

CYPARK RESOURCES BERHAD (642994-H)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2013

Unaudited Condensed Consolidated Statements of Comprehensive Income**For the Third Quarter ended 31 July 2013**

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	31/07/2013	31/07/2012	31/07/2013	31/07/2012
	RM	RM	RM	RM
Continuing operations				
Revenue	53,687,486	53,836,442	163,897,814	139,705,896
Cost of sales	(37,695,140)	(41,485,070)	(118,204,503)	(100,565,336)
Gross profit	15,992,346	12,351,372	45,693,311	39,140,560
Other income	940,756	156,694	2,314,150	1,287,262
Administrative expenses	(1,801,748)	(1,859,906)	(7,577,749)	(6,617,036)
Operating profit	15,131,354	10,648,160	40,429,712	33,810,786
Finance costs	(3,342,381)	(2,077,054)	(9,166,987)	(6,291,768)
Profit before tax from continuing operations	11,788,973	8,571,106	31,262,725	27,519,018
Income tax expense	(1,926,549)	(2,132,667)	(4,271,392)	(6,942,093)
Profit from continuing operations, net of tax	9,862,424	6,438,439	26,991,333	20,576,925
Discontinued operation				
Loss from discontinued operations, net of tax	-	-	-	(33,239)
Profit net of tax	9,862,424	6,438,439	26,991,333	20,543,686
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year, attributable to owners of the parent	9,862,424	6,438,439	26,991,333	20,543,686
Earnings per share attributable to owners of the parent (sen per share)				
- Basic	6.13	4.18	16.76	13.32
- Diluted	5.80	3.95	15.87	12.59
Earnings per share from continuing operations attributable to owners of the parent (sen per share)				
- Basic	6.13	4.18	16.76	13.34
- Diluted	5.80	3.95	15.87	12.61
Loss per share from discontinued operation attributable to owners of the parent (sen per share)				
- Basic	-	-	-	(0.02)
- Diluted	-	-	-	(0.02)

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

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

	Unaudited As At 31/07/2013	Audited As At 31/10/2012
	RM	RM
Assets		
Non-current assets		
Plant and equipment	243,925,135	96,896,523
Intangible assets	49,589,585	297,316
Deferred tax assets	692,350	522,836
Long term trade receivables	2,522,115	2,447,018
	<u>296,729,185</u>	<u>100,163,693</u>
Current assets		
Development costs	715,570	1,825,890
Trade and other receivables	243,691,986	336,543,365
Other current assets	919,141	465,345
Tax recoverable	2,937,360	1,788,572
Cash and bank balances	102,191,460	79,880,612
	<u>350,455,517</u>	<u>420,503,784</u>
Total assets	<u>647,184,702</u>	<u>520,667,477</u>
Equity and liabilities		
Current liabilities		
Loans and borrowings	120,948,062	144,071,490
Trade and other payables	145,868,774	121,798,772
Tax payables	2,904,673	4,201,847
	<u>269,721,509</u>	<u>270,072,109</u>
Net current assets	<u>80,734,008</u>	<u>150,431,675</u>
Non-current liabilities		
Loans and borrowings	161,438,847	85,366,325
Trade and other payables	10,920,816	12,273,102
Deferred tax liabilities	220,000	324,643
	<u>172,579,663</u>	<u>97,964,070</u>
Total liabilities	<u>442,301,172</u>	<u>368,036,179</u>
Net assets	<u>204,883,530</u>	<u>152,631,298</u>
Equity attributable to equity holders of the Company		
Share capital	88,358,325	79,966,250
Share premium	57,057,868	34,008,536
Reverse acquisition reserve	(36,700,000)	(36,700,000)
Share option reserve	2,351,810	2,106,258
Retained earnings	93,815,527	73,250,254
Total equity	<u>204,883,530</u>	<u>152,631,298</u>
Total equity and liabilities	<u>647,184,702</u>	<u>520,667,477</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.16	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 (642994-H)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2013

Statements of Changes in Equity**For the Third Quarter ended 31 July 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	-	-	-	-	-	26,991,333	26,991,333
Transactions with owners							
Dividend on ordinary shares	-	-	-	-	-	(6,426,060)	(6,426,060)
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	359,500	662,362	(183,202)	-	-	-	838,660
Grant of equity-settled share options to employees	-	-	428,754	-	-	-	428,754
Total transactions with owners	8,392,075	23,049,332	245,552	-	-	(6,426,060)	25,260,899
Closing balance at 31 July 2013	88,358,325	57,057,868	2,351,810	(36,700,000)	-	93,815,527	204,883,530
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	-	-	-	-	(5,854)	20,576,925	20,571,071
Transactions with owners							
Dividend on ordinary shares	-	-	-	-	-	(5,993,908)	(5,993,908)
Issue of ordinary shares	7,250,000	18,850,000	-	-	-	-	26,100,000
Share issuance expenses	-	(418,330)	-	-	-	-	(418,330)
Exercise of employee share options	216,250	393,048	(72,350)	-	-	-	536,948
Grant of equity-settled share options to employees	-	-	738,631	-	-	-	738,631
Disposal of a subsidiary	-	-	-	-	53,712	(53,712)	-
Total transactions with owners	7,466,250	18,824,718	666,281	-	53,712	(6,047,620)	20,963,341
Closing balance at 31 July 2012	79,966,250	33,987,964	1,440,995	(36,700,000)	-	68,195,064	146,890,273

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.

**Unaudited Condensed Consolidated Statements of Cash Flows
For the Third Quarter ended 31 July 2013**

	9 months ended	
	31/07/2013	31/07/2012
	RM	RM
Cash flows from operating activities		
Profit before tax from continuing operations	31,262,725	27,519,018
Loss before tax from discontinued operations	-	(33,239)
	<u>31,262,725</u>	<u>27,485,779</u>
Adjustments for:		
Depreciation of plant and equipment	4,914,403	1,812,993
Other income	-	(109,411)
Gain on disposal of subsidiary	-	(40,772)
Grant of equity-settled share options to employees	428,754	666,281
Recognition of concession asset (intangible)	(48,964,437)	-
Interest expense	9,166,987	6,291,768
Interest income	(1,807,109)	(1,177,850)
Operating cash flows before working capital changes	<u>(4,998,677)</u>	<u>34,928,788</u>
Changes in working capital:		
Development costs	1,110,320	-
Receivables	45,638,430	(37,263,700)
Payables	25,259,229	(23,964,756)
Cash flows from/(used in) operations	<u>67,009,302</u>	<u>(26,299,668)</u>
Interest paid	(8,657,184)	(5,874,106)
Taxes paid	(6,991,511)	(6,072,179)
Net cash flows from/(used in) operating activities	<u>51,360,607</u>	<u>(38,245,953)</u>
Cash flows from investing activities		
Disposal of a subsidiary	-	430,541
Purchase of plant and equipment	(13,063,736)	(85,850,280)
Net cash inflow on business combination	2,747,030	-
Interest received	1,807,109	1,177,850
Net cash flows used in investing activities	<u>(8,509,597)</u>	<u>(84,241,889)</u>
Cash flows from financing activities		
Dividend paid	(6,426,060)	(5,993,908)
Proceeds from issuance of ordinary shares net of transaction cost	31,258,205	26,290,968
Revolving credit, net	(619,000)	(6,300,000)
Short-term borrowings, net	(17,402,955)	24,850,529
Term loan, net	(1,058,529)	70,000,000
Finance lease obligations, net	(217,935)	(273,637)
Net cash flows from financing activities	<u>5,533,726</u>	<u>108,573,952</u>
Net increase/(decrease) in cash and cash equivalents	<u>48,384,736</u>	<u>(13,913,890)</u>
Cash and cash equivalents at beginning of financial period	<u>43,188,862</u>	<u>6,744,431</u>
Cash and cash equivalents at end of financial period	<u>91,573,598</u>	<u>(7,169,459)</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Short term deposits with licensed banks	89,778,464	42,936,889
Cash at banks and in hand	12,412,996	41,374,088
Cash and bank balances	<u>102,191,460</u>	<u>84,310,977</u>
Bank overdrafts	(10,617,862)	(91,480,436)
	<u>91,573,598</u>	<u>(7,169,459)</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. 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.

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

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 101	Presentation of Items of Other Comprehensive Income	<i>1 July 2012</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.

CYPARK RESOURCES BERHAD (642994-H)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 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
9 months ended 31 July 2013						
Revenue						
Sale to external customers	130,193,805	17,555,473	722,700	15,425,836	-	163,897,814
Inter-segment sales	11,042,903	19,853,831			(30,896,734)	-
Total revenue	141,236,708	37,409,304	722,700	15,425,836	(30,896,734)	163,897,814
Results						
Profit for reportable segments	36,300,136	3,877,496	422,700	5,092,979	-	45,693,311
Other income						2,314,150
Administrative expenses						(7,577,749)
Operating profits						40,429,712
Finance costs						(9,166,987)
Profit before taxation from continuing operations						31,262,725
Income tax expense						(4,271,392)
Profit from continuing operations, net of tax						26,991,333
Loss from discontinued operations, net of tax						-
Profit net of tax						26,991,333
Other Comprehensive Income						-
Total comprehensive income						26,991,333

	Environmental Engineering RM	Landscaping & Infrastructure RM	Maintenance RM	Renewable Energy RM	Elimination RM	Total RM
9 months ended 31 July 2012						
Revenue						
Sale to external customers	116,365,093	19,462,683	852,300	3,025,820	-	139,705,896
Inter-segment sales	8,947,241	14,600,000	456,000		(24,003,241)	-
Total revenue	125,312,334	34,062,683	1,308,300	3,025,820	(24,003,241)	139,705,896
Results						
Profit for reportable segments	31,899,889	5,059,830	602,300	1,578,541	-	39,140,560
Other income						1,287,262
Administrative expenses						(6,617,036)
Operating profit						33,810,786
Finance costs						(6,291,768)
Profit before taxation from continuing operations						27,519,018
Income tax expense						(6,942,093)
Profit from continuing operations, net of tax						20,576,925
Loss from discontinued operations, net of tax						(33,239)
Profit net of tax						20,543,686
Other Comprehensive Income						-
Total comprehensive income						20,543,686

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 for property, plant and equipment as at 31 July 2013.

	Capital Commitment as at 31 July 2013
Development of Integrated Renewable Energy Park comprises new 5MW Solar PV and 2MW Biogas Power Plant at Pajam	35,180,526

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 23 September 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, except as disclosed below:-

On 1 May 2013, the Group has entered into three management agreements with three groups of companies as follows:-

- I. Kenari Pasifik Sdn Bhd ("KPSB") together with its wholly owned subsidiary, Gaya Dunia Sdn Bhd ("GDSB")
- II. Tiara Insight Sdn Bhd ("TISB") together with its wholly owned subsidiary, Rentak Raya Sdn Bhd ("RRSB")
- III. Semangat Sarjana Sdn Bhd ("SSSB") together with its wholly owned subsidiary, Ambang Fiesta Sdn Bhd ("AFSB")

KPSB, TISB and SSSB are investment holding companies while GDSB, RRSB and AFSB are principally involved in the business of renewable energy.

The Group gains total control over the management of the three groups of companies and receives substantially all of the benefits related to their operations and net assets based on the terms of the agreement. Accordingly, the companies have been consolidated in the Group's financial statements.

The Group has also in May 2013 subscribed to the new issuance of 6% Non-Cumulative Irredeemable Convertible Preference Shares in each of the companies as follows:-

- I. KPSB – 1,000 units of preference shares at par of RM1.00 each
- II. TISB – 1,000 units of preference shares at par of RM1.00 each
- III. SSSB – 1,000 units of preference shares at par of RM1.00 each

A14. Contingent liabilities

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

	31 July 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 in respect various projects of the Group	4,366,743
- Bank guarantees extended to third parties in respect various projects of the Group	600,000
- Letter of credits given to suppliers for purchase of materials	9,839,002
	<u>44,648,444</u>
Unsecured:	
- Corporate guarantees given to banks for credit facilities granted to subsidiaries	280,300,000
	<u>280,300,000</u>
TOTAL	<u>324,948,444</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 31/07/2013 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	4,707,000	6,377,500	53,772

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

The Group's revenue for 3Q2013 slightly decreased by 0.3% to RM53.7 million from RM53.8 million recorded in 3Q2012. However, gross profit margin is higher by 7%, which is 30% in 3Q2013 compared to 23% in 3Q2012. The profit before tax for 3Q2013 increased by 37.5% to RM11.8 million from RM8.6 million as recorded in 3Q2012. Profit before tax margin increased from 16% in 3Q2012 to 22.0% in 3Q2013 as compared to 3Q2012. The details of the performance of the segments are as follows:

Environmental Engineering

The revenue for 3Q2013 decreased by 8.9% to RM43.5 million from RM47.7 million recorded in 3Q2012. The gross profit, however, increased by 30.7% or RM3.0 million from RM9.9 million in 3Q2012 to RM12.9 million in 3Q2013 due to profit generated from design and preliminary works for renewable energy related projects.

Landscaping & Infrastructure

Revenue for the landscaping and infrastructure division increased to RM4.5 million in 3Q2013 from RM3.7 million in 3Q2012, or an increment of 21.9% compared to the preceding year quarter. However, the operating profit for 3Q2013 decreased from RM1.2 million in 3Q2012 to RM0.6 million in 3Q2013 due to additional costs arising from the amicable settlement of contractor's legal claim as disclosed in *Note B12 (a)*.

Maintenance

Revenue generated from maintenance division is slightly lower due to general maintenance works performed for lesser landfill sites in 3Q2013 as compared to 3Q2012.

Renewable Energy

The revenue for renewable energy division increased by 165% to RM5.5 million in 3Q2013 from RM2.1 million in 2Q2012 as the export capacity of green electricity had been increased to 19MW since the beginning of year 2013.

Current financial period ended 31 July 2013 Vs Preceding financial period ended 31 July 2012

The Group's revenue for the current financial period increased by 17.3% to RM163.9 million from RM139.7 million recorded in the preceding financial period. The profit before tax for the current financial period only increased by 13.6% to RM31.3 million from RM27.5 million recorded in the preceding financial period. However, the Group's profit after tax increased substantially by 31% to RM27.0 million from RM20.5 million recorded in preceding financial period 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 period ended 31 July 2013 Vs Preceding financial period ended 31 July 2012 – cont'd****Environmental Engineering**

The revenue for the current financial period increased by 11.9% or RM13.8 million to RM130.2 million from RM116.4 million recorded in the preceding financial period. The operating profit in the current financial period also increased by 15.1% to RM32.6 million as compared to RM28.3 million in the preceding financial period. These are mainly contributed by the renewable energy related projects.

Landscaping & Infrastructure

Revenue for the landscaping and infrastructure division decreased by RM1.9 million to RM17.6 million in the current financial period from RM19.5 million in the preceding financial period. The operating profit in the current financial period decreased by RM0.9 million to RM3.1 million from RM4.0 million recorded in the preceding financial period due to additional costs arising from the amicable settlement of contractor's legal claim as disclosed in *Note B12 (a)*.

Maintenance

Revenue generated from maintenance division is slightly lower due to general maintenance works performed for lesser landfill sites in current financial period as compared to preceding financial period.

Renewable Energy

The revenue for renewable energy division increased fivefold to RM15.4 million in current financial period from RM3.0 million in preceding financial period. This is mainly due to the export capacity of green electricity had been increased to 19MW since the beginning of year 2013.

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

The revenue of the Group amounting to RM53.7 million for the current quarter represents a decrease of 9.4% as compared to the immediate preceding quarter of RM59.2 million. In correspondence to the lower revenue generated, the gross profit for the current quarter has slightly decreased by 8.8% to RM16 million from RM17.5 million as compared to the immediate preceding quarter. These are due to the near completion of NLR project and projects secured in Putajaya.

The profit before tax of the Group decreased by 5.1%, from RM12.4 million in the immediate preceding quarter to RM11.8 million in current quarter due to high finance costs in renewable energy projects.

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.

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 July 2013	Cumulative Year to date 9 months ended 31 July 2013
Profit before tax is stated after crediting:-		
Interest income	526,394	1,807,109
Other income (including investment income)	414,362	507,041
Gain on disposal of quoted or unquoted investment or properties	N/A	N/A
Profit before tax is stated after charging:-		
Interest expenses	3,342,381	9,166,987
Depreciation	2,591,473	4,914,403
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

B6. Income tax expense

	Current year quarter 31 July 2013 RM	Current year to date 31 July 2013 RM
Malaysia tax	1,988,549	4,545,549
Deferred tax	(62,000)	(274,157)
	<u>1,926,549</u>	<u>4,271,392</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	-	12 months	30,419,545	100	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 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

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 31.7.2013	Exercisable as at 31.7.2013
		Granted	Exercised	Lapsed		
2010 option	3,475,000	-	520,000	-	2,955,000	2,955,000
Weighted average exercise price (RM)	1.10	1.10	1.10	1.10	1.10	1.10
Weighted average remaining contractual life (months)	36			27		

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 31.7.2013	Exercisable as at 31.7.2013
		Granted	Exercised	Lapsed		
2011 option	6,320,500	-	199,000	-	6,121,500	6,121,500
Weighted average exercise price (RM)	1.34	1.34	1.34	1.34	1.34	1.34
Weighted average remaining contractual life (months)	36					27

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

B10. Group's borrowings and debts securities

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

	RM
Short term borrowings	
Secured:-	
Bank overdrafts	10,617,862
Advance against progress claim	45,000,000
Trust receipts	19,468,937
Bill discounting	3,821,446
Finance lease	328,080
Term loan	19,630,737
Revolving credits	<u>22,081,000</u>
	<u>120,948,062</u>
Long term borrowings	
Secured:-	
Finance lease	1,240,712
Term loan	152,398,135
Revolving credits	<u>7,800,000</u>
	<u>161,438,847</u>
Total borrowings	
Secured:-	
Bank overdrafts	10,617,862
Advance against progress claim	45,000,000
Trust receipts	19,468,937
Bill discounting	3,821,446
Finance lease	1,568,792
Term loan	172,028,872
Revolving credits	<u>29,881,000</u>
	<u>282,386,909</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.

B13. Realised and unrealised profits or losses of the Group

	Current Financial Period As at 31 July 2013 RM	Preceding Financial Year As at 31 October 2012 RM
Total retained earnings of the Group and its subsidiaries		
Realised	94,306,028	74,084,006
Unrealised	472,350	189,900
	<u>94,778,378</u>	<u>74,273,906</u>
Add: Consolidation adjustments	(962,851)	(1,023,652)
Retained earnings as per financial statements	<u>93,815,527</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 data used in the computation of basic and diluted earnings per share for the quarter ended 31 July 2013:-

	Quarter ended		Year to date ended	
	31 July 2013	31 July 2012	31 July 2013	31 July 2012
	RM	RM	RM	RM
Profit net of tax attributable to owners of the parent used in the computation of the basic and diluted earnings per share	9,862,424	6,438,439	26,991,333	20,543,686
Add back: Loss from discontinued operation, net of tax, attributable to owners of the parent	-	-	-	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	9,862,424	6,438,439	26,991,333	20,576,925
Weighted average number of ordinary shares for basic earnings per shares computation	161,004,894	154,208,500	161,004,894	154,208,500
Effects of dilution - share options	9,076,500	8,929,678	9,076,500	8,929,678
Weighted average number of ordinary shares for diluted earnings per share computation	170,081,394	163,138,178	170,081,394	163,138,178