

Unaudited Condensed Consolidated Statements of Comprehensive Income**For the Third Quarter ended 31 July 2018**

	<u>Individual Quarter</u>			<u>Cumulative Period</u>		
	Current Year	Preceding Year	Changes	Current Year	Preceding Year	Changes
	Quarter	Quarter		To Date	To Date	
	31 July 2018	31 July 2017	%	31 July 2018	31 July 2017	%
	RM	RM		RM	RM	%
Revenue	75,128,751	75,095,563	0%	258,229,119	237,504,637	9%
Cost of sales	(47,682,017)	(51,639,758)	-8%	(184,746,714)	(173,458,469)	7%
Gross profit	27,446,734	23,455,805	17%	73,482,405	64,046,168	15%
Other income	1,381,061	612,610	125%	2,840,952	3,483,240	-18%
Administrative expenses	(2,914,977)	(1,614,230)	81%	(6,360,037)	(9,636,082)	-34%
Operating profit	25,912,818	22,454,185	15%	69,963,320	57,893,326	21%
Finance costs	(2,398,380)	(2,840,862)	-16%	(7,608,657)	(9,475,729)	-20%
Share of results of an associate	(96,297)	(23,326)		(148,489)	(35,139)	
Profit before tax	23,418,141	19,589,997	20%	62,206,174	48,382,458	29%
Tax expense	(4,203,228)	(3,086,337)	36%	(11,986,255)	(8,934,485)	34%
Profit for the year	19,214,913	16,503,660	16%	50,219,919	39,447,973	27%
Other comprehensive income net of tax	-	-		-	-	
Total comprehensive income for the year	19,214,913	16,503,660	16%	50,219,919	39,447,973	27%
Total comprehensive income attributable to:-						
- Owners of the Company	19,215,093	16,503,660	16%	50,220,849	39,448,273	27%
- Non-controlling interest	(180)	-		(930)	(300)	
	19,214,913	16,503,660		50,219,919	39,447,973	
Earnings per share for profit attributable						
to the owners of the Company (sen per share)						
- Basic	7.26	6.49		18.99	15.51	
- Diluted	7.20	6.39		18.82	15.26	

Note:

1. The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 October 2017 and the accompanying notes attached to the unaudited interim financial statements.

Unaudited Condensed Consolidated Statements of Financial Position**As at 31 July 2018**

	Unaudited As At 31 July 2018 RM	Audited As At 31 Oct 2017 RM
Assets		
Non-current assets		
Plant and equipment	219,757,059	229,012,991
Intangible assets	781,831,015	705,707,792
Investment in associated company	2,810,925	2,959,374
Deferred tax assets	497,078	516,325
Long term trade receivables	3,440,928	3,629,439
	<u>1,008,337,005</u>	<u>941,825,921</u>
Current assets		
Trade and other receivables	347,166,910	263,699,556
Other current assets	3,411,383	2,644,778
Tax recoverable	63,417	23,337
Cash and bank balances	107,823,249	108,511,739
	<u>458,464,959</u>	<u>374,879,410</u>
Total assets	<u>1,466,801,964</u>	<u>1,316,705,331</u>
Equity and liabilities		
Current liabilities		
Loans and borrowings	121,593,180	120,092,524
Trade and other payables	216,823,066	228,268,235
Tax payable	7,719,760	4,996,750
	<u>346,136,006</u>	<u>353,357,509</u>
Net current assets	<u>112,328,953</u>	<u>21,521,901</u>
Non-current liabilities		
Loans and borrowings	484,962,911	447,578,034
Trade and other payables	8,598,195	8,511,152
Deferred tax liabilities	20,000	25,000
	<u>493,581,106</u>	<u>456,114,186</u>
Total liabilities	<u>839,717,112</u>	<u>809,471,695</u>
Net assets	<u>627,084,852</u>	<u>507,233,636</u>
Equity		
Share capital	374,378,552	288,728,212
Reverse acquisition reserve	(36,700,000)	(36,700,000)
Share option reserve	3,289,248	4,477,145
Retained earnings	286,119,055	250,729,352
Equity attributable to owners of the Company	<u>627,086,855</u>	<u>507,234,709</u>
Non-controlling interests	<u>(2,003)</u>	<u>(1,073)</u>
Total Equity	<u>627,084,852</u>	<u>507,233,636</u>
Total equity and liabilities	<u>1,466,801,964</u>	<u>1,316,705,331</u>
Net assets per share attributable to owners of the Company (RM)	2.09	1.94

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 2017 and the accompanying notes attached to the unaudited interim financial statements.*

CYPARK RESOURCES BERHAD (642994-H)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2018

Statements of Changes in Equity
For the Third Quarter ended 31 July 2018

	Share capital RM	Share premium RM	Share option reserve RM	Reverse acquisition reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Equity Total RM
2018								
Group								
Opening balance at 1 November 2017	288,728,212	-	4,477,145	(36,700,000)	250,729,352	507,234,709	(1,073)	507,233,636
Total comprehensive income	-	-	-	-	50,220,849	50,220,849	(930)	50,219,919
Transactions with owners								
Dividend on ordinary shares	-	-	-	-	(14,831,146)	(14,831,146)	-	(14,831,146)
Issue of ordinary shares via:-								
- Private Placements	63,468,060	-	-	-	-	63,468,060	-	63,468,060
- Dividend Reinvestment Scheme	10,306,386	-	-	-	-	10,306,386	-	10,306,386
Share issuance expenses	(474,863)	-	-	-	-	(474,863)	-	(474,863)
Exercise of employee share options	12,350,757	-	(1,187,897)	-	-	11,162,860	-	11,162,860
Total transactions with owners	85,650,340	-	(1,187,897)	-	(14,831,146)	69,631,297	-	69,631,297
Closing balance at 31 July 2018	374,378,552	-	3,289,248	(36,700,000)	286,119,055	627,086,855	(2,003)	627,084,852
Opening balance at 1 November 2016	126,469,236	144,160,784	-	(36,700,000)	206,390,752	440,320,772	-	440,320,772
Total comprehensive income	-	-	-	-	39,447,973	39,447,973	(300)	39,447,673
Additional non-controlling interest arising on acquisition of subsidiary	-	-	-	-	-	-	300	300
Transactions with owners								
Dividends on ordinary shares	-	-	-	-	(13,265,432)	(13,265,432)	-	(13,265,432)
Grant of equity-settled share options to employees	-	-	5,211,360	-	-	5,211,360	-	5,211,360
Issue of ordinary shares	2,400,100	8,064,337	-	-	-	10,464,437	-	10,464,437
Exercise of employee share options	1,590,750	5,871,776	(717,746)	-	-	6,744,780	-	6,744,780
Total transactions with owners	3,990,850	13,936,113	4,493,614	-	(13,265,432)	9,155,145	-	9,155,145
Closing balance at 31 July 2017	130,460,086	158,096,897	4,493,614	(36,700,000)	232,573,293	488,923,890	-	488,923,890

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 2017 and the accompanying notes attached to the unaudited interim financial statements.

CYPARK RESOURCES BERHAD (642994-H)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2018

Unaudited Condensed Consolidated Statements of Cash Flows
For the Third Quarter ended 31 July 2018

	9 months ended	
	31 July 2018	31 July 2017
	RM	RM Restated
Cash flows from operating activities		
Profit before tax	62,206,174	48,382,458
Adjustments for:		
Depreciation of plant and equipment	10,203,743	10,162,754
Share of results in associated company	148,489	35,139
Unrealised foreign exchange gain	7,247	(1,296,892)
Gain on disposal of plant and equipment	(2,000)	(88,491)
ESOS expense	-	5,211,360
Profit from construction projects	(16,088,094)	(28,061,191)
Interest expense	7,608,657	9,475,729
Interest income	(1,893,753)	(2,004,430)
Operating cash flows before changes in working capital	<u>62,190,463</u>	<u>41,816,436</u>
Changes in working capital:		
Trade and other receivables	(83,074,468)	(44,833,128)
Other current assets	(766,605)	(391,086)
Trade and other payables	(11,506,268)	57,085,771
Cash flows generated from operations	<u>(33,156,878)</u>	<u>53,677,993</u>
Interest paid	(7,672,136)	(8,185,605)
Taxes paid	<u>(9,289,078)</u>	<u>(7,032,257)</u>
Net cash flows generated from operating activities	<u>(50,118,092)</u>	<u>38,460,131</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	2,000	88,491
Investment in associated company	(40)	(3,000,000)
Additions to intangible assets	(60,035,129)	(112,137,069)
Purchase of plant and equipment	(947,811)	(973,054)
Issuance of ordinary shares to a non-controlling shareholder of a subsidiary	-	300
Interest received	1,893,753	2,004,430
Net cash flows used in investing activities	<u>(59,087,227)</u>	<u>(114,016,902)</u>
Cash flows from financing activities		
Dividend paid	(4,524,760)	(2,800,995)
Proceeds from issuance of ordinary shares		
- Private placement	63,468,060	-
- ESOS	11,162,860	6,744,780
Share issuance expense	(474,863)	-
Revolving credit, net	(10,000,000)	-
Short term borrowings, net	(2,063,516)	(4,881,705)
Term loans, net	47,180,726	69,981,260
Finance lease obligations, net	(373,214)	(349,952)
Net cash flows generated from financing activities	<u>104,375,293</u>	<u>68,693,388</u>
Net decrease in cash and cash equivalents	<u>(4,830,026)</u>	<u>(6,863,383)</u>
Cash and cash equivalents at beginning of financial year	<u>108,511,739</u>	<u>113,364,178</u>
Cash and cash equivalents at end of financial year	<u>103,681,713</u>	<u>106,500,795</u>
Cash and cash equivalents at the end of the financial year comprise the following:		
Short term deposits with licensed banks	80,930,755	77,430,233
Cash at banks and in hand	26,892,494	29,555,775
Cash and bank balances	<u>107,823,249</u>	<u>106,986,008</u>
Less: Bank overdrafts	(4,141,536)	(485,213)
	<u>103,681,713</u>	<u>106,500,795</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 2017 and the accompanying notes attached to the unaudited interim financial statements.
- (2) The amount of cash and cash equivalents at beginning of financial period has been restated from the audited figures of RM103,468,664 to RM108,511,739 by including all the short term deposits with licensed banks and cash at banks and in hand.

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 2017. 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 2017.

A2. Changes in accounting policies

The significant accounting policies and computation methods are consistent with those adopted for the year ended 31 October 2017. 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 (2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 2	Share-based Payment	1 January 2020
Amendments to MFRS 3	Business Combinations	1 January 2020
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 14	Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 134	Interim Financial Reporting	1 January 2020
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138	Intangible Assets	1 January 2020
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRS 3, 11, 112, 123	Annual Improvements 2015 – 2017 Cycle	1 January 2019

A2. Changes in accounting policies – cont'd

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual period beginning on or after
Amendments to MFRS 1 & 128	Annual Improvements 2014 – 2016 Cycle	<i>1 January 2018</i>
IC Interpretations 22	Foreign Currency – Transactions and Advance Consideration	<i>1 January 2018</i>
IC Interpretations 23	Uncertainty over Income Tax Treatments	<i>1 January 2019</i>
Amendments to IC 12	Service Concession Arrangements	<i>1 January 2020</i>
Amendments to IC 19	Extinguishing Financial Liabilities with Equity Instruments	<i>1 January 2020</i>
Amendments to IC 20	Stripping Costs in the Production Phase of a Surface Mine	<i>1 January 2020</i>
Amendments to IC 132	Intangible Assets – Website Costs	<i>1 January 2020</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 2017.

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 2018

A9. Segmental Information

The Group's segmental report for the financial year-to-date is as follows:

	Environmental Engineering RM	Landscaping & Infrastructure RM	Maintenance RM	Green Tech & Renewable Energy RM	Elimination RM	Total RM
9 months ended 31 July 2018						
Revenue						
Sale to external customers	195,536,286	21,448,542	5,021,608	36,222,682	-	258,229,119
Inter-segment sales	222,533,417	-	4,429,005	-	(226,962,422)	-
Total revenue	418,069,703	21,448,542	9,450,613	36,222,682	(226,962,422)	258,229,119
Results						
Profit before tax	46,827,384	2,710,860	1,749,486	10,918,444	-	62,206,173
Income tax expense						(11,986,255)
Profit net of tax						50,219,918
9 months ended 31 July 2017						
Revenue						
Sale to external customers	177,426,927	21,450,000	2,513,466	36,114,244	-	237,504,637
Inter-segment sales	96,788,320	7,600,000	-	-	(104,388,320)	-
Total revenue	274,215,247	29,050,000	2,513,466	36,114,244	(104,388,320)	237,504,637
Results						
Profit before tax	34,188,970	2,952,580	921,464	10,319,444	-	48,382,458
Income tax expense						(8,934,485)
Profit net of tax						39,447,973

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 July 2018:-

	RM
Capital expenditure	
Approved and contracted for:-	
- Intangible assets	<u>44,804,000</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 21 September 2018, 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 financial period under review, except as follows:-

- I. On 21 December 2017, the wholly owned subsidiary of the Group, Cypark Renewable Energy Sdn. Bhd., had incorporated a new 100% owned subsidiary, Cypark Lakeview Solar Sdn. Bhd. ("CLS") with an issued share capital of RM100 comprising 100 ordinary shares. On 22 December 2017, CLS has subscribed for 40 ordinary shares fully paid up in the capital named Cypark Estuary Solar Sdn. Bhd. ("CES") representing 40% of the equity interest at a total consideration of RM40. As a result, CES has become the associated company of the Group.

The principal activities of these Companies are to engage in the development of the renewable energy and solar project.

- II. On 12 July 2018, the wholly owned subsidiary of the Group, Cypark Renewable Energy Sdn. Bhd., had incorporated a new 100% owned subsidiary, Cypark Ref Sdn. Bhd. ("CRSB") with an issued share capital of RM100 comprising 100 ordinary shares. CRSB will be principally engaged in the business of providing renewable energy services.

A14. Contingent liabilities

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

	31 July 2018 RM
Secured:	
- Performance bond/tender bond guarantees favouring Government/ Statutory bodies and companies acceptable to the banks for various projects	18,278,317
- Bank guarantees extended to Government/Government Bodies in respect of various projects of the Group	30,000,000
	48,278,317
Unsecured:	
- Corporate guarantees given to banks for credit facilities granted to subsidiaries	801,220,000
	801,220,000
TOTAL	849,498,317

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 July 2018 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	13,484,896	23,778,210	10,151,270

B1. Analysis of performance**Current Year Quarter ended 31 July 2018 vs Preceding Year Quarter ended 31 July 2017**

The Group generated a total revenue of RM75.1 million for 3Q2018, similar level to the corresponding quarter in 2017. The profit before tax for 3Q2018 increased by RM3.8 million or 19.4% to RM23.4 million from RM19.6 million as recorded in 3Q2017 due mainly to the improved margin contribution from the Environmental Engineering division and Green Tech & Renewable Energy division. In line with the increase in profit before tax, the Group's profit after tax ("PAT") for 3Q2018 also increased by RM2.7 million or 16.4% to RM19.2 million as compared to RM16.5 million recorded in preceding year quarter.

The details of the performance of each segment are as follows:-

Environmental Engineering

The revenue for 3Q2018 maintained at RM56.4 million, same level as in 3Q2017. The profit before tax in current quarter increased by RM3.0 million or 22.3% to RM16.6 million from RM13.6 million in 3Q2017 due mainly to the specialist works performed for the newly secured projects in current quarter.

Landscaping & Infrastructure

The revenue for 3Q2018 decreased by RM0.4 million to RM2.6 million as compared to RM3.0 million recorded in 3Q2017. However, the profit before tax for 3Q2018 for this division increased substantially by RM0.2 million to RM0.5 million as compared to RM0.3 million recorded in 3Q2017 due to lower financing costs recorded in current year quarter.

Maintenance (Operation & Maintenance)

The revenue and profit before tax generated by this division for current quarter were at the same level at RM1.6 million and RM0.7 million respectively as compared to 3Q2017, in line with the terms and schedules of works performed for the operation and maintenance contracts.

Green Tech & Renewable Energy

The revenue for green tech & renewable energy division for current quarter increased marginally by RM0.5 million or 3.2% to RM14.5 million as compared to RM14.1 million recorded in 3Q2017. With further reduction in finance costs in current quarter, the profit before tax of this division improved by RM0.6 million or 11.5% to RM5.7 million as compared to RM5.1 million as recorded in 3Q2017.

Current Financial Period ended 31 July 2018 vs Preceding Financial Period ended 31 July 2017

The Group's revenue for the current financial period increased significantly by RM20.7 million or 8.7% to RM258.2 million as compared to RM237.5 million recorded in preceding financial period. The profit before tax for the current financial period also increased by RM13.8 million or 28.6% to RM62.2 million from RM48.4 million as recorded in preceding financial period. These increases were mainly attributed to the contribution of the new projects executed in the Environmental Engineering division. The Group's profit after tax for the current financial period increased by RM10.7 million or 27.2% to RM50.2 million as compared to RM39.4 million recorded in preceding financial period. Note that the profit after tax in preceding financial period was lower due to the recognition of accounting expenses of RM5.2 million on the grant of equity settled share options to employees in accordance to MFRS 2 in that particular financial period.

B1. Analysis of performance – cont'd**Current Financial Period ended 31 July 2018 vs Preceding Financial Period ended 31 July 2017 – cont'd**

The details of the performance of each segment are as follows:-

Environmental Engineering

The revenue for the current financial period increased significantly by RM18.1 million or 10.2% to RM195.5 million as compared to RM177.4 million recorded in the preceding financial period. This was mainly due to the continuous progress of works for the new large scale solar projects secured in this division. In line with the increase in the revenue, the profit before tax also increased by RM7.4 million or 18.9% to RM46.8 million from RM39.4 million in the preceding financial period.

Landscaping & Infrastructure

The revenue for the landscaping and infrastructure division for the current financial period remained at RM21.4 million as compared to the revenue recorded in the preceding financial period. The profit before tax for this division decreased slightly by RM0.2 million or 8.2% to RM2.7 million as compared to RM2.9 million recorded in preceding financial period due to additional costs incurred during the financial period in securing the new financing line for the new projects.

Maintenance (Operation & Maintenance)

The revenue generated by this division for current financial period increased substantially by RM2.5 million or 99.8% to RM5.0 million as compared to RM2.5 million in preceding financial period. In line with the increase in revenue, the profit before tax also increased significantly to RM1.7 million from RM0.9 million recorded in preceding financial period. The higher revenue and profit were mainly contributed by the specialist maintenance works performed on leachate treatment plants.

Green Tech & Renewable Energy

The revenue for green tech & renewable energy division for current financial period increased marginally by RM0.1 million or 0.3% to RM36.2 million as compared to RM36.1 million recorded in preceding financial period. The profit before tax of this division increased by RM0.6 million or 5.4% to RM10.9 million as compared to RM10.3 million recorded in preceding financial period. This was mainly contributed by the saving achieved in finance costs in the current financial period.

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

The revenue of the Group for the current quarter decreased by 24.2% or RM24.0 million to RM75.1 million as compared to RM99.1 million recorded in the immediate preceding quarter. The decrease was mainly due to the completion of certain environmental engineering projects since the end of the preceding quarter while the newly secured projects were at the early implementation stage. Despite the decrease in revenue, the profit before tax of the Group decreased only marginally by RM0.1 million or 0.3% to RM23.4 million as compared to RM23.5 million recorded in the immediate preceding quarter. This was mainly due to the better contribution by the specialist work activities performed in the Environmental Engineering division during this quarter.

B3. Prospects for the Current Financial Year

The national market in environmental engineering, renewable energy, and green technology is expected to improve in 2018. This is mainly due to national policies and incentives which provide opportunities for green technology and renewable energy players to enhance their business activities and market presence. The favourable outlook in this area is in line with the global agenda which foresees stronger commitment towards the allocation of more resources for green technology and renewable energy.

Embarking into its prospective years, Cypark foresees that the boosting financial performance will continue its momentum. In the next phase of the business transformation, Cypark will continue to focus on managing cost and investment, optimising manpower and operation, and increasing productivity and efficacy; eventually boosting its market share and competitive advantage. Cypark will continue to enhance its resources in research and development for continuous innovations and creativity as a solution provider in environmental engineering, green technology, and renewable energy. Cypark will continue its spearheading role in harnessing the abundance of the natural resources by applying the wealth of human creativity towards providing innovative solutions to environmental problems.

The emphasis for the future is to foster its four main business segments: renewable energy; green technology; environmental engineering and solutions; and construction & engineering. The Company expects to put more resources into the four segments through which Cypark anticipates to enhance its capacity to realise future opportunities.

Renewable Energy

The prospect for renewable energy looks promising. Based on the projects currently secured, Cypark expects its total renewable energy plant capacity to jump four fold to more than 120 MW by 2020. Cypark's recent win in LSS 2 is also expected to enhance credibility and strengthen the Company's market position in the industry, thus foster its competitiveness in the future bidding processes.

Government policies and incentives, for examples, the continuous implementation of Net Energy Metering Programme by SEDA, Green Technology Master Plan 2017 – 2030 and Energy Efficiency Action Plan, are expected to continue to be the drivers for the opportunities and further boost the industry.

Cypark has completed the installation of the nation's first and largest grid connected floating solar system which is constructed on water source. The one acre project of 270kw floating solar system at Sepri Dam, Negeri Sembilan has transformed how solar project will be developed in the future. The recent successful award of 30.00 MWa.c. LSS floating solar project at Empangan Terip, Negeri Sembilan by the Energy Commission to Cypark bodes well with Cypark's innovative approach. Once completed, the floating solar project will become one of the largest of its kind in the world. The project is expected to contribute to the Company's sustainability.

As Cypark has been shifting from short/medium-term based revenue to concession-generated income, the expected completion of Ladang Tanah Merah is foreseen to contribute substantially to the Company's stable and sustainable revenue as it is anticipated that RM80 million will be generated annually over the 25-year concession period. 2018 will also see revenue contribution from Cypark's biogas-to-energy project upon the commissioning of its Fully Anaerobic Bioreactor System (FABIOS) in Ladang Tanah Merah.

Green Technology

Cypark will continue to enhance efforts and resources in research and development to develop business opportunities from energy storage, exportable Biomass Solid Fuels (BSF) and Energy Efficiency (EE) projects. The projects are expected to contribute to Cypark's revenue growth in the green technology segment. The Company will expand export of Biomass Green Pellet made from Empty Fruit Bunches (EFB) to selected regional markets with large potential market size.

Cypark has also identified future opportunities to develop Net Energy Metering (NEM) Project as offered by Malaysia's SEDA, Energy Efficiency Project and Energy Storage Technology to manage supply of electricity in creating a more flexible and strong energy infrastructure and energy from diesel replacement projects.

B3. Prospects for the Current Financial Year – cont'dEnvironmental Engineering & Solutions

The segment is expected to contribute significantly to Cypark's sustainable income and financial performance through long-term government's contracts in operation and management (O&M) of several leachate treatment plants and collection of tipping fees from sanitary landfill operations.

Cypark's strengths in experience and expertise as the local pioneering company in providing environmental engineering solutions are expected to foster the Company's chance to secure more future projects in waste water treatment, sanitary landfills, waste management facilities, and closure of dump sites. To date, Cypark's experienced team has successfully completed more than 600 acres of remediation and restoration work of contaminated ground spanning over 20 landfill projects across the country.

Construction Engineering

In 2018, construction engineering segment is expected to continue to be full of business activities as the segment is the main contractor for Cypark's new and on-going renewable energy and environmental engineering projects. The Company will also increase its efforts and resources to secure more projects in construction of infrastructure, landscaping, as well as residential and commercial buildings, which includes a comprehensive engineering and construction service cycle – from feasibility study to conceptual and detailed design; procurement and logistic to direct construction and project management to testing and commissioning.

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		Cumulative Period	
	Current Year Quarter 31 July 2018	Preceding Year Quarter 31 July 2017	Current Year To Date 31 July 2018	Preceding Year To Date 31 July 2017
Profit before tax is stated after crediting:-				
Interest income	661,069	582,569	1,893,753	2,004,430
Other income (including investment income)	719,992	25,666	938,535	91,646
Gain on disposal of plant and equipment	-	-	2,000	88,491
Foreign exchange gain - unrealised	-	4,376	6,664	1,298,673
Profit before tax is stated after charging:-				
Interest expenses	2,398,380	2,840,962	7,608,657	9,475,729
Depreciation	3,425,568	3,397,729	10,203,743	10,162,754
Foreign exchange loss - realised	-	-	-	539,429
Foreign exchange loss - unrealised	(3,437)	(1,309)	13,911	1,781
Provision for impairment loss on trade receivables	N/A	N/A	N/A	N/A
Provision for and write off of inventories	N/A	N/A	N/A	N/A
Impairment of assets	N/A	N/A	N/A	N/A
Loss on derivatives	N/A	N/A	N/A	N/A
Exceptional items	N/A	N/A	N/A	N/A

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B6. Income tax expense

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31 July 2018 RM	Preceding Year Quarter 31 July 2017 RM	Current Year To Date 31 July 2018 RM	Preceding Year To Date 31 July 2017 RM
Income tax				
- Current	4,937,236	3,135,339	12,712,098	8,679,722
- Over provision in prior year	(740,090)	(65,484)	(740,090)	(65,484)
Deferred tax	6,082	16,482	14,247	320,247
	<u>4,203,228</u>	<u>3,086,337</u>	<u>11,986,255</u>	<u>8,934,485</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.

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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. New ESOS

The Company's new employee share option scheme of up to fifteen percent (15%) of the issued and paid-up share capital of CRB for the eligible employees and Directors of CRB and its subsidiaries ("ESOS") was approved by the shareholders of CRB at the Tenth (10th) Annual General Meeting, which was convened on 21 April 2015. The effective date for the implementation of the New ESOS was 19 October 2015, as announced on the even date. The ESOS shall be for a duration of five (5) years and will be expired on 18 October 2020.

A total of 23,100,000 ESOS options ("2017 Options") under the ESOS Scheme was offered to eligible directors and employees at RM2.12 on 26 April 2017 and were fully accepted by all eligible directors and employees on 16 May 2017.

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

Directors	2017 Options Offered (Unit)	Options Accepted (Unit)
Tan Sri Razali bin Ismail	3,000,000	3,000,000
Dato' Daud bin Ahmad	9,000,000	9,000,000
Dato' Dr. Freezailah bin Che Yeom	150,000	150,000
Headir bin Mahfidz	150,000	150,000
Megat Abdul Munir bin Megat Abdullah Rafaie	150,000	150,000
Datuk Abdul Malek bin Abdul Aziz	150,000	150,000

The details of the options over ordinary shares of the Company are as follows:

	Outstanding as at 1.11.2017	Granted	Movement during the financial period Exercised	Lapsed	Outstanding as at 31.7.2018	Exercisable as at 31.7.2018
2017 option	19,845,500	-	(5,265,500)	-	14,580,000	14,580,000
Weighted average exercise price (RM)	2.12	2.12	2.12	2.12	2.12	2.12
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
2017 option	2.12	26.4.2017 – 18.10.2020

The fair value of share options granted during the financial period was estimated using the binomial 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)	2.40
Weighted average exercise price (RM)	2.12
Expected volatility (%)	24.82
Expected life (years)	3.48
Risk-free Interest rate (%)	3.73
Expected dividend yield (%)	2.47

B9. Status of corporate proposals**b. Dividend Reinvestment Scheme (“DRS”)**

The dividend reinvestment scheme that provides the shareholders of CRB with the option to elect to reinvest their cash dividends declared by CRB in new ordinary shares in CRB (“**CRB Shares**”) was approved by the shareholders of CRB at the Tenth (10th) Annual General Meeting, which was convened on 21 April 2015.

On 2 February 2018, CRB announced a single-tier final dividend of 5.60 sen per CRB Share for the financial year ended 31 October 2016 (“**Final Dividend**”), which was subject to the approval of the shareholders of CRB at the Thirteenth Annual General Meeting which was convened on 9 April 2018. The Board had also determined that the DRS will apply to the aforesaid dividend.

The shareholders of CRB had on 9 April 2018 approved the declaration of the single-tier final dividend of RM0.056 per CRB Shares for the financial year ended 31 October 2017 and the renewal of the authority to allot and issue new CRB Shares, for the purpose of the DRS of the Company.

The listing application for the listing of and quotation for the new CRB Shares to be issued pursuant to the DRS was submitted to Bursa Malaysia Securities Berhad on 10 April 2018 and was subsequently approved on 13 April 2018.

On 14 May 2018, the Board fixed the issue price of the new CRB Shares to be issued pursuant to the DRS at RM2.18 per CRB Share. The issue price represents a discount of RM0.2371 or approximately 9.81% to the theoretical ex-dividend volume weighted average market price (“VWAP”) of approximately RM2.4171, which was arrived at after taking into consideration the five (5)-day VWAP up to and including 8 May 2018, being the last trading day prior to the price fixing date on 14 May 2018 of RM2.4731 per CRB Share and the Final Dividend of RM0.056 per CRB Share.

The Company had on 28 June 2018, allotted and issued 4,727,700 new CRB Shares pursuant to the DRS in respect of the Final Dividend and the DRS had been completed on 29 June 2018 following the listing and quotation of the abovementioned CRB Shares.

c. Private Placement

On 17 May 2018, the Company announced its proposal to undertake a private placement up to 28,737,397 new ordinary shares in Cypark Resources Berhad (“CRB Shares” or “Shares”) (“Placement Shares”), representing up to ten per cent (10%) of the issued shares of the Company at an issue price to be determined and announced later.

The Placement Shares shall be issued based on a discount, if any, of not more than ten per cent (10%) to the five (5)-day VWAP of CRB Shares immediately preceding the price-fixing date.

The Company submitted the additional listing application to Bursa Securities on 18 May 2018 and obtained the approval from Bursa Securities on 21 May 2018.

On 21 June 2018, the Company announced that the issue price for 11,915,000 Placement Shares, being the first (1st) tranche of the Private Placement, has been fixed at RM2.18 per Placement Share. The issue price represents a discount of RM0.1396 or approximately 6.02% to the 5-day VWAP of the CRB Shares up to and including 20 June 2018, being the last market day immediately preceding the Price-Fixing Date of RM2.3196 per CRB Share. The first (1st) tranche of the Private Placement was completed on 4 July 2018, following the listing of and quotation for 11,915,000 Placement Shares on the even date.

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B9. Status of corporate proposals

c. Private Placement – cont'd

On 4 July 2018, the Company announced that the issue price for 8,608,000 Placement Shares, being the second (2nd) tranche of the Private Placement, has been fixed at RM2.18 per Placement Share. The issue price represents a discount of RM0.1308 or approximately 5.66% to the 5-day VWAP of the CRB Shares up to and including 3 July 2018 of RM2.3108 per CRB Share. The second (2nd) tranche of the Private Placement was completed on 16 July 2018, following the listing of and quotation for 8,608,000 Placement Shares on the even date.

On 20 July 2018, the Company announced that the issue price for 8,214,000 Placement Shares, being the third (3rd) and final tranche of the Private Placement, has been fixed at RM2.28 per Placement Share. The issue price represents a discount of RM0.0965 or approximately 4.06% to the 5-day VWAP of the CRB Shares up to and including 19 July 2018 of RM2.3765 per CRB Share. The Private Placement was completed on 30 July 2018, following the listing of and quotation for 8,214,000 Placement Shares on the even date.

The utilisation of the proceeds raised (1st tranche, 2nd tranche and 3rd tranche) is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation		Explanations
				RM	%	
Working capital requirements	62,993,197	15,000,000	18 months	47,993,197	76.2	Will be utilised in coming quarters
Expenses	474,863	474,863	-	-	-	Fully utilised.
	63,468,060	15,474,863				

B10. Group's borrowings and debts securities

The Group's borrowings and debts securities as at 31 July 2018 are as follows:-

	31 July 2018	31 July 2017
	RM	RM
Short term borrowings		
Secured:-		
Bank overdrafts	4,141,536	485,213
Trust receipts	45,559,680	48,281,775
Finance lease	433,644	435,624
Term loans	33,458,320	17,358,320
Revolving credits	38,000,000	48,000,000
	<u>121,593,180</u>	<u>114,560,932</u>
Long term borrowings		
Secured:-		
Finance lease	1,520,714	1,600,848
Term loans	483,442,197	392,753,044
	<u>484,962,911</u>	<u>394,353,892</u>
Total borrowings		
Secured:-		
Bank overdrafts	4,141,536	485,213
Trust receipts	45,559,680	48,281,775
Finance lease	1,954,358	2,036,472
Term loans	516,900,517	410,111,364
Revolving credits	38,000,000	48,000,000
	<u>606,556,091</u>	<u>508,914,824</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. Huls Engineering Sdn. Bhd. (“Plaintiff”) v Cypark Sdn. Bhd. (“Defendant”) (Shah Alam High Court Suit No.: BA-22C-35-07/2017)

The purported claim dispute between HULS Engineering Sdn Bhd (“HULS”) and Cypark Sdn Bhd (“CSB”) revolves around the “Supply, Delivery and Installation of Geosynthetic Clay Liner and Drainage Layer” between the Plaintiff and the Defendant awarded works vide numerous Letters of Award (“Letters of Award”).

The Plaintiff has filed a civil suit against CSB in Shah Alam High Court claiming, inter alia, for the sum of RM3,079,013.86 being the purported alleged outstanding sum due and payable by the Defendant to the Plaintiff for the Geosynthetic Clay Liner and Drainage Layer supplied and delivered claimed by the Plaintiff to the Defendant.

CSB, as the Defendant through its Advocates & Solicitors, has filed the statement of defence and counterclaim on the 18.08.2017, on the basis that the Defendant has already made payment amounting to RM29,366,991.34 to the Plaintiff to date for all the work done.

Further the statement of defence upholds that the Plaintiff has not complied with the terms and conditions of the Contract and failed to complete the contracted Works. Defendant as a result has suffered losses in carrying out the incomplete Works. As such, the Defendant in its counterclaim has prayed for the court to assess the costs incurred by the Defendant to complete the Works.

Furthermore, the Defendant is contractually entitled to retain retention sums, as stated in its defence. The Defendant also counterclaims Liquidated and Ascertained Damages (LAD) as provided for under the Contract, whereby the LAD of RM3,000.00 per day is calculated on delay from the original completion date under the Contract until the actual completion date of the Subcontract works.

Defendant further claims interests on the counterclaim, costs and any other relief deemed just and fit by the Court.

Subject to deferment by the court, the decision is currently fixed on 24 September 2018.

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B13. Dividends

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

B14. 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 2018:-

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	31 July 2018	31 July 2017	31 July 2018	31 July 2017
	RM	RM	RM	RM
Profit net of tax, representing total comprehensive income attributable to owners of the parent used in the computation of the basic and diluted earnings per share	19,215,093	16,503,660	50,220,849	39,448,273
Weighted average number of ordinary shares for basic earnings per shares computation	264,492,342	254,350,265	264,492,342	254,350,265
Effects of dilution - share options	2,338,574	4,089,426	2,338,574	4,089,426
Weighted average number of ordinary shares for diluted earnings per share computation	266,830,916	258,439,691	266,830,916	258,439,691