

**CYPARK RESOURCES BERHAD (642994-H)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2014

**Unaudited Condensed Consolidated Statements of Comprehensive Income****For the Fourth Quarter ended 31 October 2014**

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	Current Year Quarter 31/10/2014 RM	Preceding Year Quarter 31/10/2013 RM Restated	Current Year To Date 31/10/2014 RM	Preceding Year To Date 31/10/2013 RM Restated
<b>Continuing operations</b>				
<b>Revenue</b>	50,041,664	56,767,554	237,003,671	220,665,368
Cost of sales	(37,536,660)	(41,607,687)	(177,872,135)	(159,812,190)
<b>Gross profit</b>	12,505,004	15,159,867	59,131,536	60,853,178
Other income	673,495	2,691,571	4,872,013	5,005,721
Administrative expenses	(1,832,314)	(945,577)	(6,093,792)	(8,523,326)
<b>Operating profit</b>	11,346,185	16,905,861	57,909,757	57,335,573
Finance costs	(3,497,581)	(5,086,831)	(14,911,130)	(14,253,818)
<b>Profit before tax from continuing operations</b>	7,848,604	11,819,030	42,998,627	43,081,755
Income tax expense	(1,432,958)	(2,885,932)	(3,056,379)	(7,157,324)
<b>Profit from continuing operations, net of tax</b>	6,415,646	8,933,098	39,942,248	35,924,431
<b>Discontinued operation</b>				
Loss from discontinued operations, net of tax	-	-	-	-
<b>Profit net of tax</b>	6,415,646	8,933,098	39,942,248	35,924,431
<b>Other comprehensive income for the year, net of tax</b>	-	-	-	-
<b>Total comprehensive income for the year, attributable to owners of the parent</b>	6,415,646	8,933,098	39,942,248	35,924,431
<b>Earnings per share attributable to owners of the parent (sen per share)</b>				
- Basic	3.48	5.42	21.70	21.79
- Diluted	3.35	5.15	20.85	20.69
<b>Earnings per share from continuing operations attributable to owners of the parent (sen per share)</b>				
- Basic	3.48	5.42	21.70	21.79
- Diluted	3.35	5.15	20.85	20.69

*Note:*

- 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 2013 and the accompanying notes attached to the unaudited interim financial statements.

**Unaudited Condensed Consolidated Statements of Financial Position  
As at 31 October 2014**

	<b>Unaudited As At 31/10/2014</b>	<b>Audited As At 31/10/2013</b>
	<b>RM</b>	<b>RM</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Plant and equipment	263,607,931	274,650,253
Intangible assets	232,159,037	85,810,825
Deferred tax assets	1,273,119	1,227,916
Long term trade receivables	<u>2,721,892</u>	<u>2,016,884</u>
	<u>499,761,979</u>	<u>363,705,878</u>
<b>Current assets</b>		
Trade and other receivables	173,297,260	200,592,748
Other current assets	1,189,749	319,548
Current tax assets	881,654	-
Cash and bank balances	<u>87,085,577</u>	<u>112,939,014</u>
	<u>262,454,240</u>	<u>313,851,310</u>
<b>Total assets</b>	<u>762,216,219</u>	<u>677,557,188</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Loans and borrowings	177,141,213	141,519,822
Trade and other payables	113,352,237	122,867,321
Tax payables	<u>457,868</u>	<u>3,417,081</u>
	<u>290,951,318</u>	<u>267,804,224</u>
<b>Net current (liabilities)/assets</b>	<u>(28,497,078)</u>	<u>46,047,086</u>
<b>Non-current liabilities</b>		
Loans and borrowings	167,929,704	178,401,102
Trade and other payables	17,269,148	11,845,867
Deferred tax liabilities	<u>265,000</u>	<u>150,000</u>
	<u>185,463,852</u>	<u>190,396,969</u>
<b>Total liabilities</b>	<u>476,415,170</u>	<u>458,201,193</u>
<b>Net assets</b>	<u>285,801,049</u>	<u>219,355,995</u>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	98,407,280	89,172,325
Share premium	87,625,087	58,411,469
Reverse acquisition reserve	(36,700,000)	(36,700,000)
Share option reserve	2,990,342	5,723,576
Retained earnings	<u>133,478,340</u>	<u>102,748,625</u>
<b>Total equity</b>	<u>285,801,049</u>	<u>219,355,995</u>
<b>Total equity and liabilities</b>	<u>762,216,219</u>	<u>677,557,188</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.45	1.23

**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 2013 and the accompanying notes attached to the unaudited interim financial statements.
2. The subsequent collection from trade receivables after the financial year ended 31 Oct 2014 amounted to approximately RM12,481,027
3. Subsequent to the balance sheet date, the Group has successfully obtained partial long term loan drawdown of approximately RM56 million..
4. Subsequent to the balance sheet date, the Group has settled and repaid short term borrowings of approximately RM71 million.

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**Statements of Changes in Equity**  
**For the Fourth Quarter ended 31 October 2014**

	← Non-distributable →				Distributable	
	Share capital RM	Share premium RM	Share option reserve RM	Reverse acquisition reserve RM	Retained earnings RM	Equity Total RM
<b>2014</b>						
<b>Group</b>						
<b>Opening balance at 1 November 2013</b>	89,172,325	58,411,469	5,723,576	(36,700,000)	102,748,625	219,355,995
<b>Total comprehensive income</b>	-	-	-	-	39,942,248	39,942,248
<b>Transactions with owners</b>						
Dividend on ordinary shares	-	-	-	-	(9,212,533)	(9,212,533)
Issue of ordinary shares	5,335,205	19,846,963	-	-	-	25,182,168
Share issuance expenses	-	(589,758)	-	-	-	(589,758)
Exercise of employee share options	3,899,750	9,956,413	(2,733,234)	-	-	11,122,929
Total transactions with owners	9,234,955	29,213,618	(2,733,234)	-	(9,212,533)	26,502,806
<b>Closing balance at 31 Oct 2014</b>	98,407,280	87,625,087	2,990,342	(36,700,000)	133,478,340	285,801,049
<b>2013 (Audited)</b>						
<b>Group</b>						
<b>Opening balance at 1 November 2012</b>	79,966,250	34,008,536	2,106,258	(36,700,000)	73,250,254	152,631,298
<b>Total comprehensive income</b>	-	-	-	-	35,924,431	35,924,431
<b>Transactions with owners</b>						
Dividend on ordinary shares	-	-	-	-	(6,426,060)	(6,426,060)
Issue of ordinary shares	8,032,575	22,491,210	-	-	-	30,523,785
Exercise of employee share options	1,173,500	2,015,963	(535,763)	-	-	2,653,700
Share issuance expenses	-	(104,240)	-	-	-	(104,240)
Grant of equity-settled share options to employees	-	-	4,153,081	-	-	4,153,081
Total transactions with owners	9,206,075	24,402,933	3,617,318	-	(6,426,060)	30,800,266
<b>Closing balance at 31 Oct 2013</b>	89,172,325	58,411,469	5,723,576	(36,700,000)	102,748,625	219,355,995

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 2013 and the accompanying notes attached to the unaudited interim financial statements.

**Unaudited Condensed Consolidated Statements of Cash Flows  
For the Fourth Quarter ended 31 October 2014**

	12 months ended	
	31/10/2014 RM	31/10/2013 RM (Restated)
<b>Cash flows from operating activities</b>		
Profit before tax from continuing operations	42,998,627	43,081,755
Loss before tax from discontinued operations	-	-
	<u>42,998,627</u>	<u>43,081,755</u>
Adjustments for:		
Depreciation of plant and equipment	13,032,175	7,656,957
Bad debts written off	-	96,187
Unrealised foreign exchange loss	502,784	-
Gain on disposal of plant and equipment	(88,250)	-
Grant of equity-settled share options to employees	-	4,153,081
Construction profit recognised pursuant to IC Interpretation 12	(36,179,614)	(19,266,710)
Finance income - other liabilities at amortised costs	(817,815)	-
Interest expense	14,911,130	14,253,818
Interest income	(1,832,080)	(2,417,800)
Operating cash flows before changes in working capital	<u>32,526,957</u>	<u>47,557,288</u>
Changes in working capital:		
Trade and other receivables	26,475,657	92,646,019
Other current assets	(870,201)	367,689
Development costs	-	1,825,890
Trade and other payables	<u>(3,661,948)</u>	<u>(508,667)</u>
Cash flows from operations	54,470,465	141,888,219
Interest paid	(14,911,130)	(13,319,924)
Taxes paid	<u>(6,827,449)</u>	<u>(7,033,241)</u>
Net cash flows generated from operating activities	<u>32,731,886</u>	<u>121,535,054</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of plant and equipment	136,000	-
Additions to service concession asset	(104,605,660)	(65,918,967)
Product development costs incurred	(5,562,938)	-
Purchase of plant and equipment	(1,517,603)	(46,531,408)
Net cash inflow on business combination	-	2,747,030
Interest received	1,832,080	2,417,800
Net cash flows used in investing activities	<u>(109,718,121)</u>	<u>(107,285,545)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	(9,212,533)	(6,426,060)
Proceeds from issuance of ordinary shares		
- Private placement	25,182,168	30,523,785
- ESOS	11,122,929	2,653,700
Share issuance expense	(589,758)	(104,240)
Revolving credit, net	12,461,000	739,000
Short term borrowings, net	17,008,041	(14,476,756)
Term loans, net	(3,662,691)	20,721,485
Finance lease obligations, net	<u>(534,165)</u>	<u>(298,241)</u>
Net cash flows generated from financing activities	<u>51,774,991</u>	<u>33,332,673</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(25,211,244)</u>	<u>47,582,182</u>
<b>Cash and cash equivalents at beginning of financial period</b>	Note (2) 90,771,044	43,188,862
<b>Cash and cash equivalents at end of financial period</b>	<u>65,559,800</u>	<u>90,771,044</u>
<b>Cash and cash equivalents at the end of the financial period comprise the following:</b>		
Short term deposits with licensed banks	66,079,707	82,414,930
Cash at banks and in hand	<u>21,005,870</u>	<u>30,524,084</u>
Cash and bank balances	87,085,577	112,939,014
Less: Bank overdrafts	<u>(21,525,777)</u>	<u>(22,167,970)</u>
	<u>65,559,800</u>	<u>90,771,044</u>

## Notes:

- (1) 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 2013 and the accompanying notes attached to the unaudited interim financial statements.
- (2) Cash and cash equivalents at beginning of financial period has been restated from RM65,873,693 (audited figure as at 31.10.2013) to RM90,771,044 by adding the short term deposits with maturity more than 90 days as part of the cash and cash equivalents.

**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.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 October 2013. 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 2013.

**A2. Changes in accounting policies**

The significant accounting policies and computation methods are consistent with those adopted for the year ended 31 October 2013 except for the adoption of the following new and revised MFRSs, amendments to MFRS and IC Interpretation by the Group with the effective from 1 January 2013.

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>	
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (Revised)
MFRS 127	Separate Financial Statements (2011)
MFRS 128	Investments in Associate and Joint Ventures
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, 11 & 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRSs	Annual Improvements 2009-2011 Cycle
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretations	Annual Improvements 2009-2011 Cycle

The above MFRSs, IC Interpretations and amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

At the date of authorisation of these interim financial statements, 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:-

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>		<b>Effective for annual period beginning on or after</b>
MFRS 9	Financial Instruments (2014)	1 January 2018
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 10, 12 & 127	Investment Entities	1 January 2014
Amendments to MFRSS 10 & 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

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

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>		<b>Effective for annual period beginning on or after</b>
Amendments to MFRS 116 & 138	Clarification of Acceptable Methods of Depreciation and Amortisation	<i>1 January 2016</i>
Amendments to MFRS 116 & 141	Agriculture: Bearer Plants	<i>1 January 2016</i>
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions	<i>1 July 2014</i>
Amendments to MFRS 127	Equity Method in Separate Financial Statements	<i>1 January 2016</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>
Amendments to MFRSs	Annual Improvements 2010 – 2012 Cycle	<i>1 July 2014</i>
Amendments to MFRSs	Annual Improvements 2011 – 2013 Cycle	<i>1 July 2014</i>
Amendments to MFRSs	Annual Improvements 2012 – 2014 Cycle	<i>1 January 2016</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 2014.

**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.

**CYPARK RESOURCES BERHAD (642994-H)****UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2014****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 & Construction RM	Maintenance RM	Renewable Energy RM	Elimination RM	Total RM
<b>12 months ended 31 October 2014</b>						
<b>Revenue</b>						
Sale to external customers	151,049,081	51,617,444	840,000	33,497,145	-	237,003,671
Inter-segment sales	42,260,740	-	-	-	(42,260,740)	-
Total revenue	<u>193,309,821</u>	<u>51,617,444</u>	<u>840,000</u>	<u>33,497,145</u>	<u>(42,260,740)</u>	<u>237,003,671</u>
<b>Results</b>						
Profit for reportable segments	38,390,684	6,227,553	440,000	14,073,299	-	59,131,536
Other income						4,872,013
Administrative expenses						<u>(6,093,792)</u>
<b>Operating profits</b>						57,909,757
Finance costs						<u>(14,911,130)</u>
<b>Profit before taxation from continuing operations</b>						42,998,627
Income tax expense						<u>(3,056,379)</u>
<b>Profit from continuing operations, net of tax</b>						39,942,248
Loss from discontinued operations, net of tax						-
<b>Profit net of tax</b>						<u>39,942,248</u>
<b>Other Comprehensive Income</b>						-
<b>Total comprehensive income</b>						<u>39,942,248</u>

	Environmental Engineering RM	Landscaping, Infrastructure & Construction RM	Maintenance RM	Renewable Energy RM	Elimination RM	Total RM
<b>12 months ended 31 October 2013</b>						
<b>Revenue</b>						
Sale to external customers	183,314,574	15,162,675	963,921	21,224,198	-	220,665,368
Inter-segment sales	99,997,614	4,493,075	-	-	(104,490,689)	-
Total revenue	<u>283,312,188</u>	<u>19,655,750</u>	<u>963,921</u>	<u>21,224,198</u>	<u>(104,490,689)</u>	<u>220,665,368</u>
<b>Results</b>						
Profit for reportable segments	51,930,715	618,624	463,921	7,839,918	-	60,853,178
Other income						5,005,721
Administrative expenses						<u>(8,523,326)</u>
<b>Operating profit</b>						57,335,573
Finance costs						<u>(14,253,818)</u>
<b>Profit before taxation from continuing operations</b>						43,081,755
Income tax expense						<u>(7,157,324)</u>
<b>Profit from continuing operations, net of tax</b>						35,924,431
Loss from discontinued operations, net of tax						-
<b>Profit net of tax</b>						<u>35,924,431</u>
<b>Other Comprehensive Income</b>						-
<b>Total comprehensive income</b>						<u>35,924,431</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**

Except as disclosed below, there was no capital commitment as at 31 October 2014:-

	Capital Commitment as at 31 October 2014
Capital expenditure	
Approved and contracted for:-	
- Intangible assets	<u>15,728,137</u>

**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 2014, 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 Oct 2014 RM
<b>Secured:</b>	
- Performance bond guarantees favouring Government/ Statutory bodies and companies acceptable to the banks for various projects	35,808,775
- Bank guarantees extended to Government/Government Bodies in respect of various projects of the Group	20,000
- Bank guarantees extended to third parties in respect various projects of the Group	240,000
- Letter of credits given to suppliers for purchase of materials	<u>5,144,643</u>
	<u>41,213,418</u>
<b>Unsecured:</b>	
- Corporate guarantees given to banks for credit facilities granted to subsidiaries	<u>329,700,000</u>
	<u>329,700,000</u>
<b>TOTAL</b>	<u>370,913,418</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 31/10/2014 RM
CyEn Resources Sdn Bhd	Dato' Daud bin Ahmad, Tan Sri Razali bin Ismail and Tan Swee Loon	Sub-contractor charges and consulting fees paid for environmental / landscape works	8,514,642	10,387,115	8,840,020

**B1. Analysis of performance****Current year Quarter ended 31 October 2014 Vs Preceding year Quarter ended 31 October 2013**

The Group's revenue for 4Q2014 decreased by RM6.8 million to RM50.0 million from RM56.8 million recorded in 4Q2013. The profit before tax for 4Q2014 decreased by 33.6% to RM7.8 million from RM11.8 million as recorded in 4Q2013. The Group's profit after tax decreased by RM2.5 million or 28.2% to RM6.4 million as compared to RM8.9 million in 4Q2013. The decrease is mainly due to lower revenue generated from environmental engineering projects and year end provision made for bonus and other administrative expenses as well as the unrealised foreign exchange differences in 4Q2014. The details of the performance of each segment are as follows:-

**Environmental Engineering**

The revenue for 4Q2014 decreased by 51.0% to RM26.1 million from RM53.1 million recorded in 4Q2013. In line with the decrease in revenue, the profit before tax decreased by RM6.0 million or 51.5% to RM5.7 million from RM11.7 million in 4Q2013. This is mainly due to the lower revenue contributed by the environmental engineering project as the Phase 1 of the said project is near to its completion in current year quarter as compared to preceding year quarter and Phase 2 of the said project will only commence in next financial year.

**Landscaping, Infrastructure & Construction**

Revenue for the landscaping, infrastructure and construction division increased significantly by RM13.5 million or 64.3% to RM15.6 million in 4Q2014 as compared to RM2.1 million in 4Q2013. In line with the increase in revenue, the profit before tax of this division also increased significantly to RM2.2 million in 4Q2014. The increase is mainly attributed to the works performed for new infrastructure projects and new building projects secured in current financial year.

**Maintenance**

Revenue in current quarter amounting to RM0.2 million is generated from general maintenance works performed at landfill sites.

**Renewable Energy**

The revenue for renewable energy division increased significantly by 41% to RM8.2 million in 4Q2014 from RM5.8 million in 4Q2013 as the export capacity of green electricity had increased to 29.3MW from 22.3MW in 4Q2013.

**Current financial year ended 31 October 2014 Vs Preceding financial year ended 31 October 2013**

The Group's revenue for the current financial year increased by 7.4% to RM237.0 million from RM220.7 million recorded in the preceding financial year. The Group's profit before tax for the current financial year decreased slightly by 0.2% to RM43.0 million from RM43.1 million reported in the preceding financial year. The Group's profit after tax increased substantially by 11.2% to RM39.9 million from RM35.9 million recorded in preceding financial year due to 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 2014 Vs Preceding financial year ended 31 October 2013****Environmental Engineering**

The revenue for current financial year decreased by RM32.3 million or 17.6% to RM151.0 million from RM183.3 million recorded in the preceding financial year. The profit before tax accordingly decreased by RM7.9 million or 20.0% to RM31.7 million from RM39.6 million recorded in the preceding financial year. This is mainly due to lower revenue generated from NLR and Kok Foh projects in current financial year as the said projects were near its completion in preceding financial year end.

**Landscaping, Infrastructure & Construction**

Revenue for the landscaping, infrastructure and construction division increased significantly by RM36.4 million or 240.4% to RM51.6 million in current financial year from RM15.2 million in the preceding financial year. The profit before tax of this division increased by RM4.8 million or 337.4% to RM6.2 million in current financial year from RM1.4 million reported in the preceding financial year. The increase is mainly attributed to the works performed for new infrastructure projects and new building projects secured in current financial year.

**Maintenance**

Revenue in current financial year amounting to RM0.8 million is generated from general maintenance works performed at landfill sites.

**Renewable Energy**

The revenue for renewable energy division increased significantly by 57.8% to RM33.5 million in current financial year from RM21.2 million in preceding financial year. This is due to increase in export capacity of green electricity to 29.3MW from 22.3MW in preceding financial year. The profit before tax of this division also increased significantly to RM4.7 million in current financial year due to cost efficiency achieved through shared resources and economies of scale resulted from increase in capacity.

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

Due to the decrease in revenue contributed by environment engineering division in current quarter, the revenue and the gross profit of the Group decreased by 24.8% from RM66.9 million and RM16.6 million in the immediate preceding quarter to RM50.0 million and RM12.5 million, respectively in the current quarter.

The profit before tax margin of the Group decreased by RM5.1 million from RM12.9 million to RM7.8 million in current quarter due to lower revenue generated and unrealised foreign exchange differences as well as year-end provision for bonus and other administrative expenses made for Group in current quarter.

**B3. Prospects for the Current Financial Year**

The Malaysian government recognises that effective management of waste, in particular solid waste, is one of the prerequisites for Malaysia to achieve a developed nation status. With this as a premise, market growth of solid waste management services is expected to be driven by the increasing waste output of Malaysia's population and the increasing awareness for environmental care and protection. Urbanisation and the increasing development of urban areas are the main causes of solid waste generation. Recent statistics from Ministry of Urban Wellbeing, Housing and Local Government indicated that Malaysians produced 33,000 tonnes of solid waste a day, seven years earlier than the target of 30,000 tonnes projected for 2020.

Valued at RM3.82 billion in 2009, and expected to grow at a compounded annual growth rate of 5.3% from 2009 to 2014, the solid waste management market is expected to grow robustly. The Tenth Malaysia Plan (RMK-10), spanning from 2011 to 2015, detailed out measures to be undertaken to enhance the efficiency and effectiveness of solid waste management. Among the measures include constructing material recovery facilities and thermal treatment plants as well as recycling of non-organic waste. It is expected that management of solid waste through sanitary landfills would enable methane recovery from waste for green energy generation. The RMK-10 targeted that by 2015, renewable energy from solid waste and biomass would contribute 530 megawatts of the 985 megawatts to be produced from other renewable energy sources.

The demand-push for solid waste management solutions and services are likely to originate significantly from public sector initiatives. Under Malaysia's Economic Transformation Programme (ETP), waste management firms utilizing green technologies were identified as one of the services that can jump-start a vibrant green technology industry. The ETP forecast that green services offer RM295 billion in potential energy savings by 2020. With its experience, expertise and proven track records, the Group is well-positioned to benefit from government projects earmarked under the RMK-10 and ETP.

Malaysia's major driver of renewable energy sector is the Renewable Energy Act (RE Act) which was passed in April 2011. The Sustainable Energy Development Authority (SEDA) was subsequently established in September 2011 to implement the target 11% renewable energy contribution to the national grid and manage renewable energy fund (RE Fund) and Feed-In-Tariff (FiT) formulated under the RE Act. The RE Fund was implemented on 1<sup>st</sup> December 2011, under Section 23 of the RE Act 2011 to facilitate the implementation of the FiT mechanism which enables electricity generated from renewable sources to be paid a premium tariff.

As at the end of January 2014, SEDA had received 3,498 Feed-in Approval applications and 2,760 applications were approved with a total RE capacity of 536.07 MW. The total number of approved Feed-in Approval applications for solar photovoltaic (PV) is 2,700 (39%), with total capacity of 209.06 MW, biomass is 18 (31.06%), with total capacity of 166.49 MW, small hydro 22 (24.44%), with total capacity of 130.99 MW and biogas 20 (5.51 %), with total capacity of 29.53 MW. SEDA indicated that as at the end of January 2014, the total RE capacity achieving commercial operation was 163.19 MW led by 85.36 MW of solar PV, followed by 50.4 MW of biomass including 15.7 MW and 11.73 MW of small hydro and biogas respectively.

In December 2013, the Malaysian government announced an upward revision of surcharge on electricity bill for the RE Fund. Effective 1<sup>st</sup> January 2014, the surcharge for Peninsular Malaysia would be revised from 1.0% to 1.6%. The 1.6% collection would be payable by all electricity consumers, except for domestic consumers utilizing less than 300 kWh per month. It is to be noted that Sabah consumers, for the first time, would also be imposed a surcharge of 1.6%. Monies collected for the RE Fund would be administered by SEDA and used to pay RE players who generate electricity from RE sources through the FiT mechanism. With 1.6%, SEDA will collect about RM625 million annually which go towards paying to renewable energy project owners for the sale of renewable energy.

Supporting the growth of renewable energy is the Green Technology Financing Scheme (GTFS), a special financing scheme introduced in October 2009, with an initial RM1.5 billion allocation, to support the development of Green Technology in Malaysia. The successful take-up rate has encouraged the Government to allocate an additional RM2 billion to the scheme in 2012 and extend its availability period to 2015.

**B3. Prospects for the Current Financial Year – cont'd**

Through the various initiatives and support available for green technology, the Group has successfully ventured into the renewable energy sector. The Group's first Integrated Renewable Energy Park project in Pajam, Negeri Sembilan, Malaysia which utilizes two potential resources available at remediated landfill, Solar and Landfill gas (Biogas), into a scalable renewable energy project has received several awards and accolades. Capable of generating up to 15 megawatts of sustainable green electricity, the Pajam Integrated Renewable Energy Park, which includes Malaysia's first and largest grid-connected solar park, has the privilege of being included as an Entry Point Project under the New Key Economic Area of Oil, Gas & Energy of the nation's Economic Transformation Program announced by the Prime Minister of Malaysia on 8 March 2011. In tandem with the Group's growing capacity, Cypark, the only public listed renewable energy developer, is expected to benefit from the revised surcharge and the additional funds available through GTFS.

The renewable energy business is expected to contribute significantly and the Group 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 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**

	<b>Individual Quarter 3 months ended 31 October 2014</b>	<b>Cumulative Year to date 12 months ended 31 October 2014</b>
Profit before tax is stated after crediting:-		
Interest income	440,187	1,832,080
Other income (including investment income)	5,174	2,723,548
Gain on disposal of plant and equipment	N/A	88,250
Foreign exchange gain - realised	228,135	228,135
Profit before tax is stated after charging:-		
Interest expenses	3,497,581	14,911,130
Depreciation	3,367,530	13,032,175
Foreign exchange loss - realised	7,293	7,293
Foreign exchange loss - unrealised	502,784	502,784
Impairment loss on trade receivables	N/A	N/A
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

**B6. Income tax expense**

	<b>Current year quarter 31 October 2014 RM</b>	<b>Current year to date 31 October 2014 RM</b>
Income tax		
- Current	1,981,082	3,839,952
- Over provision in prior year	-	(853,370)
Deferred tax	(548,124)	69,797
	<u>1,432,958</u>	<u>3,056,379</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 7 August 2014, the Company announced its proposal to implement a private placement up to 19,362,015 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 8 August 2014 and obtained the approval from Bursa Securities on 11 August 2014.

On 29 August 2014, the Company announced that the issue price for 10,670,410 Placement Shares, being the first (1<sup>st</sup>) tranche of the Private Placement, has been fixed by the board of directors at RM2.36 per placement share. The issued price represents a discount of approximately 9.81% to the five (5) days volume weighted average market price of the CRB shares up to and including 28 August 2014, being the market day immediately preceding to the Price Fixing Date of RM2.6166.

On 8 September 2014, the Company announced that 10,670,410 new ordinary shares of RM0.50 each issued pursuant to the 1<sup>st</sup> tranche of the Private Placement will be granted listing and quotation with effect from 9 September 2014. The Private Placement will be implemented on a staggered basis.

On 9 September 2014, the Company announced that the 1<sup>st</sup> tranche of the Private Placement is completed following the listing and quotation of the private placement, comprising 10,670,410 Placement Shares on the Main Market Malaysia Securities Berhad on 9 September 2014.

The utilisation of the proceeds raised (Tranche 1) is as follows:-

Purpose	Proposed Utilisation	Actual Utilisation (up to LPD)	Intended Timeframe for Utilisation	Deviation		Explanations
				RM	%	
Working capital requirements	24,482,168	15,000,000	12 months	9,482,168	39%	To be utilised from Q4 2014 onwards
Expenses	700,000	590,000	6 months	110,000	16%	To be utilised in following quarters
	25,182,168	15,590,000				

**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: -

	<b>Title</b>	<b>Options Offered (Unit)</b>		<b>Options Accepted (Unit)</b>
Dato' 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 1.11.2013	Number of options over ordinary shares of RM0.50 each Movement during the financial period			Outstanding as at 31.10.2014	Exercisable as at 31.10.2014
		Granted	Exercised	Lapsed		
2010 option	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)	24					12

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 1.11.2013	Number of options over ordinary shares of RM0.50 each Movement during the financial period			Outstanding as at 31.10.2014	Exercisable as at 31.10.2014
		Granted	Exercised	Lapsed		
2011 option	6,020,500	-	3,099,500	-	2,921,000	2,921,000
Weighted average exercise price (RM)	1.34	1.34	1.34	1.34	1.34	1.34
Weighted average remaining contractual life (months)	24					12

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 1.11.2013	Number of options over ordinary shares of RM0.50 each Movement during the financial period			Outstanding as at 31.10.2014	Exercisable as at 31.10.2014
		Granted	Exercised	Lapsed		
2013 option	7,827,000	-	3,272,000	-	4,555,000	4,555,000
Weighted average exercise price (RM)	1.65	1.65	1.65	1.65	1.65	1.65
Weighted average remaining contractual life (months)	24					12

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)	1.88
Weighted average exercise price (RM)	1.65
Expected volatility (%)	36.60
Expected life (years)	2.11
Risk-free Interest rate (%)	3.28
Expected dividend yield (%)	2.21

**B10. Group's borrowings and debts securities**

The Group's borrowings and debts securities as at 31 October 2014 are as follows:-

	<b>RM</b>
<b>Short term borrowings</b>	
Secured:-	
Bank overdrafts	21,525,777
Advance against progress claim	24,414,990
Trust receipts	31,128,981
Bill discounting	1,080,680
Finance lease	312,493
Short term loan	31,599,972
Term loans	23,378,320
Revolving credits	43,700,000
	<u>177,141,213</u>
<b>Long term borrowings</b>	
Secured:-	
Finance lease	1,161,829
Term loans	166,767,875
	<u>167,929,704</u>
<b>Total borrowings</b>	
Secured:-	
Bank overdrafts	21,525,777
Advance against progress claim	24,414,990
Trust receipts	31,128,981
Bill discounting	1,080,680
Finance lease	1,474,322
Short term loan	31,599,972
Term loans	190,146,195
Revolving credits	43,700,000
	<u>345,070,917</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. Ocned Water Technology Sdn. Bhd. (“Plaintiff”) v CSB (Shah Alam High Court Suit No. 22C-22-09/2014)**

The Plaintiff claimed, inter alia, for a sum of RM1,336,262.11, being the alleged and purported outstanding amount due to the plaintiff under their subcontract.

CSB filed a counter claim against the plaintiff on 7 November 2014. 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 non-performance and 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 RM93,944.29 due from the Plaintiff to CSB. 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 24 November 2014 for both parties to exhaust their pleadings. During the case management on 24 November 2014, the plaintiff inducted to the Court that they would be filing an application for discovery. In the circumstances, the Court has fixed for another case management on 8 December 2014.

During the case management on 8 December 2014, the Court has fixed the Plaintiff’s application of discovery for hearing on 20 January 2015. Before the hearing, the Court has also fixed the matter for another case management on 13 January 2015 for both parties to update the Court as to the status of the application of discovery.

**B13. Realised and unrealised profits or losses of the Group**

	<b>Current Financial Period As at 31 October 2014 RM</b>	<b>Preceding Financial Year As at 31 October 2013 RM (Restated)</b>
Total retained earnings of the Group and its subsidiaries		
Realised	136,589,548	104,845,362
Unrealised	413,000	458,206
	<u>137,002,548</u>	<u>105,303,568</u>
Add: Consolidation adjustments	(3,524,208)	(2,554,943)
Retained earnings as per financial statements	<u>133,478,340</u>	<u>102,748,625</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 data used in the computation of basic and diluted earnings per share for the quarter ended 31 October 2014:-

	<b>Quarter ended</b>		<b>Year to date ended</b>	
	<b>31 Oct 2014</b>	<b>31 Oct 2013</b>	<b>31 Oct 2014</b>	<b>31 Oct 2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit net of tax attributable to owners of the parent used in the computation of the basic and diluted earnings per share	6,415,646	8,933,098	39,942,248	35,924,431
Add back: Loss from discontinued operation, net of tax, attributable to owners of the parent	-	-	-	-
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>6,415,646</u>	<u>8,933,098</u>	<u>39,942,248</u>	<u>35,924,431</u>
Weighted average number of ordinary shares for basic earnings per shares computation	184,097,814	164,891,923	184,097,814	164,891,923
Effects of dilution - share options	7,476,000	8,713,686	7,476,000	8,713,686
Weighted average number of ordinary shares for diluted earnings per share computation	<u>191,573,814</u>	<u>173,605,609</u>	<u>191,573,814</u>	<u>173,605,609</u>