

CYPARK RESOURCES BERHAD (642994-H)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2014

Unaudited Condensed Consolidated Statements of Comprehensive Income**For the Second Quarter ended 30 April 2014**

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	Current Year Quarter 30/04/2014 RM	Preceding Year Quarter 30/04/2013 RM	Current Year To Date 30/04/2014 RM	Preceding Year To Date 30/04/2013 RM
Continuing operations				
Revenue	68,917,373	59,239,441	120,380,902	110,210,328
Cost of sales	(51,256,202)	(41,706,957)	(90,397,939)	(80,509,363)
Gross profit	17,661,171	17,532,484	29,982,963	29,700,965
Other income	1,600,318	686,291	2,448,723	1,373,394
Administrative expenses	(1,777,052)	(3,030,870)	(3,153,202)	(5,776,001)
Operating profit	17,484,437	15,187,905	29,278,484	25,298,358
Finance costs	(3,302,002)	(2,761,126)	(7,002,497)	(5,824,606)
Profit before tax from continuing operations	14,182,435	12,426,779	22,275,987	19,473,752
Income tax expense	(533,297)	(1,897,156)	(894,625)	(2,344,843)
Profit from continuing operations, net of tax	13,649,138	10,529,623	21,381,362	17,128,909
Discontinued operation				
Loss from discontinued operations, net of tax	-	-	-	-
Profit net of tax	13,649,138	10,529,623	21,381,362	17,128,909
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year, attributable to owners of the parent	13,649,138	10,529,623	21,381,362	17,128,909
Earnings per share attributable to owners of the parent (sen per share)				
- Basic	7.60	6.58	11.90	10.71
- Diluted	7.08	6.21	11.09	10.09
Earnings per share from continuing operations attributable to owners of the parent (sen per share)				
- Basic	7.60	6.58	11.90	10.71
- Diluted	7.08	6.21	11.09	10.09
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 30 April 2014**

	Unaudited As At 30/04/2014 RM	Audited As At 31/10/2013 RM
Assets		
Non-current assets		
Plant and equipment	269,147,845	274,650,253
Intangible assets	163,821,149	85,810,825
Deferred tax assets	629,873	1,227,916
Long term trade receivables	2,073,014	2,016,884
	<u>435,671,881</u>	<u>363,705,878</u>
Current assets		
Trade and other receivables	214,699,924	200,592,748
Other current assets	1,148,730	319,548
Tax recoverable	668,587	-
Cash and bank balances	66,615,714	112,939,014
	<u>283,132,955</u>	<u>313,851,310</u>
Total assets	<u>718,804,836</u>	<u>677,557,188</u>
Equity and liabilities		
Current liabilities		
Loans and borrowings	153,538,638	141,519,822
Trade and other payables	126,295,526	122,867,321
Tax payables	1,107,865	3,417,081
	<u>280,942,029</u>	<u>267,804,224</u>
Net current assets	<u>2,190,926</u>	<u>46,047,086</u>
Non-current liabilities		
Loans and borrowings	180,095,543	178,401,102
Trade and other payables	14,120,527	11,845,867
Deferred tax liabilities	199,000	150,000
	<u>194,415,070</u>	<u>190,396,969</u>
Total liabilities	<u>475,357,099</u>	<u>458,201,193</u>
Net assets	<u>243,447,737</u>	<u>219,355,995</u>
Equity attributable to equity holders of the Company		
Share capital	90,298,825	89,172,325
Share premium	60,540,736	58,411,469
Reverse acquisition reserve	(36,700,000)	(36,700,000)
Share option reserve	5,178,189	5,723,576
Retained earnings	124,129,987	102,748,625
Total equity	<u>243,447,737</u>	<u>219,355,995</u>
Total equity and liabilities	<u>718,804,836</u>	<u>677,557,188</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.35	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.*
- The subsequent collection from trade receivables after the financial period ended 30 April 2014 amounted to RM30,948,037.*

CYPARK RESOURCES BERHAD (642994-H)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2014

Statements of Changes in Equity
For the Second Quarter ended 30 April 2014

	← Non-distributable →				Distributable	
	Share capital RM	Share premium RM	Share option reserve RM	Reverse acquisition reserve RM	Retained earnings RM	Equity Total 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	-	-	-	-	21,381,362	21,381,362
Transactions with owners						
Exercise of employee share options	1,126,500	2,129,267	(545,387)	-	-	2,710,380
Total transactions with owners	1,126,500	2,129,267	(545,387)	-	-	2,710,380
Closing balance at 30 April 2014	90,298,825	60,540,736	5,178,189	(36,700,000)	124,129,987	243,447,737
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	-	-	-	-	17,128,909	17,128,909
Transactions with owners						
Exercise of employee share options	37,500	94,708	(36,508)	-	-	95,700
Grant of equity-settled share options to employees	-	-	428,754	-	-	428,754
Total transactions with owners	37,500	94,708	392,246	-	-	524,454
Closing balance at 30 April 2013	80,003,750	34,103,244	2,498,504	(36,700,000)	90,379,163	170,284,661

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 Second Quarter ended 30 April 2014

	6 months ended	
	30/04/2014 RM	30/04/2013 RM (Restated)
Cash flows from operating activities		
Profit before tax from continuing operations	22,275,987	19,473,752
Loss before tax from discontinued operations	-	-
	22,275,987	19,473,752
Adjustments for:		
Depreciation of plant and equipment	6,306,308	2,322,930
Grant of equity-settled share options to employees	-	428,754
Construction profit recognised pursuant to IC Interpretation 12	(18,416,710)	(10,459,713)
Interest expense	7,002,497	5,824,606
Interest income	(962,361)	(1,280,715)
Operating cash flows before changes in working capital	16,205,721	16,309,614
Changes in working capital:		
Trade and other receivables	(14,163,006)	72,500,316
Other current assets	(829,182)	(185,288)
Trade and other payables	5,926,396	13,609,677
Cash flows from operations	7,139,929	102,234,319
Interest paid	(7,226,327)	(5,359,023)
Taxes paid	(3,225,385)	(4,252,348)
Net cash flows (used in)/from operating activities	(3,311,783)	92,622,948
Cash flows from investing activities		
Additions to service concession asset	(59,593,614)	(29,884,896)
Purchase of plant and equipment	(803,900)	(3,421,846)
Interest received	962,361	1,280,715
Net cash flows used in investing activities	(59,435,153)	(32,026,027)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares		
- ESOS	2,710,380	95,700
Revolving credit, net	(3,339,000)	800,000
Short term borrowings, net	14,106,467	(35,316,715)
Term loans, net	3,782,321	-
Finance lease obligations, net	(164,042)	(141,108)
Net cash flows from/(used in) financing activities	17,096,126	(34,562,123)
Net (decrease)/increase in cash and cash equivalents	(45,650,810)	26,034,798
Cash and cash equivalents at beginning of financial period	90,771,044	43,188,862
Cash and cash equivalents at end of financial period	45,120,234	69,223,660
Cash and cash equivalents at the end of the financial period comprise the following:		
Short term deposits with licensed banks	52,042,754	71,349,130
Cash at banks and in hand	14,572,960	14,270,260
Cash and bank balances	66,615,714	85,619,390
Less: Bank overdrafts	(21,495,480)	(16,395,730)
	45,120,234	69,223,660

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 & Construction RM	Maintenance RM	Renewable Energy RM	Elimination RM	Total RM
6 months ended 30 April 2014						
Revenue						
Sale to external customers	80,333,089	22,933,416	420,000	16,694,398	-	120,380,902
Inter-segment sales	2,825,000	-	-	-	(2,825,000)	-
Total revenue	83,158,089	22,933,416	420,000	16,694,398	(2,825,000)	120,380,902
Results						
Profit for reportable segments	19,753,162	1,930,175	220,000	8,079,627	-	29,982,963
Other income						2,448,723
Administrative expenses						(3,153,202)
Operating profits						29,278,484
Finance costs						(7,002,497)
Profit before taxation from continuing operations						22,275,987
Income tax expense						(894,625)
Profit from continuing operations, net of tax						21,381,362
Loss from discontinued operations, net of tax						-
Profit net of tax						21,381,362
Other Comprehensive Income						-
Total comprehensive income						21,381,362

	Environmental Engineering RM	Landscaping, Infrastructure & Construction RM	Maintenance RM	Renewable Energy RM	Elimination RM	Total RM
6 months ended 30 April 2013						
Revenue						
Sale to external customers	86,737,603	13,100,000	481,800	9,890,925	-	110,210,328
Inter-segment sales	1,285,200	1,998,981	-	-	(3,284,181)	-
Total revenue	88,022,803	15,098,981	481,800	9,890,925	(3,284,181)	110,210,328
Results						
Profit for reportable segments	23,400,207	3,341,826	281,800	2,677,132	-	29,700,965
Other income						1,373,394
Administrative expenses						(5,776,001)
Operating profit						25,298,358
Finance costs						(5,824,606)
Profit before taxation from continuing operations						19,473,752
Income tax expense						(2,344,843)
Profit from continuing operations, net of tax						17,128,909
Loss from discontinued operations, net of tax						-
Profit net of tax						17,128,909
Other Comprehensive Income						-
Total comprehensive income						17,128,909

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 30 April 2014:-

	Capital Commitment as at 30 April 2014
Capital expenditure	
Approved and contracted for:-	
- Intangible assets	<u>47,494,674</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 23 June 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:

	30 April 2014 RM
Secured:	
- Performance bond guarantees favouring Government/ Statutory bodies and companies acceptable to the banks for various projects	30,728,675
- 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	2,169,078
- Letter of credits given to suppliers for purchase of materials	406,802
	<u>36,810,348</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>355,510,348</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 30/4/2014 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	2,269,764

B1. Analysis of performance**Current year Quarter ended 30 April 2014 Vs Preceding year Quarter ended 30 April 2013**

The Group's revenue for 2Q2014 increased by 16.3% to RM68.9 million from RM59.2 million recorded in 2Q2013. The profit before tax for 2Q2014 increased by 14.2% to RM14.2 million from RM12.4 million as recorded in 2Q2013. The Group's profit after tax rose significantly by RM3.1 million or 29.6% to RM13.6 million as compared to RM10.5 million in 2Q2013 due to significant tax saving and better profit margin generated from renewable energy projects. The details of the performance of each segment are as follows:-

Environmental Engineering

The revenue for 2Q2014 increased marginally by 1.3% to RM47.6 million from RM47.0 million recorded in 2Q2013. Despite the slight increase in revenue, the profit before tax decreased by RM1.3 million or 11.2% to RM10.2 million from RM11.5 million in 2Q2013. This is mainly due to additional rectification costs incurred for project closure purpose before handover to client in 2Q2014 as compared to 2Q2013.

Landscaping, Infrastructure & Construction

Revenue for the landscaping, infrastructure and construction division increased significantly by 84% to RM11.9 million in 2Q2014 as compared to RM6.5 million in 2Q2013. In line with the increase in revenue, the profit before tax of this division also increased significantly by 105% to RM1.4 million in 2Q2014 from RM0.7 million reported in preceding year quarter. The increase is mainly attributed to the works performed for new infrastructure upgrading project and new building projects secured 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 67% to RM9.2 million in 2Q2014 from RM5.5 million in 2Q2013 as the export capacity of green electricity had increased to 29.3MW from 19MW in 2Q2013. Due to the cost efficiency achieved through shared resources and economies of scale resulted from increase in capacity, the profit before tax for 2Q2014 further increased significantly to RM2.5 million as compared to RM0.7 million in 2Q2013.

Current financial period ended 30 April 2014 Vs Preceding financial period ended 30 April 2013

The Group's revenue for the current financial period increased by 9.2% to RM120.4 million from RM110.2 million recorded in the preceding financial period. In line with the increase in revenue, the profit before tax for the current financial period also increased by 14.4% to RM22.3 million from RM19.5 million reported in the preceding financial period. The Group's profit after tax increased by 24.8% to RM21.4 million from RM17.1 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 30 April 2014 Vs Preceding financial period ended 30 April 2013****Environmental Engineering**

The revenue for current financial period decreased by RM6.4 million or 7.4% to RM80.3 million from RM86.7 million recorded in the preceding financial period. Despite a 7% decrease in revenue, the profit before tax decreased only slightly by RM0.5 million to RM16.5 million from RM17.0 million recorded in the preceding financial period. This is mainly due to lower finance costs incurred for National Landfill Restoration Project which is near to its completion in current financial period.

Landscaping, Infrastructure & Construction

Revenue for the landscaping, infrastructure and construction division increased significantly by 75.1% to RM22.9 million in current financial period from RM13.1 million in the preceding financial period. The profit before tax of this division increased by 59.1% to RM2.3 million in current financial period from RM1.4 million reported in the preceding financial period. The increase is mainly attributed to the works performed for new infrastructure upgrading project and new building projects secured in current financial period.

Maintenance

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

Renewable Energy

The revenue for renewable energy division increased significantly by 68.8% to RM16.7 million in current financial period from RM9.9 million in preceding financial period. This is due to increase in export capacity of green electricity to 29.3MW from 19MW in preceding financial period. The profit before tax of this division also increased significantly to RM3.3 million in current financial period due to cost efficiency achieved through shared resources and economies of scale resulted from increase in capacity.

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

The revenue of the Group increased by 33.9% from RM51.5 million in the immediate preceding quarter to RM68.9 million in the current quarter. The gross profit margin for current quarter increased slightly to 25% from 24% as compared to the immediate preceding quarter. In line with the increase, the profit before tax for the current quarter also increased by 75.2% to RM14.2 million from RM8.1 million recorded in the immediate preceding quarter.

Overall, the profit before tax margin increased by 4.0% from 16% in the immediate preceding quarter to 20% in the current quarter due to the lower finance costs incurred 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 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 30 April 2014	Cumulative Year to date 6 months ended 30 April 2014
Profit before tax is stated after crediting:-		
Interest income	445,313	962,361
Other income (including investment income)	1,155,005	1,486,362
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	3,302,002	7,002,497
Depreciation	3,358,763	6,306,308
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 30 April 2014 RM	Current year to date 30 April 2014 RM
Income tax		
- Current	834,936	1,100,952
- Over provision in prior year	(853,370)	(853,370)
Deferred tax	551,731	647,043
	<u>533,297</u>	<u>894,625</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	30,419,545	12 months	-	-	Fully utilised.
Expenses	104,240	104,240	-	-	-	N/A
	30,523,785	30,523,785				

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 30.4.2014	Exercisable as at 30.4.2014
		Granted	Exercised	Lapsed		
2010 option	1,428,000	-	1,286,000	-	142,000	142,000
Weighted average exercise price (RM)	1.10	1.10	1.10	1.10	1.10	1.10
Weighted average remaining contractual life (months)	24					18

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 30.4.2014	Exercisable as at 30.4.2014
		Granted	Exercised	Lapsed		
2011 option	6,020,500	-	967,000	-	5,053,500	5,053,500
Weighted average exercise price (RM)	1.34	1.34	1.34	1.34	1.34	1.34
Weighted average remaining contractual life (months)	24					18

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 30.4.2014	Exercisable as at 30.4.2014
		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					18

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 30 April 2014 are as follows:-

	RM
Short term borrowings	
Secured:-	
Bank overdrafts	21,495,480
Advance against progress claim	6,752,876
Trust receipts	23,624,883
Bill discounting	5,683,204
Finance lease	341,789
Short term loan	49,262,086
Term loans	19,978,320
Revolving credits	<u>26,400,000</u>
	<u>153,538,638</u>
Long term borrowings	
Secured:-	
Finance lease	982,656
Term loans	177,612,887
Revolving credits	<u>1,500,000</u>
	<u>180,095,543</u>
Total borrowings	
Secured:-	
Bank overdrafts	21,495,480
Advance against progress claim	6,752,876
Trust receipts	23,624,883
Bill discounting	5,683,204
Finance lease	1,324,445
Short term loan	49,262,086
Term loans	197,591,207
Revolving credits	<u>27,900,000</u>
	<u>333,634,181</u>

B11. Off Balance Sheet Financial Instruments

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

B12. Material Litigation

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

a. Ocned Water Technology Sdn. Bhd. (“Plaintiff”) v CSB (Shah Alam High Court Suit No. 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 Period As at 30 April 2014 RM	Preceding Financial Year As at 31 October 2013 RM (Restated)
Total retained earnings of the Group and its subsidiaries		
Realised	127,154,404	104,845,362
Unrealised	(179,000)	458,206
	<u>126,975,404</u>	<u>105,303,568</u>
Add: Consolidation adjustments	(2,845,417)	(2,554,943)
Retained earnings as per financial statements	<u>124,129,987</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 30 April 2014:-

	Quarter ended		Year to date ended	
	30 April 2014	30 April 2013	30 April 2014	30 April 2013
	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	13,649,138	10,529,623	21,381,362	17,128,909
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>13,649,138</u>	<u>10,529,623</u>	<u>21,381,362</u>	<u>17,128,909</u>
Weighted average number of ordinary shares for basic earnings per shares computation	179,689,562	159,970,622	179,689,562	159,970,622
Effects of dilution - share options	13,022,500	9,720,500	13,022,500	9,720,500
Weighted average number of ordinary shares for diluted earnings per share computation	<u>192,712,062</u>	<u>169,691,122</u>	<u>192,712,062</u>	<u>169,691,122</u>