

CYPARK RESOURCES BERHAD (642994-H)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2014

Unaudited Condensed Consolidated Statements of Comprehensive Income**For the First Quarter ended 31 January 2014**

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	31/01/2014	31/01/2013	31/01/2014	31/01/2013
	RM	RM	RM	RM
Continuing operations				
Revenue	51,463,529	50,970,887	51,463,529	50,970,887
Cost of sales	(39,141,737)	(38,802,406)	(39,141,737)	(38,802,406)
Gross profit	12,321,792	12,168,481	12,321,792	12,168,481
Other income	848,405	687,103	848,405	687,103
Administrative expenses	(1,376,149)	(2,745,131)	(1,376,149)	(2,745,131)
Operating profit	11,794,048	10,110,453	11,794,048	10,110,453
Finance costs	(3,700,495)	(3,063,480)	(3,700,495)	(3,063,480)
Profit before tax from continuing operations	8,093,553	7,046,973	8,093,553	7,046,973
Income tax expense	(361,328)	(447,687)	(361,328)	(447,687)
Profit from continuing operations, net of tax	7,732,225	6,599,286	7,732,225	6,599,286
Discontinued operation				
Loss from discontinued operations, net of tax	-	-	-	-
Profit net of tax	7,732,225	6,599,286	7,732,225	6,599,286
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year, attributable to owners of the parent	7,732,225	6,599,286	7,732,225	6,599,286
Earnings per share attributable to owners of the parent (sen per share)				
- Basic	4.32	4.13	4.32	4.13
- Diluted	4.00	3.89	4.00	3.89
Earnings per share from continuing operations attributable to owners of the parent (sen per share)				
- Basic	4.32	4.13	4.32	4.13
- Diluted	4.00	3.89	4.00	3.89
Loss per share from discontinued operation attributable to owners of the parent (sen per share)				
- Basic	-	-	-	-
- Diluted	-	-	-	-

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 January 2014**

	Unaudited As At 31/01/2014 RM	Audited As At 31/10/2013 RM
Assets		
Non-current assets		
Plant and equipment	272,142,433	274,650,253
Intangible assets	118,515,337	85,810,825
Deferred tax assets	1,112,604	1,227,916
Long term trade receivables	1,809,280	2,016,884
	<u>393,579,654</u>	<u>363,705,878</u>
Current assets		
Trade and other receivables	202,834,824	200,592,748
Other current assets	1,022,371	319,548
Cash and bank balances	80,684,769	112,939,014
	<u>284,541,964</u>	<u>313,851,310</u>
Total assets	<u>678,121,618</u>	<u>677,557,188</u>
Equity and liabilities		
Current liabilities		
Loans and borrowings	169,094,498	141,519,822
Trade and other payables	102,729,553	122,867,321
Tax payables	1,558,139	3,417,081
	<u>273,382,190</u>	<u>267,804,224</u>
Net current assets	<u>11,159,774</u>	<u>46,047,086</u>
Non-current liabilities		
Loans and borrowings	171,814,670	178,401,102
Trade and other payables	4,762,138	11,845,867
Deferred tax liabilities	130,000	150,000
	<u>176,706,808</u>	<u>190,396,969</u>
Total liabilities	<u>450,088,998</u>	<u>458,201,193</u>
Net assets	<u>228,032,620</u>	<u>219,355,995</u>
Equity attributable to equity holders of the Company		
Share capital	89,592,325	89,172,325
Share premium	59,120,065	58,411,469
Reverse acquisition reserve	(36,700,000)	(36,700,000)
Share option reserve	5,539,380	5,723,576
Retained earnings	110,480,850	102,748,625
Total equity	<u>228,032,620</u>	<u>219,355,995</u>
Total equity and liabilities	<u>678,121,618</u>	<u>677,557,188</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.27	1.23

Note:

- 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.*

CYPARK RESOURCES BERHAD (642994-H)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2014

Statements of Changes in Equity**For the First Quarter ended 31 January 2014**

	← Non-distributable →			Distributable		Equity Total RM
	Share capital RM	Share premium RM	Share option reserve RM	Reverse acquisition reserve RM	Retained earnings RM	
2014						
Group						
Opening balance at 1 November 2013	89,172,325	58,411,469	5,723,576	(36,700,000)	102,748,625	219,355,995
Total comprehensive income	-	-	-	-	7,732,225	7,732,225
Transactions with owners						
Exercise of employee share options	420,000	708,596	(184,196)	-	-	944,400
Total transactions with owners	420,000	708,596	(184,196)	-	-	944,400
Closing balance at 31 January 2014	89,592,325	59,120,065	5,539,380	(36,700,000)	110,480,850	228,032,620
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

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 First Quarter ended 31 January 2014**

	3 months ended	
	31/01/2014	31/01/2013
	RM	RM
		(Restated)
Cash flows from operating activities		
Profit before tax from continuing operations	8,093,553	7,046,973
Loss before tax from discontinued operations	-	-
	<u>8,093,553</u>	<u>7,046,973</u>
Adjustments for:		
Depreciation of plant and equipment	2,947,545	1,160,236
Grant of equity-settled share options to employees	-	428,754
Construction profit recognised pursuant to IC Interpretation 12	(7,213,952)	(6,030,883)
Interest expense	3,700,495	3,063,480
Interest income	(517,048)	(678,932)
Operating cash flows before changes in working capital	<u>7,010,593</u>	<u>4,989,628</u>
Changes in working capital:		
Trade and other receivables	(2,001,879)	94,293,753
Other current assets	(702,823)	(168,160)
Development costs	-	1,732,723
Trade and other payables	(27,364,089)	(10,548,103)
Cash flows (used in)/from operations	<u>(23,058,198)</u>	<u>90,299,841</u>
Interest paid	(3,590,495)	(3,063,480)
Taxes paid	(2,124,958)	(2,558,888)
Net cash flows (used in)/from operating activities	<u>(28,773,651)</u>	<u>84,677,473</u>
Cash flows from investing activities		
Additions to service concession asset	(25,490,560)	(12,562,061)
Purchase of plant and equipment	(439,725)	(1,898,623)
Interest received	517,048	678,932
Net cash flows used in investing activities	<u>(25,413,237)</u>	<u>(13,781,752)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares		
- ESOS	944,400	33,500
Revolving credit, net	(1,239,000)	(3,100,000)
Short term borrowings, net	26,335,695	(29,111,665)
Term loans, net	(5,885,713)	-
Finance lease obligations, net	(81,450)	(70,030)
Net cash flows from/(used in) financing activities	<u>20,073,932</u>	<u>(32,248,195)</u>
Net (decrease)/increase in cash and cash equivalents	(34,112,956)	38,647,526
Cash and cash equivalents at beginning of financial period	Note (2) <u>90,771,044</u>	<u>43,188,862</u>
Cash and cash equivalents at end of financial period	<u>56,658,088</u>	<u>81,836,388</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Short term deposits with licensed banks	63,241,867	96,830,914
Cash at banks and in hand	<u>17,442,902</u>	<u>18,465,844</u>
Cash and bank balances	80,684,769	115,296,758
Less: Bank overdrafts	(24,026,681)	(33,460,370)
	<u>56,658,088</u>	<u>81,836,388</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 including 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.

MFRSs, Amendments to MFRSs and IC Interpretation	
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 Associates and Joint Ventures (2011)
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRSs	Annual Improvements 2009-2011 Cycle
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

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:-

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual period beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
Amendments to MFRS 10, 12 & 127	Investment Entities	1 January 2014
Amendments to MFRS 119	Defined Benefit Plans: Employee Contribution	1 July 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014

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

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual period beginning on or after
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>
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 2013.

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.

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
3 months ended 31 January 2014						
Revenue						
Sale to external customers	32,722,000	11,068,167	210,000	7,463,362		51,463,529
Inter-segment sales	2,450,000	-			(2,450,000)	-
Total revenue	<u>35,172,000</u>	<u>11,068,167</u>	<u>210,000</u>	<u>7,463,362</u>	<u>(2,450,000)</u>	<u>51,463,529</u>
Results						
Profit for reportable segments	8,065,971	654,457	110,000	3,491,364	-	12,321,792
Other income						848,405
Administrative expenses						<u>(1,376,149)</u>
Operating profits						11,794,048
Finance costs						<u>(3,700,495)</u>
Profit before taxation from continuing operations						8,093,553
Income tax expense						<u>(361,328)</u>
Profit from continuing operations, net of tax						<u>7,732,225</u>
Loss from discontinued operations, net of tax						<u>-</u>
Profit net of tax						7,732,225
Other Comprehensive Income						<u>-</u>
Total comprehensive income						<u>7,732,225</u>

	Environmental Engineering RM	Landscaping & Infrastructure RM	Maintenance RM	Renewable Energy RM	Elimination RM	Total RM
3 months ended 31 January 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	<u>39,730,283</u>	<u>7,300,000</u>	<u>240,900</u>	<u>4,349,704</u>	<u>(650,000)</u>	<u>50,970,887</u>
Results						
Profit for reportable segments	9,211,004	1,316,301	240,900	1,400,276	-	12,168,481
Other income						687,103
Administrative expenses						<u>(2,745,131)</u>
Operating profit						10,110,453
Finance costs						<u>(3,063,480)</u>
Profit before taxation from continuing operations						7,046,973
Income tax expense						<u>(447,687)</u>
Profit from continuing operations, net of tax						<u>6,599,286</u>
Loss from discontinued operations, net of tax						<u>-</u>
Profit net of tax						6,599,286
Other Comprehensive Income						<u>-</u>
Total comprehensive income						<u>6,599,286</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 January 2014:-

	Capital Commitment as at 31 January 2014
Capital expenditure	
Approved and contracted for:-	
- Intangible assets	<u>62,556,075</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 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 January 2014 RM
Secured:	
- Performance bond guarantees favouring Government/ Statutory bodies and companies acceptable to the banks for various projects	29,882,700
- Bank guarantees extended to Government/Government Bodies in respect of various projects of the Group	3,505,793
- Bank guarantees extended to third parties in respect various projects of the Group	220,000
- Letter of credits given to suppliers for purchase of materials	<u>11,895,410</u>
	<u>45,503,903</u>
Unsecured:	
- Corporate guarantees given to banks for credit facilities granted to subsidiaries	<u>318,700,000</u>
	<u>318,700,000</u>
TOTAL	<u>364,203,903</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 31/1/2014 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	352,473	352,473	6,112,849

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

The Group's revenue for 1Q2014 increased by 1% to RM51.5 million from RM51.0 million recorded in 1Q2013. Gross profit margin for current quarter remained at 24% in 1Q2014 as in 1Q2013. The profit before tax increased by 15% to RM8.1 million in 1Q2014 from RM7.0 million reported in preceding year quarter. Profit after tax increased by 17% to RM7.7 million from RM6.6 million. The details of the performance of the segments are as follows

Environmental Engineering

The revenue for 1Q2014 decreased marginally by 3.6% to RM32.7 million from RM39.7 million recorded in 1Q2013. The profit before tax increased by RM0.8 million or 15% to RM6.3 million from RM5.5 million in 1Q2013 due to the better profit margin from the current ongoing renewable energy related project and decrease in finance costs attributable to NLR projects which are fully completed or nearing its completion.

Landscaping & Infrastructure

Revenue for the landscaping and infrastructure division increased significantly by 66% to RM11.1 million in 1Q2014 from RM6.7 million in 1Q2013. Despite the increase in revenue, the profit before tax of this division only increased by 15% to RM0.9 million in 1Q2014 from RM0.8 million reported in preceding year quarter. This is mainly attributed to lower margin generated by new building works performed in current quarter.

Maintenance

Revenue in current quarter is generated from general maintenance works performed for landfill sites.

Renewable Energy

The revenue for renewable energy division increased significantly by 72% to RM7.5 million in 1Q2014 from RM4.4 million in 1Q2013 as the export capacity of green electricity had increased to 27.3MW from 19MW in 1Q2013. However, the profit before tax for 1Q2014 only increased marginally by 21% due to the higher financing costs incurred for the renewable energy plants at initial years.

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

The revenue of the Group decreased slightly from RM53.2 million in the immediate preceding quarter to RM51.4 million in the current quarter. The gross profit margin for current quarter decreased to 24% from 28% as compared to the immediate preceding quarter due mainly to additional costs provided for handover of various NLR completed project sites to client.

Overall, the profit before tax margin decreased only by 2% due to the lower administrative costs and finance costs 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 1st 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 1st 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 immensely 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

	Individual Quarter 3 months ended 31 January 2014	Cumulative Year to date 3 months ended 31 January 2014
Profit before tax is stated after crediting:-		
Interest income	517,048	517,048
Other income (including investment income)	331,357	331,357
Foreign exchange gain	N/A	N/A
Gain on disposal of quoted or unquoted investment or properties	N/A	N/A
Profit before tax is stated after charging:-		
Interest expenses	3,700,495	3,700,495
Depreciation	2,947,545	2,947,545
Foreign exchange loss	N/A	N/A
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
Exceptional items	N/A	N/A

B6. Income tax expense

	Current year quarter 31 January 2014 RM	Current year to date 31 January 2014 RM
Income tax	266,016	266,016
Deferred tax	95,312	95,312
	<u>361,328</u>	<u>361,328</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	25,000,000	12 months	5,419,545	18	To be utilised in future quarters
Expenses	104,240	104,240	-	-	-	N/A
	30,523,785	104,240				

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

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

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

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

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

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

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

	Title	Options Offered (Unit)		Options Accepted (Unit)
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 31.1.2014	Exercisable as at 31.1.2014
		Granted	Exercised	Lapsed		
2010 option	1,428,000	-	755,000	-	673,000	673,000
Weighted average exercise price (RM)	1.10	1.10	1.10	1.10	1.10	1.10
Weighted average remaining contractual life (months)	24					21

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 31.1.2014	Exercisable as at 31.1.2014
		Granted	Exercised	Lapsed		
2011 option	6,020,500	-	85,000	-	5,935,500	5,935,500
Weighted average exercise price (RM)	1.34	1.34	1.34	1.34	1.34	1.34
Weighted average remaining contractual life (months)	24					21

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 31.1.2014	Exercisable as at 31.1.2014
		Granted	Exercised	Lapsed		
2013 option	7,827,000	-	-	-	7,827,000	7,827,000
Weighted average exercise price (RM)	1.65	1.65	1.65	1.65	1.65	1.65
Weighted average remaining contractual life (months)	24					21

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 January 2014 are as follows:-

	RM
Short term borrowings	
Secured:-	
Bank overdrafts	24,026,681
Advance against progress claim	42,678,000
Trust receipts	53,634,393
Bill discounting	1,239,884
Finance lease	337,220
Term loans	20,778,320
Revolving credits	26,400,000
	<u>169,094,498</u>
Long term borrowings	
Secured:-	
Finance lease	1,069,817
Term loans	167,144,853
Revolving credits	3,600,000
	<u>171,814,670</u>
Total borrowings	
Secured:-	
Bank overdrafts	24,026,681
Advance against progress claim	42,678,000
Trust receipts	53,634,393
Bill discounting	1,239,884
Finance lease	1,407,037
Term loans	187,923,173
Revolving credits	30,000,000
	<u>340,909,168</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. **Kawalan Keselamatan Sentral (M) Sdn Bhd ("Plaintiff") v CSB (Shah Alam Session Court Summons No: S1-52-2047-2009)**

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

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

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

The Court of Appeal has fixed for hearing on 1 October 2013. However, pending the written grounds of the High Court's judgement, the Defendant's Counsel has written to the Court of Appeal for an adjournment. In view, both the Plaintiff's Counsel and the Defendant's Counsel will attend court on 1 October 2013 to make the application for adjournment orally in the open court. The Appeal Proper was fixed for hearing on 10 January 2014 but it was postponed and now fixed for hearing on 19 March 2014. On 19 March 2014, the Court of Appeal dismissed the Appeal with the Defendant having to pay the costs of RM5,000 only.

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

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

CSB filed a counter claim against the plaintiff on 18 November 2013. CSB in its defence and counter claim is disputing the alleged outstanding claim by the Plaintiff as the Subcontract was terminated as a result of the Plaintiff's 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 RM36,449.11 due from the Plaintiff. CSB further seeks indemnity against the Plaintiff for any losses suffered by CSB in completing the balance of works under the Subcontract.

This matter was fixed for case management on 9 January 2014. Both parties have filed the bundle of pleadings, summary of case, statement of issues to be tried and statement of agreed facts on 27 February 2014. However, with the court instructions, the statement of issues to be tried is required to be redrafted to cut down the issues. Further, the parties are also in the process of finalizing the common bundle of documents. Trial dates are further fixed from 7 July 2014 to 9 July 2014, respectively.

B13. Realised and unrealised profits or losses of the Group

	Current Financial Year As at 31 January 2014 RM	Preceding Financial Year As at 31 October 2013 RM (Restated)
Total retained earnings of the Group and its subsidiaries		
Realised	112,664,475	104,845,362
Unrealised	365,000	458,206
	<u>113,029,475</u>	<u>105,303,568</u>
Add: Consolidation adjustments	(2,548,625)	(2,554,943)
Retained earnings as per financial statements	<u>110,480,850</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 January 2014:-

	Quarter ended		Year to date ended	
	31 Jan 2014 RM	31 Jan 2013 RM	31 Jan 2014 RM	31 Jan 2013 RM
Profit net of tax attributable to owners of the parent used in the computation of the basic and diluted earnings per share	7,732,225	6,599,286	7,732,225	6,599,286
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>7,732,225</u>	<u>6,599,286</u>	<u>7,732,225</u>	<u>6,599,286</u>
Weighted average number of ordinary shares for basic earnings per shares computation	179,056,824	159,956,141	179,056,824	159,956,141
Effects of dilution - share options	14,435,500	9,770,500	14,435,500	9,770,500
Weighted average number of ordinary shares for diluted earnings per share computation	<u>193,492,324</u>	<u>169,726,641</u>	<u>193,492,324</u>	<u>169,726,641</u>