

CYPARK RESOURCES BERHAD (642994-H)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2015

Unaudited Condensed Consolidated Statements of Comprehensive Income**For the Second Quarter ended 30 April 2015**

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current Year</u> <u>Quarter</u> <u>30/04/2015</u> <u>RM</u>	<u>Preceding Year</u> <u>Quarter</u> <u>30/04/2014</u> <u>RM</u>	<u>Current Year</u> <u>To Date</u> <u>30/04/2015</u> <u>RM</u>	<u>Preceding Year</u> <u>To Date</u> <u>30/04/2014</u> <u>RM</u>
Revenue	72,951,883	68,917,373	132,874,149	120,380,902
Cost of sales	(54,947,298)	(51,256,202)	(100,818,729)	(90,397,939)
Gross profit	18,004,585	17,661,171	32,055,420	29,982,963
Other income	2,642,021	1,600,318	3,108,703	2,448,723
Administrative expenses	(1,187,800)	(1,777,052)	(2,351,112)	(3,153,202)
Operating profit	19,458,806	17,484,437	32,813,011	29,278,484
Finance costs	(3,335,882)	(3,302,002)	(6,980,660)	(7,002,497)
Profit before tax	16,122,924	14,182,435	25,832,351	22,275,987
Income tax expense	(1,577,127)	(533,297)	(2,750,505)	(894,625)
Profit net of tax, representing total comprehensive income attributable to owners of the parent	14,545,797	13,649,138	23,081,846	21,381,362
Earnings per share attributable to owners of the parent (sen per share)				
- Basic	7.31	7.60	11.60	11.90
- Diluted	7.04	7.08	11.18	11.09

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 2014 and the accompanying notes attached to the unaudited interim financial statements.

**Unaudited Condensed Consolidated Statements of Financial Position
As at 30 April 2015**

	Unaudited As At 30/04/2015 RM	Audited As At 31/10/2014 RM
Assets		
Non-current assets		
Plant and equipment	257,792,348	263,607,931
Intangible assets	303,904,734	232,159,037
Deferred tax assets	753,363	1,273,119
Long term trade receivables	3,859,113	2,721,892
	<u>566,309,558</u>	<u>499,761,979</u>
Current assets		
Trade and other receivables	169,137,218	173,493,228
Other current assets	943,073	1,204,662
Current tax assets	1,417,843	881,654
Cash and bank balances	72,409,805	87,085,577
	<u>243,907,939</u>	<u>262,665,121</u>
Total assets	<u>810,217,497</u>	<u>762,427,100</u>
Equity and liabilities		
Current liabilities		
Loans and borrowings	115,612,607	177,141,213
Trade and other payables	146,941,617	113,563,117
Tax payables	1,048,450	457,868
	<u>263,602,674</u>	<u>291,162,198</u>
Net current liabilities	<u>(19,694,735)</u>	<u>(28,497,077)</u>
Non-current liabilities		
Loans and borrowings	211,591,909	167,929,704
Trade and other payables	18,068,853	17,269,148
Deferred tax liabilities	155,000	265,000
	<u>229,815,762</u>	<u>185,463,852</u>
Total liabilities	<u>493,418,436</u>	<u>476,626,050</u>
Net assets	<u>316,799,061</u>	<u>285,801,050</u>
Equity attributable to equity holders of the Company		
Share capital	100,664,280	98,407,280
Share premium	93,288,779	87,625,088
Reverse acquisition reserve	(36,700,000)	(36,700,000)
Share option reserve	2,985,816	2,990,342
Retained earnings	156,560,186	133,478,340
Total equity	<u>316,799,061</u>	<u>285,801,050</u>
Total equity and liabilities	<u>810,217,497</u>	<u>762,427,100</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.57	1.45

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 2014 and the accompanying notes attached to the unaudited interim financial statements.*

Statements of Changes in Equity
For the Second Quarter ended 30 April 2015

	← Non-distributable →				Distributable	
	Share capital RM	Share premium RM	Share option reserve RM	Reverse acquisition reserve RM	Retained earnings RM	Equity Total RM
2015						
Group						
Opening balance at 1 November 2014	98,407,280	87,625,088	2,990,342	(36,700,000)	133,478,340	285,801,050
Total comprehensive income	-	-	-	-	23,081,846	23,081,846
Transactions with owners						
Issue of ordinary shares	2,250,000	5,850,000	-	-	-	8,100,000
Share issuance expenses	-	(203,525)	-	-	-	(203,525)
Exercise of employee share options	7,000	17,216	(4,526)	-	-	19,690
Total transactions with owners	2,257,000	5,663,691	(4,526)	-	-	7,916,165
Closing balance at 30 April 2015	100,664,280	93,288,779	2,985,816	(36,700,000)	156,560,186	316,799,061
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

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 2014 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 2015**

	6 months ended	
	30/04/2015	30/04/2014
	RM	RM (Restated)
Cash flows from operating activities		
Profit before tax	25,832,351	22,275,987
Adjustments for:		
Depreciation of plant and equipment	6,726,862	6,306,308
Realised foreign exchange loss	431,717	-
Unrealised foreign exchange loss	1,220,513	-
Interest expense	6,980,660	7,002,497
Interest income	(766,562)	(962,361)
Operating cash flows before changes in working capital	<u>40,425,541</u>	<u>34,622,431</u>
Changes in working capital:		
Trade and other receivables	3,138,136	(14,163,006)
Other current assets	261,589	(829,182)
Trade and other payables	32,130,610	5,926,396
Cash flows used in operations	<u>75,955,876</u>	<u>25,556,639</u>
Interest paid	(6,504,642)	(7,226,327)
Taxes paid	(2,286,356)	(3,225,385)
Net cash flows generated from operating activities	<u>67,164,878</u>	<u>15,104,927</u>
Cash flows from investing activities		
Additions to intangible assets ³	(71,745,697)	(78,010,324)
Purchase of plant and equipment	(911,279)	(803,900)
Interest received	766,562	962,361
Net cash flows used in investing activities	<u>(71,890,414)</u>	<u>(77,851,863)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares		
- Private placement	8,100,000	-
- ESOS	19,690	2,710,380
Share issuance expense	(203,525)	-
Revolving credit, net	5,800,000	(3,339,000)
Short term borrowings, net	(22,482,031)	14,106,467
Term loans, net	13,210,868	3,782,321
Finance lease obligations, net	(163,980)	(164,042)
Net cash flows generated from financing activities	<u>4,281,022</u>	<u>17,096,126</u>
Net decrease in cash and cash equivalents	(444,514)	(45,650,810)
Cash and cash equivalents at beginning of financial period²	<u>65,559,800</u>	<u>90,771,044</u>
Cash and cash equivalents at end of financial period	<u>65,115,286</u>	<u>45,120,234</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Short term deposits with licensed banks	40,249,793	52,042,754
Cash at banks and in hand	15,887,662	14,572,960
Cash and bank balances	<u>72,409,805</u>	<u>66,615,714</u>
Less: Bank overdrafts	(7,294,519)	(21,495,480)
	<u>65,115,286</u>	<u>45,120,234</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 2014 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 RM46,679,569 to RM65,559,800 by including all the short term deposits with licensed banks and cash at banks and in hand.
- (3) This is inclusive of the construction profit recognised pursuant to IC Interpretation 12.

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 2014. 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 2014.

A2. Changes in accounting policies

The significant accounting policies and computation methods are consistent with those adopted for the year ended 31 October 2014 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 2014.

MFRSs, Amendments to MFRSs and IC Interpretation	
Amendments to MFRS 10, 12 & 127	Investment Entities
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to MFRSs	Annual Improvements 2010 – 2012 Cycle
Amendments to MFRSs	Annual Improvements 2011 – 2013 Cycle
IC Interpretation 21	Levies

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 (2014)	1 January 2018
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments to MFRSS 10 & 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRSS 10, 12 & 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016

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 116 & 138	Clarification of Acceptable Methods of Depreciation and Amortisation	<i>1 January 2016</i>
Amendments to MFRS 116 & 141	Agriculture: Bearer Plants	<i>1 January 2016</i>
Amendments to MFRS 127	Equity Method in Separate Financial Statements	<i>1 January 2016</i>
Amendments to MFRSs	Annual Improvements 2012 – 2014 Cycle	<i>1 January 2016</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 2014.

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
6 months ended 30 April 2015						
Revenue						
Sale to external customers	71,104,180	40,622,943	3,000,000	18,147,026	-	132,874,149
Inter-segment sales	22,577,720	-	-	-	(22,577,720)	-
Total revenue	93,681,900	40,622,943	3,000,000	18,147,026	(22,577,720)	132,874,149
Results						
Profit for reportable segments	17,151,677	5,644,821	1,800,000	7,458,922	-	32,055,420
Other income						3,108,703
Administrative expenses						(2,351,112)
Operating profits						32,813,011
Finance costs						(6,980,660)
Profit before tax						25,832,351
Income tax expense						(2,750,505)
Profit net of tax						23,081,846

	Environmental Engineering RM	Landscaping & Infrastructure RM	Maintenance RM	Renewable Energy RM	Elimination RM	Total RM
6 months ended 30 April 2014						
Revenue						
Sale to external customers	80,333,089	22,933,415	420,000	16,694,398	-	120,380,902
Inter-segment sales	2,825,000	-	-	-	(2,825,000)	-
Total revenue	83,158,089	22,933,415	420,000	16,694,398	(2,825,000)	120,380,902
Results						
Profit for reportable segments	19,753,162	1,930,174	220,000	8,079,627	-	29,982,963
Other income						2,448,723
Administrative expenses						(3,153,202)
Operating profit						29,278,484
Finance costs						(7,002,497)
Profit before tax						22,275,987
Income tax expense						(894,625)
Profit net of tax						21,381,362

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 2015:-

	RM
Capital expenditure	
Approved and contracted for:-	
- Intangible assets	13,034,337
	<u>13,034,337</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 2015, 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 2015
	RM
Secured:	
- Performance bond guarantees favouring Government/ Statutory bodies and companies acceptable to the banks for various projects	32,023,056
- Bank guarantees extended to Government/Government Bodies in respect of various projects of the Group	80,000
- Bank guarantees extended to third parties in respect various projects of the Group	819,635
- Letter of credits given to suppliers for purchase of materials	6,710,049
	<u>39,632,740</u>
Unsecured:	
- Corporate guarantees given to banks for credit facilities granted to subsidiaries	444,700,000
	<u>444,700,000</u>
TOTAL	<u>484,332,740</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 30/04/2015 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	1,208,850	2,786,800	8,782,147

B1. Analysis of performance**Current year Quarter ended 30 April 2015 Vs Preceding year Quarter ended 30 April 2014**

The Group's revenue for 2Q2015 increased by 5.9% to RM73.0 million as compared to RM68.9 million recorded in 2Q2014. The profit before tax for 2Q2015 increased by 13.7% to RM16.1 million from RM14.2 million as recorded in 2Q2014. These performance increases were mainly contributed by the additional income generated from the Landscaping and Infrastructure and Maintenance Divisions. The Group's profit after tax however increased by RM0.9 million or 6.6% to RM14.5 million as compared to RM13.6 million in 2Q2014. This was mainly due to additional tax expenses incurred for non-tax-exempted projects during the current quarter. The details of the performance of each segment are as follows:-

Environmental Engineering

The revenue for 2Q2015 decreased by 11.2% to RM42.3 million as compared to RM47.6 million recorded in 2Q2014. The profit before tax accordingly also decreased by RM1.0 million or 10.1% to RM9.2 million from RM10.2 million in 2Q2014. This was mainly due to the lower revenue contributed by the balance of Phase 1 work of the environmental engineering project which is at the final stage while the works for Phase 2 of the said project has just commenced in current quarter.

Landscaping & Infrastructure

Revenue for the landscaping and infrastructure division increased significantly by 64.7% or RM7.7 million to RM19.5 million in 2Q2015 as compared to RM11.9 million in 2Q2014. Boosted by the increase in revenue, the profit before tax of this division also grew by RM1.3 million or 94.2% to RM2.7 million in 2Q2015 from RM1.4 million in 2Q2014. The increase was mainly attributed to the increase level of works performed for the infrastructure projects and building projects secured in this division.

Maintenance

Revenue in current quarter increased significantly to RM1.5 million. This is generated from the operation and specialist maintenance works performed on leachate treatment plants in several landfill sites.

Renewable Energy

The revenue for renewable energy division increased by 4.4% to RM9.6 million in 2Q2015 from RM9.2 million in 2Q2014. The profit before tax accordingly increased by 15.5% to RM2.9 million as compared to RM2.5 million recorded in 2Q2014. This was mainly due to the increase of export capacity of green electricity to 30.3MW from 29.3MW in 2Q2014 and cost savings through shared services on operation and maintenance.

Current financial period ended 30 April 2015 Vs Preceding financial period ended 30 April 2014

The Group's revenue for the current financial period increased by 10.4% to RM132.9 million as compared to RM120.4 million recorded in the preceding financial period. The profit before tax for the current financial period also correspondingly increased by 16.0% to RM25.8 million from RM22.3 million as recorded in the preceding financial period. The Group's profit after tax increased by RM1.7 million or 8.0% to RM23.1 million as compared to RM21.4 million in the preceding financial period. The increase in Group's profit after tax was mainly due to the higher revenue generated from Landscaping & Infrastructure projects but the effect of increase was partly offset by the rise in tax expenses for landscaping and infrastructure projects. The details of the performance of each segment are as follows:-

B1. Analysis of performance – cont'd**Current financial period ended 30 April 2015 Vs Preceding financial period ended 30 April 2014****Environmental Engineering**

The revenue for the current financial period decreased by 11.5% to RM71.1 million as compared to RM80.3 million recorded in the preceding financial period. The profit before tax accordingly also decreased by RM1.6 million or 9.9% to RM14.9 million from RM16.5 million in the preceding financial period. This was mainly due to the lower revenue contributed by the balance of Phase 1 work of the environmental engineering project which is at the final stage while the works for Phase 2 of the said project has just commenced in current quarter.

Landscaping & Infrastructure

Revenue for the landscaping and infrastructure division increased significantly by 77.1% or RM17.7 million to RM40.6 million in the current financial period as compared to RM22.9 million in the preceding financial period. Boosted by the increase in revenue, the profit before tax of this division also grew by RM3.2 million or 137.8% to RM5.4 million in the current financial period from RM2.3 million in the preceding financial period. The increase was mainly attributed to the works performed for the infrastructure projects and building projects secured in this division.

Maintenance

Revenue in current financial period increased significantly to RM3.0 million. This is generated from the operation and specialist maintenance works performed on leachate treatment plants in several landfill sites.

Renewable Energy

The revenue for renewable energy division increased significantly by 8.7% to RM18.1 million in current financial period from RM16.7 million in preceding financial period. In line with the increase in revenue, the profit before tax of renewable energy division also increased by 14.0% to RM3.7 million in current financial period from RM3.3 million in preceding financial period. This was mainly due to the increase of export capacity of green electricity to 30.3MW from 29.3MW in preceding financial period and cost savings through shared services on operation and maintenance.

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

The revenue of the Group for the current quarter under review increased significantly by 21.7% or RM13.0 million to RM73.0 million from RM59.9 million recorded in the immediate preceding quarter. The increase was mainly contributed by the increase in sale of renewable energy due to better weather and the commencement of the Phase 2 works of the environmental engineering project.

The profit before tax of the Group increased by 66.1% or RM6.4 million from RM9.7 million recorded in the immediate preceding quarter to RM16.1 million in current quarter due to higher revenue generated and savings achieved in finance costs in current quarter as compared to the immediate preceding quarter.

B3. Prospects for the Current Financial Year**Strategic Business Model Transformation**

In view of the increasing susceptibility of the local economy to global and regional changes, the Management has undertaken a major business model transformation by changing its revenue generation capability. In 2010, when Cypark Resources Berhad (Cypark or the Group) was first listed, Cypark relied heavily on the short-to-mid term contracts which are cyclical and sensitive to the fluctuations of the overall local and global economic growth.

In 2012, the Management took a strategic decision to focus on the Group's capability in developing business models which are more sustainable by moving into concessionaire and long term income generating assets which would maintain as well as complement our leadership in the niche area of green technology, environmental engineering and integrated modern waste management. The implementation of Malaysia's new Sustainable Energy Development Act (2011), the Renewable Energy Act (2011) and the introduction of the national green technology initiatives through Green Technology Corporation have provided Cypark with vast opportunities to create sustainable value in leading the nation's transition to a clean energy future by becoming an enabler in the renewable energy (RE) sector. These national frameworks essentially provided an avenue for Cypark to align its vision and realize its leadership ambitions within the Malaysian renewable energy (RE) industry. The implementation of Solid Waste and Public Cleansing Management Act (2007) in year 2011 - which promotes public-private partnership in developing modern waste management facilities through private funding initiatives - has created for Cypark a timely and excellent first mover path for securing waste management concessionaire.

Cypark's capability in integrating its multidisciplinary expertise and know-how in the field of environmental engineering, infrastructure, green technology and waste management has resulted in the conversion of hundreds of acres of polluted dumpsites into renewable energy parks via the utilisation of Cypark's scientifically engineered landfill restoration system. Restored landfills such as the one in Pajam, Negeri Sembilan, Malaysia has now been transformed into an Integrated Renewable Energy Park, recognised by the Malaysia's Book of Records as the nation's first and largest solar park, capable of generating almost 19 million kWh annually of green energy. This clean energy is sold to Tenaga Nasional Berhad, the nation's utility company through a 21 years renewable energy power purchase agreement.

The public's demand for closure of many critically polluting dumpsites and the need for a cleaner and greener solution for waste management and disposal facilities have generated opportunities for Cypark to implement its innovative waste-to-energy technology, the SMART-WTE. Cypark is currently constructing the SMART-WTE plant in Ladang Tanah Merah, Negeri Sembilan, Malaysia. This plant will exclusively cater for most of the waste generated in the state of Negeri Sembilan for the next 25 years. Once completed in 2017, the plant will be the nation's first and largest state of the art green waste-to-energy (WtE) plant. Based on its input capacity of 1000 tonne per day and design capacity of 20MWh, the plant is expected to generate revenue of more than RM80 million annually.

Sizable investment in building many income generating concession assets --- funded by new long term loans and equity enlargement --- is part of the business model transformation which would significantly augment the Group's business sustainability; providing it with a tenable and long term recurring revenue and profit. In essence, the guiding principle is 'from volume to value' with innovative technologies to support our model. Thus, we aim to continuously manage innovation more creatively and professionally in future; establishing relevant culture, structures and processes that allow us to develop new business models which go beyond incremental improvement of the existing value chain.

B3. Prospects for the Current Financial Year – cont'd**Prospect of Growth**

As a leading green energy company, Cypark recognises that environmental protection and stewardship are rewarded with financial success. Whichever way one look at it, sustainable development is critical to our long-term viability and therefore our capacity to create value wherever we do business: by offering unique and enhanced solutions, by stimulating social and economic awareness, and by facilitating access to sustainable green technology. Cypark recognizes the need to uphold business models that enable responsible, equitable growth. In short, Cypark's future depends on our ability to provide balanced solution between social and economic growth with sustainable environmental practices. Cypark embraces the challenge of reinventing our company to meet the changing needs of consumers by offering sustainable energy choices through innovative emerging green energy technologies.

Our unique value proposition come hand-in-hand with the exciting prospects of the Malaysian energy landscape. With the implementation of revised surcharge on electricity bill for the RE Fund, effective 1st January 2014, from 1.0% to 1.6% for Peninsular Malaysia and first time implementation of 1.6% for Sabah, the RE industry in Malaysia is fast progressing in the right direction. This is further supported by the announcement in January 2015 by the Ministry of Energy, Green Technology and Water (KeTTHA) to amend the Electricity Supply Act 1990 in Parliament this year to give it “more punch and to keep up with the latest development in the industry” and subsequently enforce the amended law. The amendment is to enable the optimisation of the existing infrastructure so as to increase the economic returns and strengthen the nation's electrical supply industry. The goal is to attract more investors and ensure that a sustainable, efficient and reliable power supply is in operation in the country.

Despite the drop in oil prices, our ability to maintain revenue from the sales of green energy is unaffected due to the fixed FiT of RE. Additionally, constant technological evolutions lowering the barriers of entry in the industry, is global. Renewables are becoming ever more competitive. The nation's need to build additional power plants and replace aging ones indicates the dynamism of the nation's power industry as a whole; an industry in which RE shares the same market. Digitisation (metering, internet, software) is already making energy management very simple and available to local providers and end consumers around the world. Soon, local and centralised storage will become widely economically viable. This bodes well for the RE industry in general as our 21st century energy supply is destined to be not only cleaner than before, but also more distributed and grid independent. The result is a much more flexible, diverse and innovative energy marketplace. Utilities anywhere, including in Malaysia, cannot afford to sleep through this monumental shift.

Bloomberg New Energy Finance (BNEF) recent report indicates that clean energy investment jumped 16% in 2014 to \$310bn. The better-than-expected performance last year reflected several striking changes. Solar was the biggest single contributor due to the vast improvements in its cost-competitiveness over the last five years. Solar made up almost half the clean energy investment in 2014, at \$150bn, some 25% higher than in 2013. Most of the investment was in small distributed capacity – projects of less than 1MW, typically on rooftops. This segment saw \$74bn committed in 2014, up 34% on the year. For the 2015 solar market, BNEF also forecasts 58.3 GW to be installed in 2015 as it expects annual installed capacity to increase by more than 20% in 2015.

Through the RE Act which is implemented by the Sustainable Energy Development Authority (SEDA), the government has set a target of 11% renewable energy contribution to the national grid by 2020. SEDA manages RE Fund and 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.

KeTTHA has to date received RE applications with a total installed capacity of 932 Megawatts (MW). With the abundance of raw materials, the government is actively encouraging the RE sector, and there is wide scope for industry players. Of the 932MW from the RE applications, 111MW will come from biogas with an expected investment of RM821 million, biomass (303MW, RM1.3 billion), mini-hydro (264MW, RM2.3 billion) and solar energy (252MW, RM2.6 billion). To date RE supplies 243MW to the national power grid, of which biogas contributes 11.7MW, biomass 55.9MW, mini-hydro 15.7MW and solar energy 160MW.

B3. Prospects for the Current Financial Year – cont'd

These numbers have bolstered our confidence in the waste-to-energy (WtE) and biomass potential in Malaysia. The recent Malaysian government decision to call tender for another waste to energy project at Kepong, Kuala Lumpur clearly indicates our government's commitment to developing more modern waste management facilities to replace current landfilling practices. This is in line with the regional trend such as in China, Singapore, Japan, Korea, Taiwan etc.

In line with the global trend, the market for thermal treatment and energy recovery of residual and other types of solid waste is growing continuously. Increasing waste amounts, shrinking landfill spaces in agglomerations and higher ecological standards stimulate this growth throughout the world. Today, almost 2,200 WtE plants are active worldwide. These facilities have a disposal capacity of around 270 million tons of waste per year. More than 200 thermal treatment plants with a capacity of over 60 million annual tons were constructed between 2009 and 2013.

The market growth of solid waste management services in Malaysia is expected to be driven by the increasing waste output of its 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. 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.

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.

Cypark is determined to be one of the leaders in this transformation of the energy industry. Based on RE industry outlook – locally and globally – Cypark is in an excellent position to pursue future growth by continuing to innovate and lead the market; centred on the Group's two core expertise --- integrated RE generation and green engineering solutions. We intend to grow along with industry's growth placing ourselves as premium local and key regional player.

Going forward, we plan to continue to optimize our business models and commercial processes. Cypark has made tremendous strides becoming a business that is more sustainable economically, socially and environmentally. Our approach is to effectively deliver exemplary financial and operating results today while positioning ourselves for a revolution in the clean energy industry by investing in emerging green technologies that will define the 21st century energy landscape.

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 be robust and strong for coming year.

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 2015	Cumulative Year to date 6 months ended 30 April 2015
Profit before tax is stated after crediting:-		
Interest income	376,564	766,562
Other income (including investment income)	2,265,457	2,342,140
Profit before tax is stated after charging:-		
Interest expenses	3,335,882	6,980,660
Depreciation	3,363,534	6,726,862
Foreign exchange loss - realised	24,537	431,717
Foreign exchange loss - unrealised	636,546	1,220,513
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 2015 RM	Current year to date 30 April 2015 RM
Income tax		
- Current	1,210,749	2,340,749
Deferred tax	366,378	409,756
	<u>1,577,127</u>	<u>2,750,505</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 7 August 2014, the Company announced a private placement exercise involving the issuance of up to 19,362,015 new ordinary shares of RM0.50 each in Cypark Resources Berhad (“**CRB Shares**” or “**Shares**”) (“**Placement Share(s)**”), representing up to ten per cent (10%) of the issued and paid up share capital of the Company to third party investors, for the Group’s working capital requirements (“**Private Placement**”).

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 (“**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 Private Placement will be implemented on a staggered basis.

The additional listing application in respect of the Private Placement was submitted to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 8 August 2014 and was approved on 11 August 2014.

On 29 August 2014, the Company announced that the issue price for 10,670,410 Placement Shares, being the first (1st) tranche of the Private Placement, has been fixed by the Board of Directors at RM2.36 per Placement Share. The issue price represents a discount of approximately 9.81% to the five (5) days volume weighted average market price of the CRB Shares up to and including 28 August 2014, being the market day immediately preceding to the Price Fixing Date of RM2.6166.

The first (1st) tranche of the Private Placement was completed on 9 September 2014, following the listing and quotation of the 10,670,410 Placement Shares on the even date.

On 23 January 2015, the Company announced that the issue price for 4,500,000 Placement Shares, being the second (2nd) and final tranche of the Private Placement, has been fixed by the Board of Directors at RM1.80 per Placement Share. The issue price represents a discount of approximately 3.25% to the five (5) days volume weighted average market price of the CRB Shares up to and including 22 January 2015, being the market day immediately preceding to the Price Fixing Date of RM1.8604.

The second (2nd) and final tranche of the Private Placement was completed on 30 January 2015, following the listing and quotation of the 4,500,000 Placement Shares on the even date.

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

Purpose	Proposed Utilisation	Actual Utilisation (up to LPD)	Intended Timeframe for Utilisation	Deviation		Explanations
				RM	%	
Working capital requirements	32,582,168	32,582,168	-	-	-	Fully utilised.
Expenses	800,000	800,000	-	-	-	Fully utilised.
	33,282,168	33,282,168				

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 employee share option scheme ("ESOS") pursuant to the exercise of options granted to eligible Directors and employees of the Group ("ESOS Scheme").

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:

	Number of options over ordinary shares of RM0.50 each					
	Outstanding as at 1.11.2014	Granted	Movement during the financial period		Outstanding as at 30.4.2015	Exercisable as at 30.4.2015
			Exercised	Lapsed		
2010 option	-	-	-	-	-	-
Weighted average exercise price (RM)	1.10	1.10	1.10	1.10	1.10	1.10
Weighted average remaining contractual life (months)	12					6

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 1.11.2014	Number of options over ordinary shares of RM0.50 each Movement during the financial period			Outstanding as at 30.4.2015	Exercisable as at 30.4.2015
		Granted	Exercised	Lapsed		
2011 option	2,921,000	-	11,000	-	2,910,000	2,910,000
Weighted average exercise price (RM)	1.34	1.34	1.34	1.34	1.34	1.34
Weighted average remaining contractual life (months)	12					6

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 1.11.2014	Number of options over ordinary shares of RM0.50 each Movement during the financial period			Outstanding as at 30.4.2015	Exercisable as at 30.4.2015
		Granted	Exercised	Lapsed		
2013 option	4,555,000	-	3,000	-	4,552,000	4,552,000
Weighted average exercise price (RM)	1.65	1.65	1.65	1.65	1.65	1.65
Weighted average remaining contractual life (months)	12					6

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

B9. Status of corporate proposals – cont'd**c. Placement and Exemption**

On 10 February 2015, Public Investment Bank Berhad (“**PIVB**”), on behalf of the Board of Directors, announced that the Company had, on the even date, entered into a conditional subscription agreement with Dato’ Daud bin Ahmad (“**Dato’ Daud**”) in respect of the Placement (as defined herein). Pursuant thereto, the Company proposed to undertake the following:

- (i) placement of up to 40,978,112 new CRB Shares, representing up to twenty percent (20%) of the issued and paid-up share capital of CRB (“**Placement**”); and
- (ii) exemption under Paragraph 16.1(b), Practice Note 9 of the Malaysian Code on Take-overs and Mergers, 2010 to Dato’ Daud and his person acting in concert, namely Tan Sri Razali bin Ismail (“**Tan Sri Razali**”) from the obligation to undertake a mandatory take-over offer for all the remaining CRB Shares not already held by them upon completion of the Placement (“**Exemption**”),

(collectively referred to as “**Corporate Exercises**”).

The Placement would enable CRB to maintain its Bumiputera-controlled public listed company status with certainty through its co-founders, as well as to raise funds for the Group’s working capital requirement, whilst the Exemption is to facilitate the Placement.

The listing application for the listing of and quotation for the new CRB Shares to be issued pursuant to the Placement was submitted to Bursa Securities on 12 February 2015 and was approved on 10 March 2015.

The Corporate Exercises were approved by the shareholders of CRB at the extraordinary general meeting, which was convened on 6 May 2015.

The application in respect of the Exemption was submitted to the SC and was subsequently approved on 19 May 2015.

d. New ESOS and DRS

On 11 February 2015, PIVB, on behalf of the Board, announced that the Company had, on the even date, proposed to undertake the following:

- (i) establishment of a 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 (“**New ESOS**”); and
- (ii) dividend reinvestment scheme that provides the shareholders of CRB with the option to elect to reinvest their cash dividends declared by CRB in new CRB Shares (“**DRS**”).

The New ESOS would replace the existing ESOS which is set to expire on 13 October 2015, as well as to motivate and reward the employees and directors of the Group, whilst the DRS would provide capital management benefits to the Group.

The listing application for the listing of and quotation for the new CRB Shares to be issued from the exercise of the new share options issued pursuant to the New ESOS was submitted to Bursa Securities on 12 February 2015 and was subsequently approved on 10 March 2015.

The New ESOS and DRS were approved by the shareholders of CRB at the Tenth (10th) Annual General Meeting, which was convened on 21 April 2015.

B10. Group's borrowings and debts securities

The Group's borrowings and debts securities as at 30 April 2015 are as follows:-

	RM
Short term borrowings	
Secured:-	
Bank overdrafts	7,294,519
Trust receipts	34,142,620
Finance lease	297,148
Term loans	24,378,320
Revolving credits	49,500,000
	<u>115,612,607</u>
 Long term borrowings	
Secured:-	
Finance lease	1,013,194
Term loans	210,578,715
	<u>211,591,909</u>
 Total borrowings	
Secured:-	
Bank overdrafts	7,294,519
Trust receipts	34,142,620
Finance lease	1,310,342
Term loans	234,957,035
Revolving credits	49,500,000
	<u>327,204,516</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. 22C-22-09/2014)**

The Plaintiff claimed, inter alia, for a sum of RM1,336,262.11, being the alleged and purported outstanding amount due to the plaintiff under their subcontract.

CSB filed a counter claim against the plaintiff on 7 November 2014. 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 RM93,944.29 due from the Plaintiff to CSB. 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 24 November 2014 for both parties to exhaust their pleadings. During the case management on 24 November 2014, the plaintiff inducted to the Court that they would be filing an application for discovery. In the circumstances, the Court has fixed for another case management on 8 December 2014.

During the case management on 8 December 2014, the Court has fixed the Plaintiff’s application of discovery for hearing on 20 January 2015. On 20 January 2015, the discovery order was granted. Subsequently, on 2 March 2015, the documents specified in the discovery order were inspected by the plaintiff. The matter is now fixed for trial from 24 June 2015 to 26 June 2015.

B13. Realised and unrealised profits or losses of the Group

	Current Financial Period As at 30 April 2015 RM	Preceding Financial Year As at 31 October 2014 RM
Total retained earnings of the Group and its subsidiaries		
Realised	160,022,130	136,589,548
Unrealised	18,000	413,000
	160,040,130	137,002,548
Add: Consolidation adjustments	(3,479,944)	(3,524,208)
Retained earnings as per financial statements	156,560,186	133,478,340

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 2015:-

	Quarter ended		Year to date ended	
	30 April 2015 RM	30 April 2014 RM	30 April 2015 RM	30 April 2014 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	14,545,797	13,649,138	23,081,846	21,381,362
Weighted average number of ordinary shares for basic earnings per shares computation	199,064,041	179,689,562	199,064,041	179,689,562
Effects of dilution - share options	7,462,000	13,022,500	7,462,000	13,022,500
Weighted average number of ordinary shares for diluted earnings per share computation	206,526,041	192,712,062	206,526,041	192,712,062