

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2013

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the First Quarter ended 31 January 2013

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current Year Quarter</u> 31/01/2013 RM	<u>Preceding Year Quarter</u> 31/01/2012 RM	<u>Current Year To Date</u> 31/01/2013 RM	<u>Preceding Year To Date</u> 31/01/2012 RM
Continuing operations				
Revenue	50,970,887	42,267,080	50,970,887	42,267,080
Cost of sales	(38,802,406)	(30,021,995)	(38,802,406)	(30,021,995)
Gross profit	12,168,481	12,245,085	12,168,481	12,245,085
Other income	687,103	568,752	687,103	568,752
Administrative expenses	(2,745,131)	(2,015,781)	(2,745,131)	(2,015,781)
Operating profit	10,110,453	10,798,056	10,110,453	10,798,056
Finance costs	(3,063,480)	(1,984,275)	(3,063,480)	(1,984,275)
Profit before tax from continuing operations	7,046,973	8,813,781	7,046,973	8,813,781
Income tax expense	(447,687)	(2,267,053)	(447,687)	(2,267,053)
Profit from continuing operations, net of tax	6,599,286	6,546,728	6,599,286	6,546,728
Discontinued operation				
Loss from discontinued operations, net of tax	-	(33,239)	-	(33,239)
Profit net of tax	6,599,286	6,513,489	6,599,286	6,513,489
Other comprehensive income:				
Foreign currency translation	-	(2,159)	-	(2,159)
Other comprehensive income for the year, net of tax	-	(2,159)	-	(2,159)
Total comprehensive income for the year, attributable to owners of the parent	6,599,286	6,511,330	6,599,286	6,511,330
Earnings per share attributable to owners of the parent (sen per share)				
- Basic	4.13	4.49	4.13	4.49
- Diluted	3.89	4.20	3.89	4.20
Earnings per share from continuing operations attributable to owners of the parent (sen per share)				
- Basic	4.13	4.51	4.13	4.51
- Diluted	3.89	4.22	3.89	4.22
Loss per share from discontinued operation attributable to owners of the parent (sen per share)				
- Basic	-	(0.02)	-	(0.02)
- Diluted	-	(0.02)	-	(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.

CYPARK RESOURCES BERHAD (Company No: 642994-H)
(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statements of Financial Position
As at 31 January 2013

	Unaudited As At 31 January 2013	Audited As At 31 October 2012
	RM	RM
Assets		
Non-current assets		
Plant and equipment	97,634,910	96,896,523
Intangible assets	18,890,260	297,316
Deferred tax assets	606,350	522,836
Trade receivables	2,330,820	2,447,018
	<u>119,462,340</u>	<u>100,163,693</u>
Current assets		
Development Cost	93,167	1,825,890
Trade and other receivables	242,365,810	336,543,365
Other current assets	633,505	465,345
Tax recoverable	2,345,417	1,788,572
Cash and bank balances	115,296,758	79,880,612
	<u>360,734,657</u>	<u>420,503,784</u>
Total assets	<u>480,196,997</u>	<u>520,667,477</u>
Equity and liabilities		
Current liabilities		
Loans and borrowings	113,232,633	144,071,490
Trade and other payables	112,215,056	121,798,772
Tax payables	2,731,005	4,201,847
	<u>228,178,694</u>	<u>270,072,109</u>
Net current assets	<u>132,555,963</u>	<u>150,431,675</u>
Non-current liabilities		
Loans and borrowings	80,692,107	85,366,325
Trade and other payables	11,308,715	12,273,102
Deferred tax liabilities	324,643	324,643
	<u>92,325,465</u>	<u>97,964,070</u>
Total liabilities	<u>320,504,159</u>	<u>368,036,179</u>
Net assets	<u>159,692,838</u>	<u>152,631,298</u>
Equity attributable to equity holders of the Company		
Share capital	79,978,750	79,966,250
Share premium	34,053,347	34,008,536
Reverse acquisition reserve	(36,700,000)	(36,700,000)
Share option reserve	2,511,201	2,106,258
Retained earnings	79,849,540	73,250,254
Total equity	<u>159,692,838</u>	<u>152,631,298</u>
Total equity and liabilities	<u>480,196,997</u>	<u>520,667,477</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.00	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 period 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.

Cypark Resources Berhad (Company No: 642994-H)
(Incorporated in Malaysia)

Statements of Changes in Equity

For the First Quarter ended 31 January 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	-	-	-	-	-	6,599,286	6,599,286
Transactions with owners							
Exercise of employee share options	12,500	44,811	(23,811)	-	-	-	33,500
Grant of equity settled share options to employees	-	-	428,754	-	-	-	428,754
Total transactions with owners	12,500	44,811	404,943	-	-	-	462,254
Closing balance at 31 January 2013	79,978,750	34,053,347	2,511,201	(36,700,000)	-	79,849,540	159,692,838
2012							
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	-	-	-	-	(2,159)	6,513,489	6,511,330
Transactions with owners							
Grant of equity settled share options to employees	-	-	356,116	-	-	-	356,116
Total transactions with owners	-	-	356,116	-	-	-	356,116
Closing balance at 31 January 2011	72,500,000	15,163,246	1,130,830	(36,700,000)	(50,017)	60,179,248	112,223,307

Note

- (1) 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 (Company No: 642994-H)
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Unaudited Condensed Consolidated Statements of Cash Flows
For the First Quarter ended 31 January 2013

	3 months ended	
	31 January 2013	31 January 2012
	RM	RM
Cash flows from operating activities		
Profit before tax from continuing operations	7,046,973	8,813,781
Loss before tax from discontinued operations	-	(33,239)
	<u>7,046,973</u>	<u>8,780,542</u>
Adjustment for:		
Depreciation of plant and equipment	1,160,236	156,532
Grant of equity-settled share options to employees	428,754	356,116
Unrealised foreign exchange loss	-	8,292
Recognition of concession asset (intangible)	(18,592,944)	-
Interest expense	3,063,480	1,984,275
Interest income	(678,932)	(541,171)
Operating profit before working capital changes	<u>(7,572,433)</u>	<u>10,744,586</u>
Changes in working capital:		
Development cost	1,732,723	-
Receivables	94,125,593	(4,592,229)
Payables	(10,548,103)	16,697,232
Cash from operation	<u>77,737,780</u>	<u>22,849,589</u>
Interest paid	(3,063,480)	(1,943,161)
Taxes paid	(2,558,888)	(3,353,910)
Net cash from operating activities	<u>72,115,412</u>	<u>17,552,518</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(1,898,623)	(51,750,825)
Interest received	678,932	541,171
Net cash used in investing activities	<u>(1,219,691)</u>	<u>(51,209,654)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares, net of transaction costs	33,500	-
Repayment of revolving credit	(3,100,000)	(2,100,000)
(Repayment)/Proceeds of short-term borrowings	(29,111,665)	4,091,704
Proceeds from term loan	-	65,000,000
Repayment of finance lease obligations	(70,030)	(63,656)
Net cash (used in)/from financing activities	<u>(32,248,195)</u>	<u>66,928,048</u>
Net increase in cash and cash equivalents	38,647,526	33,270,912
Cash and cash equivalents at beginning of financial period	43,188,862	6,744,431
Effects of foreign exchange rate changes	-	(2,159)
Cash and cash equivalents at end of financial period	<u>81,836,388</u>	<u>40,013,184</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Short term deposits with licensed banks	96,830,914	75,582,389
Cash at banks and in hand	18,465,844	19,879,945
Cash and bank balances	<u>115,296,758</u>	<u>95,462,334</u>
Bank overdrafts	(33,460,370)	(55,449,150)
	<u>81,836,388</u>	<u>40,013,184</u>

Note

- (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 2012 and the accompanying notes attached to the unaudited interim financial statements.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2013

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. These explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the 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.

The adoption of new MFRS has had no significant impact on the interim financial statements for the quarter ended 31 January 2013.

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:-

	Effective for annual periods beginning on or after
MFRS 9 : Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1-Jan-15
MFRS 10 : Consolidated Financial Statements	1-Jan-13
MFRS 11 : Joint Arrangements	1-Jan-13
MFRS 12 : Disclosure of Interests in Other Entities	1-Jan-13
MFRS 13 : Fair Value Measurement	1-Jan-13
MFRS 119 : Employee Benefits	1-Jan-13
MFRS 127 : Separate Financial Statements	1-Jan-13
MFRS 128 : Investments in Associate and Joint Ventures	1-Jan-13
Amendments to MFRS 1 : Government loans	1-Jan-13
Amendments to MFRS 7 : Disclosures - Offsetting Financial Assets and Financial Liabilities	1-Jan-13
Amendments to MFRS 132 : Offsetting Financial Assets and Liabilities	1-Jan-14
IC Interpretation 20 : Stripping Costs in Production Phase of a Surface Mine	1-Jan-13

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.

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

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

	Environmental Engineering RM	Landscaping & Infrastructure RM	Maintenance RM	Renewable Energy RM	Elimination RM	Total RM
3 months ended 31 Jan 2013						
Revenue						
Sale to external customers	39,730,283	6,650,000	240,900	4,349,704	-	50,970,887
Inter-segment sales	-	650,000	-	-	(650,000)	-
Total revenue	39,730,283	7,300,000	240,900	4,349,704	(650,000)	50,970,887
Results						
Profit for reportable segment	9,211,004	1,316,301	240,900	1,400,276	-	12,168,481
Other income						687,103
Administrative expenses						(2,745,131)
Operating profit						10,110,453
Finance costs						(3,063,480)
Profit before taxation from continuing operations						7,046,973
Income tax expense						(447,687)
Profit from continuing operations, net of tax						6,599,286
Loss from discontinued operations, net of tax						-
Profit net of tax						6,599,286
Other Comprehensive Income						
- Foreign currency translation						-
Total comprehensive income						6,599,286

	Environmental Engineering RM	Landscaping & Infrastructure RM	Maintenance RM	Renewable Energy RM	Elimination RM	Total RM
3 months ended 31 Jan 2012						
Revenue						
Sale to external customers	31,394,175	10,632,005	240,900	-	-	42,267,080
Inter-segment sales	8,947,241	-	228,000	-	(9,175,241)	-
Total revenue	40,341,416	10,632,005	468,900	-	(9,175,241)	42,267,080
Results						
Profit for reportable segments	9,921,668	2,097,876	225,541	-	-	12,245,085
Other income						568,752
Administrative expenses						(2,015,781)
Operating profit						10,798,056
Finance costs						(1,984,275)
Profit before taxation from continuing operations						8,813,781
Income tax expense						(2,267,053)
Profit from continuing operations, net of tax						6,546,728
Loss from discontinued operations, net of tax						(33,239)
Other Comprehensive Income						
Foreign currency translation						(2,159)
Total comprehensive income						6,511,330

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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 were no capital commitment for property, plant and equipment as at 31 January 2013.

	<u>Capital Commitment</u> <u>as at 31 January 2013</u>
Development of Integrated Renewable Energy Park comprises new 5MW Solar PV and 2MW Biogas Power Plant at Pajam	<u>4,502,134</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 March 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 period under review.

A14. Contingent liabilities and contingent assets

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

	31 January 2013 RM
Secured:	
- Performance bond guarantees favouring Government / Statutory bodies and companies acceptable to the banks for various projects	26,215,760
- Bank guarantees extended to Government in respect various projects of the Group	6,149,567
- Bank guarantees extended to third parties in respect various projects of the Group	400,000
- Letter of credits given to suppliers for purchase of materials	13,669,840
	<u>46,435,167</u>
Unsecured:	
- Corporate guarantees given to banks for credit facilities granted to subsidiaries	163,000,000
- Litigations claims	1,192,894
	<u>164,192,894</u>
TOTAL	<u>210,628,061</u>

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

The litigation claim relates to the dispute in the final amount claimed by a sub-contractor. The Group, with the advice of their solicitors, is confident of defending this case. Accordingly, the amount claimed has not been provided for in the financial statements.

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 January 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	7,500	7,500	1,542,036

B1. Analysis of performance for the financial period to date

The Group's revenue for 1Q2013 increased by 20.6% to RM51.0 million from RM42.3 million recorded in 1Q2012. However, the Profit before tax margin for 1Q2013 decreased by 7% to 14% from 21% as recorded in 1Q2012. This is mainly due to increase in finance cost for renewable energy projects. The details of the performance of the segments are as follows:

Environmental Engineering

The revenue for 1Q2013 increased by 26.6% to RM39.7 million from RM31.4 million recorded in 1Q2012. This is mainly due to works generated from Cypark's new Waste to Energy Project. The profit before tax decreased by 16.4% from RM6.6 million in 1Q2012 to RM5.5 million in 1Q2013 due to higher preliminaries, consultancy, design, legal and due diligence cost incurred at the early stage of the new project.

Landscaping & Infrastructure

Revenue for the landscaping and infrastructure division decreased to RM6.7 million in 1Q2013 as compared to RM10.6 million in 1Q2012, or a reduction of 37.5% as compared to the preceding year quarter. Similarly the profit before tax was reduced from RM2mil to RM0.8 mil in 1Q2013. The reduction in revenue was mainly due to longer construction process required for the construction of bridge work in this quarter. The profit before tax margin also decreased from 19% to 12% due to higher technical fees and construction cost incurred for these works.

Maintenance

For the maintenance division, there is no change in terms of revenue achieved in 1Q2013 as compared with 1Q2012. Revenue is from general monthly maintenance works performed for certain landfill sites.

Renewable Energy

The total income of RM4.3 million for current quarter represents the green electricity generated from renewable energy plants (No prior year comparative figure is available as the export of green electricity commenced only after March 2012).

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

The revenue of the Group amounting to RM51.0 million for the current quarter represents a 9.1% decrease as compared to the immediate preceding quarter of RM56.1 million. The decrease is mainly due to the lower revenue generated from the 16 national landfill projects which is approaching its completion.

The operating profit margin for the current quarter increased to 19.8% as compared to 16.2% recorded in the immediate preceding quarter. The better margin is a result of higher margin generated from new Environmental Engineering Projects and reduced administration cost.

Overall, despite a 9% decreased in revenue, the group's profit before tax increased marginally by 2%.

B3. Prospects for the current financial year

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 cause of solid waste generation. By 2020, daily solid waste output is expected to increase to 30,000 tonnes compared to a 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 towards the end of the first quarter of calendar year 2013.

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.

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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-Jan-13	Cumulative Quarter 3 months ended 31-Jan-13
Profit before tax is stated after crediting:-		
Interest income	678,932	678,932
Other income (including investment income)	8,171	8,171
Gain on disposal of quoted or unquoted investment or properties	N/A	N/A
Profit before tax is stated after charging:-		
Interest expenses	3,063,480	3,063,480
Depreciation	1,160,236	1,160,236
Unrealised foreign exchange loss	N/A	N/A
Provision for and write off of 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
Exceptional items	N/A	N/A

Other than the items highlighted above, there were no exceptional items for the current quarter and financial year ended 31 January 2013.

B6. Income tax expense

	Current year quarter 31 January 2013 RM	Current year to date 31 January 2013 RM
Malaysia tax	531,200	531,200
Deferred tax	(83,513)	(83,513)
	<u>447,687</u>	<u>447,687</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.

CYPARK RESOURCES BERHAD (Company No: 642994-H)**(Incorporated in Malaysia)****UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2013****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 3 March 2012, the Company announced its proposal to implement a private placement up to 15,522,800 new ordinary shares of RM0.50 each in Cypark Resources Bhd (“CRB Shares” OR “Shares”) (“Placement Shares”), representing up to ten percent (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 percent (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 6 March 2012 and obtained the approval from Bursa Securities on 7 March 2012.

On 19 March 2012, the Company announced that the issued price for the Placement Shares had been fixed by the board of directors at RM1.80 per placement share. The issued price represents a discount of approximately 4.96% to the five (5) days volume weighted average market price of the CRB shares up to and including 16 March 2012, being the market day immediately preceding to the Price Fixing Date.

On 21 March 2012, the Company announced that 14,500,000 new ordinary shares of RM 0.50 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 22 March 2012.

On 22 March 2012, the Company announced that the Private Placement had been completed following the listing and quotation of the private placement, comprising 14,500,000 placement shares on the Main Market Malaysia Securities Berhad on 22 March 2012.

The utilisation of the proceeds raised is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe of Utilisation	Deviation		Explanations
	RM'000	RM'000		RM'000	%	
Working Capital Requirements	25,665	25,702	12 months	-37	-0.14%	Fully utilised.
Expenses	435	398		37	8.51%	Adjusted to be utilised as working capital.
	26,100	26,100				

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 our 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 our 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.

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

	Title	Options Offered (RM)		Options Accepted (RM)
Daud Bin Ahmad	Director	2010 Option	1,400,000	1,400,000
		2011 Option	2,000,000	2,000,000

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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:

2010 Options

	Outstanding as at 01.11.2012	Number of options over ordinary shares of RM0.50 each Movement during the financial period			Outstanding as at 31.1.2013	Exercisable as at 31.1.2013
		← Granted	Exercised	→ Lapsed		
2010 Options	3,475,000	-	-	-	3,475,000	3,475,000
	<u>3,475,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,475,000</u>	<u>3,475,000</u>
Weighted average exercise price (RM)	1.10	1.10	1.10	1.10	1.10	1.10
Weighted average remaining contractual life (months)	<u>36</u>					<u>33</u>

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 Options	1.10	14.10.2010 - 13.10.2015

The fair value of the share options 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>

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B9. Status of corporate proposals (cont'd)

b. ESOS (cont'd)

2011 Options

	Outstanding as at 01.11.2012	Number of options over ordinary shares of RM0.50 each Movement during the financial period			Outstanding as at 31.1.2013	Exercisable as at 31.1.2013
		Granted	Exercised	Lapsed		
2011 Options	6,320,500	-	25,000	-	6,295,500	6,295,500
	6,320,500	-	25,000	-	6,295,500	6,295,500
Weighted average exercise price (RM)	1.34	1.34	1.34	1.34	1.34	1.34
Weighted average remaining contractual life (months)	36					33

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

	Weighted average exercise RM	Exercise period
2011 Options	1.34	22.12.2011 - 13.10.2015

The fair value of the share options 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)	1.38
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

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B10. Group's borrowings and debts securities

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

	RM
Short term borrowings	
Secured:	
Bank overdrafts	33,460,370
Advance against progress claim	34,002,458
Trust receipts	22,347,391
Bill discounting	231,824
Finance lease	290,590
Term loan	7,500,000
Revolving credit	15,400,000
	<u>113,232,633</u>
Long term borrowings	
Secured:	
Finance lease	1,192,107
Term loan	67,500,000
Revolving credit	12,000,000
	<u>80,692,107</u>
Total borrowings	
Secured:	
Bank overdrafts	33,460,370
Advance against progress claim	34,002,458
Trust receipts	22,347,391
Bill discounting	231,824
Finance lease	1,482,697
Term loan	75,000,000
Revolving credit	27,400,000
	<u>193,924,740</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)

The Plaintiff is claiming against Cypark Sdn Bhd for the sum of RM 1,192,893.50 as balance of payment for agreed 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 both parties have consented to the matter to be referred to Arbitration. On 29 October 2010, both parties' legal counsels informed the judge that Mr. Saw Soon Kooi has been appointed as the Arbitrator. The matter has been referred to Arbitration pursuant to Section 24A of the Courts of Judicature Act 1964.

A preliminary meeting was held by the Arbitrator on 6 December 2010 at the Malaysian Institute of Arbitrators and subsequently further hearing dates for continued trials on 21 and 22 April 2011, 26 and 27 September 2011 and, 11 and 12 October 2011 with the Plaintiff's witnesses testifying during the trials and closing its case.

The Arbitrator had fixed for Arbitration hearing with the Defendant's witnesses testifying on the following dates fixed for trial:

4 January 2012
5 January 2012
8 February 2012
9 February 2012
21 March 2012
22 March 2012

As the matter is referred to Arbitration pursuant to Section 24A of the Court of Judicature Act 1964, the judge had requested parties to consider withdrawing the suit in the Court and the parties be bound by the Arbitrator's award. On 2 December 2011, parties agreed to the withdrawal of the High Court suit, subject to the following terms and conditions:

- (1) Arbitration proceedings to conclude and the award and the decision by the Arbitrator shall be binding on parties in accordance with Arbitration Act 2005 and;
- (2) The award made by the Arbitrator shall take into account all legal costs, interests and expenses incurred during the commencement of the High Court suit until the withdrawal of the suit in Court.

In defending the suit, the Defendant had 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 done by the Plaintiff. The Independent expert quantity surveyor shall testify for the Defendant during the hearing dates fixed by the Arbitrator.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2013**B12. Material litigation (cont'd)****a. YNK Construction Sdn Bhd ("Plaintiff") v CSB (cont'd)**

Arbitration proceedings with hearing dates for continued trial remained as mentioned above except for 9 February 2012, 21 March 2012 and 22 March 2012, which were subsequently vacated by the Arbitrator and fixed for continued trial on 26 and 27 July 2012 at the Malaysian Institute of Arbitrators. The Defendant's expert witness had testified on 26 and 27 July 2012 and the Arbitrator had further fixed for continued hearing on 4 October 2012. However, the hearing was adjourned as the defendant's council had to attend a CIDB Conference and there was no objections on the part of the claimant. The hearing was held on 17 Dec 2012 and the next hearing shall be determined by the Arbitrator for continued trial.

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 had 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 in the High Court 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 of pleading, which was also flawed, as the Sessions Court Judge and High Court Judge overlooked the material facts supporting CSB's claim.

B13. Realised and unrealised profits or losses of the Group

	Current quarter As at 31 January 2013 RM	Preceding Financial Year As at 31 October 2012 RM
Total retained earnings of the Group and its subsidiaries		
Realised	80,591,485	74,084,006
Unrealised	281,707	189,900
	<hr/> 80,873,192	<hr/> 74,273,906
Add : Consolidation adjustments	(1,023,652)	(1,023,652)
Retained Earnings as per financial statements	<hr/> 79,849,540	<hr/> 73,250,254

B14. Dividends

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

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

	Quarter ended		Year to date ended	
	31/1/2013	31/1/2012	31/1/2013	31/1/2012
Profit net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share	6,599,286	6,513,489	6,599,286	6,513,489
Add back: Loss from discontinued operation, net of tax, attributable to owners of the parent	-	33,239	-	33,239
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>6,599,286</u>	<u>6,546,728</u>	<u>6,599,286</u>	<u>6,546,728</u>
Weighted average number of ordinary shares for basic earnings per share computation	159,956,141	145,000,000	159,956,141	145,000,000
Effects of dilution - share options	<u>9,770,500</u>	<u>10,130,000</u>	<u>9,770,500</u>	<u>10,130,000</u>
Weighted average number of ordinary shares for diluted earnings per share computation	<u>169,726,641</u>	<u>155,130,000</u>	<u>169,726,641</u>	<u>155,130,000</u>

B16. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 25 March 2013.