct 2012 RM Restated	31 Oct 2013 RM	31 Oct 2012 RM Audited
Profit net of tax attributable to owners of the parent used in the computation of the basic and diluted earnings per share	7,280,944	5,034,715	34,272,277	25,578,401
Add back: Loss from discontinued operation, net of tax, attributable to owners of the parent	-	(428)	-	32,811
Profit net of tax from continuing operations attributable to owners of the parent used in the computation of basic and diluted earnings per share	<u>7,280,944</u>	<u>5,034,287</u>	<u>34,272,277</u>	<u>25,611,212</u>
Weighted average number of ordinary shares for basic earnings per shares computation	164,891,923	154,208,500	164,891,923	154,208,500
Effects of dilution - share options	8,713,686	8,929,678	8,713,686	8,929,678
Weighted average number of ordinary shares for diluted earnings per share computation	<u>173,605,609</u>	<u>163,138,178</u>	<u>173,605,609</u>	<u>163,138,178</u>