

CYPARK RESOURCES BERHAD (642994-H)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2019

**Unaudited Condensed Consolidated Statements of Comprehensive Income
For the First Quarter ended 31 January 2019**

	<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 Jan 2019	31 Jan 2018	%	31 Jan 2019	31 Jan 2018	%	
	RM	RM		RM	RM	
Revenue	88,439,033	84,024,531	5%	88,439,033	84,024,531	5%
Cost of sales	(67,088,119)	(64,687,427)	4%	(67,088,119)	(64,687,427)	4%
Gross profit	21,350,914	19,337,104	10%	21,350,914	19,337,104	10%
Other income	1,031,129	738,117	40%	1,031,129	738,117	40%
Administrative expenses	(3,087,794)	(2,343,308)	32%	(3,087,794)	(2,343,308)	32%
Operating profit	19,294,249	17,731,913	9%	19,294,249	17,731,913	9%
Finance costs	(2,500,554)	(2,423,411)	3%	(2,500,554)	(2,423,411)	3%
Share of results of an associate	(70,973)	(20,502)		(70,973)	(20,502)	
Profit before tax	16,722,722	15,288,000	9%	16,722,722	15,288,000	9%
Tax expense	(3,715,132)	(3,030,652)	23%	(3,715,132)	(3,030,652)	23%
Profit for the year	13,007,590	12,257,348	6%	13,007,590	12,257,348	6%
Other comprehensive income net of tax	-	-		-	-	
Total comprehensive income for the year	13,007,590	12,257,348	6%	13,007,590	12,257,348	6%
Total comprehensive income attributable to:-						
- Owners of the Company	13,008,036	12,257,796	6%	13,008,036	12,257,796	6%
- Non-controlling interest	(446)	(448)		(446)	(448)	
	13,007,590	12,257,348		13,007,590	12,257,348	
Earnings per share for profit attributable to the owners of the Company (sen per share)						
- Basic	3.50	4.69		3.50	4.69	
- Diluted	3.47	4.63		3.47	4.63	

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 2018 and the accompanying notes attached to the unaudited interim financial statements.

**Unaudited Condensed Consolidated Statements of Financial Position
As at 31 January 2019**

	Unaudited As At 31 Jan 2019 RM	Audited As At 31 Oct 2018 RM
Assets		
Non-current assets		
Plant and equipment	213,210,663	216,441,414
Intangible assets	828,334,030	813,321,079
Investment in associated company	3,027,369	3,098,342
Deferred tax assets	505,912	508,996
Long term trade receivables	5,997,012	5,910,670
	<u>1,051,074,986</u>	<u>1,039,280,501</u>
Current assets		
Trade and other receivables	434,729,117	379,462,043
Other current assets	4,208,028	3,187,863
Tax recoverable	19,653	3,397
Cash and bank balances	121,795,531	91,598,703
	<u>560,752,329</u>	<u>474,252,006</u>
Total assets	<u>1,611,827,315</u>	<u>1,513,532,507</u>
Equity and liabilities		
Current liabilities		
Loans and borrowings	181,478,528	133,392,958
Trade and other payables	250,777,966	230,745,601
Tax payable	8,942,769	7,094,094
	<u>441,199,263</u>	<u>371,232,653</u>
Net current assets	<u>119,553,066</u>	<u>103,019,353</u>
Non-current liabilities		
Loans and borrowings	478,513,253	475,694,607
Trade and other payables	20,066,507	19,137,810
Deferred tax liabilities	11,000	11,000
	<u>498,590,760</u>	<u>494,843,417</u>
Total liabilities	<u>939,790,023</u>	<u>866,076,070</u>
Net assets	<u>672,037,292</u>	<u>647,456,437</u>
Equity		
Share capital	387,407,241	374,587,310
Reverse acquisition reserve	(36,700,000)	(36,700,000)
Share option reserve	2,022,504	3,269,170
Retained earnings	319,310,286	306,302,250
Equity attributable to owners of the Company	<u>672,040,031</u>	<u>647,458,730</u>
Non-controlling interests	<u>(2,739)</u>	<u>(2,293)</u>
Total Equity	<u>672,037,292</u>	<u>647,456,437</u>
Total equity and liabilities	<u>1,611,827,315</u>	<u>1,513,532,507</u>
Net assets per share attributable to owners of the Company (RM)	1.47	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 2018 and the accompanying notes attached to the unaudited interim financial statements.*

CYPARK RESOURCES BERHAD (642994-H)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2019

Statements of Changes in Equity**For the First Quarter ended 31 January 2019**

←────────────────── Attributable to owners of the Company ───────────────────→
 ←────────────────── Non-distributable ───────────────────→ Distributable

	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
2019								
Group								
Opening balance at 1 November 2018	374,587,310	-	3,269,170	(36,700,000)	306,302,250	647,458,730	(2,293)	647,456,437
Total comprehensive income	-	-	-	-	13,008,036	13,008,036	(446)	13,007,590
Transactions with owners								
Share issuance expenses	(141,855)	-	-	-	-	(141,855)	-	(141,855)
Exercise of employee share options	12,961,786	-	(1,246,666)	-	-	11,715,120	-	11,715,120
Total transactions with owners	12,819,931	-	(1,246,666)	-	-	11,573,265	-	11,573,265
Closing balance at 31 Jan 2019	387,407,241	-	2,022,504	(36,700,000)	319,310,286	672,040,031	(2,739)	672,037,292
	-	-	-	-	-	-	-	-
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	-	-	-	-	12,257,796	12,257,796	(448)	12,257,348
Transactions with owners								
Exercise of employee share options	506,649	-	(48,730)	-	-	457,919	-	457,919
Total transactions with owners	506,649	-	(48,730)	-	-	457,919	-	457,919
Closing balance at 31 Jan 2018	289,234,861	-	4,428,415	(36,700,000)	262,987,148	519,950,424	(1,521)	519,948,903

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 2018 and the accompanying notes attached to the unaudited interim financial statements.

Unaudited Condensed Consolidated Statements of Cash Flows
For the First Quarter ended 31 January 2019

	3 months ended	
	31 Jan 2019	31 Jan 2018
	RM	RM
Cash flows from operating activities		
Profit before tax	16,722,722	15,288,000
Adjustments for:		
Depreciation of plant and equipment	3,400,338	3,384,600
Share of results in associated company	70,973	20,502
Unrealised foreign exchange (gain)/loss	(9,248)	8,990
Amortisation of intangible assets	911,931	-
Profit from construction projects	(1,745,684)	(5,174,280)
Finance income - other liabilities at amortised costs	(368,902)	-
Interest expense	2,500,554	2,423,411
Interest income	(583,981)	(628,110)
Operating cash flows before changes in working capital	<u>20,898,703</u>	<u>15,323,113</u>
Changes in working capital:		
Trade and other receivables	(55,267,073)	1,149,235
Other current assets	(1,020,165)	(4,047,255)
Trade and other payables	21,188,277	(26,216,179)
Cash flows used in operations	<u>(14,200,258)</u>	<u>(13,791,086)</u>
Interest paid	(2,435,962)	(2,405,849)
Taxes paid	(1,879,629)	(3,156,714)
Net cash flows used in operating activities	<u>(18,515,849)</u>	<u>(19,353,649)</u>
Cash flows from investing activities		
Additions to intangible assets	(14,179,198)	(24,497,464)
Purchase of plant and equipment	(169,587)	(229,487)
Interest received	583,981	628,110
Net cash flows used in investing activities	<u>(13,764,804)</u>	<u>(24,098,841)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares		
- ESOS	11,715,120	457,919
Share issuance expense	(141,855)	-
Revolving credit, net	40,000,000	-
Short term borrowings, net	(5,229,241)	(11,822,264)
Term loans, net	8,485,863	40,796,660
Finance lease obligations, net	(129,516)	(122,701)
Net cash flows generated from financing activities	<u>54,700,371</u>	<u>29,309,614</u>
Net increase/(decrease) in cash and cash equivalents	<u>22,419,717</u>	<u>(14,142,876)</u>
Cash and cash equivalents at beginning of financial year	<u>88,540,902</u>	<u>108,511,739</u>
Cash and cash equivalents at end of financial year	<u>110,960,619</u>	<u>94,368,863</u>
Cash and cash equivalents at the end of the financial year comprise the following:		
Short term deposits with licensed banks	54,668,418	73,328,762
Cash at banks and in hand	67,127,113	22,052,347
Cash and bank balances	<u>121,795,531</u>	<u>95,381,109</u>
Less: Bank overdrafts	(10,834,912)	(1,012,246)
	<u>110,960,619</u>	<u>94,368,863</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 2018 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 RM85,331,512 to RM88,540,902 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 2018. 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 2018.

A2. Changes in accounting policies

The significant accounting policies and computation methods are consistent with those adopted for the year ended 31 October 2018, except for the adoption of the following new MFRS and Issue Committee Interpretations (“IC Interpretations”) issued by the Malaysian Accounting Standards Board (“MASB”):

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
IC Interpretations 22	Foreign Currency – Transactions and Advance Consideration	1 January 2018

The adoption of the above mentioned standards did not have a material impact on the financial statements of the Group.

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 MASB but not yet effective:-

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual period beginning on or after
MFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	<i>Deferred</i>
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	<i>Deferred</i>
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
IC Interpretations 23	Uncertainty over Income Tax Treatments	1 January 2019

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial year. 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 2018.

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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2019

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
3 months ended 31 Jan 2019						
Revenue						
Sale to external customers	65,936,964	10,004,792	1,538,366	10,958,910	-	88,439,033
Inter-segment sales	290,527,386	65,534,179	5,756,145	-	(361,817,710)	-
Total revenue	356,464,350	75,538,971	7,294,512	10,958,910	(361,817,710)	88,439,033
Results						
Profit before tax	11,813,806	1,850,381	494,794	2,563,741	-	16,722,722
Income tax expense						(3,715,132)
Profit net of tax						13,007,590

	Environmental Engineering RM	Landscaping & Infrastructure RM	Maintenance RM	Green Tech & Renewable Energy RM	Elimination RM	Total RM
3 months ended 31 Jan 2018						
Revenue						
Sale to external customers	63,523,249	7,793,075	1,726,749	10,981,458	-	84,024,531
Inter-segment sales	63,772,003	-	1,544,074	-	(65,316,077)	-
Total revenue	127,295,252	7,793,075	3,270,823	10,981,458	(65,316,077)	84,024,531
Results						
Profit before tax	10,947,706	1,285,308	561,193	2,493,794	-	15,288,000
Income tax expense						(3,030,652)
Profit net of tax						12,257,348

A10. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current financial quarter.

A11. Capital commitments

Except as disclosed below, there was no capital commitment as at 31 January 2019:-

	RM
Capital expenditure	
Approved and contracted for:-	
- Intangible assets	<u>21,577,518</u>

A12. Material events subsequent to the end of the year

There were no material events subsequent to the end of the current financial quarter up to 22 March 2019, 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 year under review, except as follows:-

- I. On 16 November 2018, the Company incorporated a new wholly owned subsidiary, namely, Forenergy Sdn. Bhd. ("FSB") with an issued share capital of RM100 comprising 100 ordinary shares. FSB 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 Jan 2019
	RM
Secured:	
- Performance bond/tender bond guarantees favouring Government/ Statutory bodies for various projects	14,749,528
- Bank guarantees extended to Government Bodies/Companies for various projects	31,100,000
	<u>45,849,528</u>
Unsecured:	
- Corporate guarantees given to banks for credit facilities granted to subsidiaries	788,160,000
	<u>788,160,000</u>
TOTAL	<u>834,009,528</u>

The secured performance bonds, corporate guarantees and letter of credits are secured by way of charge over certain fixed deposits of the Group.

A15. Significant related party transactions

The Group had the following transactions during the current financial quarter with related parties in which certain directors of the Company have substantial financial interest:-

Related Party	Interested Promoter / Director / Substantial Shareholder / Key Management	Nature of Transactions	Transaction value based on billings for current quarter RM	Transaction value based on billings year to date RM	Balance Outstanding as at 31 Jan 2019 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	1,230,000	1,230,000	15,971,724

B1. Analysis of performance**Current Year Quarter ended 31 January 2019 vs Preceding Year Quarter ended 31 January 2018**

The Group revenue for 1Q2019 increased by RM4.4 million to RM88.4 million as compared to RM84.0 million recorded in 1Q2018. The profit before tax for 1Q2019 increased by RM1.4 million or 9.2% to RM16.7 million from RM15.3 million as recorded in 1Q2018. The improvements were mainly contributed by projects secured in the Environmental Engineering and Landscaping & Infrastructure division. In line with the increase in profit before tax, the Group's profit after tax ("PAT") for 1Q2019 also increased by RM0.7 million or 6.1% to RM13.0 million as compared to RM12.3 million recorded in preceding year quarter. The increase was within the Group's expectation as the newly secured projects were at its initial stage in the current quarter and they are expected to contribute significantly in coming quarters when the projects are advancing to subsequent stages.

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

Environmental Engineering

The revenue for 1Q2019 increased slightly by 3.8% or RM2.4 million to RM65.9 million as compared to RM63.5 million recorded in 1Q2018. The profit before tax in current quarter increased by RM0.9 million or 7.9% to RM11.8 million from RM10.9 million in 1Q2018. The increase was mainly contributed by the work activities from the new projects secured in this quarter. As the projects were still in the preliminary stages, the new projects are expected to contribute to the Group's performance intensively in coming quarters.

Landscaping & Infrastructure

The revenue for 1Q2019 increased by RM2.2 million to RM10.0 million as compared to RM7.8 million recorded in 1Q2018. In line with the increase in revenue, the profit before tax for 1Q2019 for this division increased by RM0.6 million to RM1.9 million as compared to RM1.3 million recorded in 1Q2018. This was mainly attributable to the increase in work activities for the preliminary works and site preparation works from the new projects secured.

Maintenance (Operation & Maintenance)

The revenue for 1Q2019 decreased by RM0.2 million to RM1.5 million from RM1.7 million recorded in 1Q2018. The profit before tax generated by this division for current quarter decreased by RM0.1 million to RM0.5 million from RM0.6 million recorded in 4Q2017.

Green Tech & Renewable Energy

The revenue for green tech & renewable energy division for current quarter was at the similar level at RM11.0 million as compared to the revenue recorded in 1Q2018. The profit before tax of this division increased by 2.0% to RM2.6 million from RM2.5 million recorded in 1Q2018. This was mainly contributed by the saving achieved in finance costs.

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

The revenue of the Group for the current quarter increased by 11.0% or RM8.7 million to RM88.4 million as compared to RM79.7 million recorded in the immediate preceding quarter. The increase was mainly contributed by the work activities from the new projects which were at the implementation stage. Despite the increase in revenue, the profit before tax of the Group decreased to RM16.7 million as compared to RM23.3 million recorded in the immediate preceding quarter. This was mainly due to more set up costs incurred for the early implementation stage of the projects. In addition, the higher profit recorded in preceding quarter was due to the reversal of unutilised bonus provision in that quarter as a year-end adjustment.

B3. Prospects for the Current Financial Year

Malaysia has recorded a relatively strong GDP growth of 4.7% in 2018 on the back of a volatile year for the world economy. Despite the World Bank's estimate of slower GDP of approximately for Malaysia 4.6% in 2020, still a respectable growth target, both the global and country's green technology and renewable energy segments are viewed to grow at a faster rate in the future. Bloomberg in its 2018 market report forecasted that EV vehicles will increase from 1.1 million vehicles in 2017 to at least 30 million by 2030. IRENA in 2018 forecasted RE generation will have a double-digit growth well to 2050, with solar is expected to have the biggest growth.

In 2018, the Malaysian Government had announced several key initiatives to push the green and renewable energy agenda. The Minister of Energy, Science Technology, Environment and Climate Change ("MESTECC") has injected strong commitments and clear roadmap to achieve a more sustainable and greener Malaysia by reaffirming Malaysia's commitment to achieve a 20% Renewable Energy target, which currently stood at 2%. The government decision to cancel a few previously approved fossils fuel based new power plants and by further announcing up to 1,140 MW quota for RE comprising of improved NEM Energy Meter ("NEM") scheme, new Large-Scale Solar ("LSS") 3 and other RE (mainly hydro, biogas and biomass) allocation, has provided a strong direction on the immediate future of RE in Malaysia. In addition, the announcement by the Minister of Housing and Local Government (KPKT) on the government's plan to build one Waste to Energy (WTE) plant in every state has brought in more confidence in the future green technology and renewable energy in Malaysia. As such in general, 2019 and beyond, we expect a strong prospect of a good growth years for the the green technology and renewable energy sector.

The businesses of Cypark focus on the areas whereby the Malaysian Government has shown clear policy and strong initiatives. Cypark's model of harnessing the economic benefits from Malaysia's abundant, green and renewable natural resources especially solar, biomass and municipal solid waste, is complementing the effort by the Malaysian Government. Cypark's offerings under its Environmental Engineering ("EE"), Renewable Energy ("RE") and Green Technology are based on proven technologies and cost competitive solutions that are considered as a win-win approach for the stakeholders mainly the shareholders, the Government and ultimately the Malaysian energy consumers.

The key success factors for Cypark can be attributed to three (3) underlying factors namely more attractive government policies on RE, continued development of more affordable and efficient green technology globally, and dynamic market mechanism. In 2019, Cypark is to continue taking advantage of the above success factors to ensure it would continue its uninterrupted revenue and profitability growth experienced since 2012.

Renewable Energy

It is expected with the commission of its WTE plant and solar farms under the LSS1, it will increase its RE installed capacity from the current 31 MW to around 62 MW. Cypark is confident that its existing exceptional track record in bidding and securing EPCC projects under the previous LSS will yield it a key advantage in securing a successful tender bid under upcoming LSS3, hence adding more capacity to our generations and sales of RE. Cypark will continue to develop business models which strive for cost competitiveness and technological superiority which can contribute to our better success rate in our tender bids .

Cypark also intends to explore prospect within ASEAN countries, especially in the focus area of RE such as in Singapore, Vietnam and Thailand.

Environmental Engineering & Solution

The prospect for this segment looks promising as it is expected to benefit in the on-going push for renewable energy and other environmental engineering projects. Taking cue from its recent success of securing sizeable EPCC from other LSS2 project owners, Cypark also hopes to replicate the same feat in LSS3 and the NEM. The expected total EPCC contract value generated by LSS3 and NEM program is estimated to be around RM4 billion. It is envisaged that there will be strong growth in other type of environmental related construction projects in line with the growing importance of environmental care such as integrated waste management. Cypark will continue to invest in R&D to ensure efficiency in its operations and management towards reducing costs and augmenting productivity.

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

The segment is expected to show a moderate growth in line with the Malaysian construction industry targeted 2019 growth of 4.9%. The company will intensify 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.

Green Technology

This particular component is expected to continue contributing positively to the bottom line of Cypark in 2019. Cypark will further pursue opportunities in the biomass and biogas area, where Cypark's pilot biomass plant in Perak shall set the milestone for the company's future model of expansion. There is a huge untapped potential from this sector which has yet to be exploited fully such as in the area of energy savings and other green related technology. On the prospect of the government recent announcement about increasing biodiesel blend to 10% and the drive for greener waste management practices, Cypark expects that Green Technology segment will show a good growth trend in revenue and profitability in the future.

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 Jan 2019	Preceding Year Quarter 31 Jan 2018	Current Year To Date 31 Jan 2019	Preceding Year To Date 31 Jan 2018
Profit before tax is stated after crediting:-				
Interest income	583,981	628,110	583,981	628,110
Other income (including investment income)	437,900	110,007	437,900	110,007
Gain on disposal of plant and equipment	-	-	-	-
Foreign exchange gain - unrealised	9,248	-	9,248	-
Profit before tax is stated after charging:-				
Interest expenses	2,500,554	2,423,411	2,500,554	2,423,411
Amortisation of intangible assets	911,931	-	911,931	-
Depreciation	3,400,338	3,331,143	3,400,338	3,331,143
Foreign exchange loss - unrealised	-	8,990	-	8,990
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

B6. Income tax expense

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31 Jan 2019 RM	Preceding Year Quarter 31 Jan 2018 RM	Current Year To Date 31 Jan 2019 RM	Preceding Year To Date 31 Jan 2018 RM
Income tax				
- Current	3,712,048	3,027,569	3,712,048	3,027,569
Deferred tax	3,084	3,083	3,084	3,083
	<u>3,715,132</u>	<u>3,030,652</u>	<u>3,715,132</u>	<u>3,030,652</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. 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 Rafeaie	150,000	150,000
Datuk Abdul Malek bin Abdul Aziz	150,000	150,000

Details of the ESOS options exercised by the directors are disclosed as below:-

Directors	Balance as at 1.11.2018	Exercised	Adjustments*	Balance as at 31.1.2019
Tan Sri Razali bin Ismail	3,000,000	(1,000,000)	1,000,000	3,000,000
Dato' Daud bin Ahmad	6,700,000	(2,350,000)	2,175,000	6,525,000
Dato' Dr. Freezailah bin Che Yeom	150,000	-	75,000	225,000
Headir bin Mahfidz	150,000	-	75,000	225,000
Megat Abdul Munir bin Megat Abdullah Rafeaie	150,000	-	75,000	225,000

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

	Outstanding as at 1.11.2018	Granted	Movement during the financial year Exercised	Adjustments*	Outstanding as at 31.1.2019	Exercisable as at 31.1.2019
2017 option	14,491,000	-	(5,526,000)	4,482,500	13,447,500	13,447,500
Weighted average exercise price (RM)	2.12	2.12	2.12	1.40	1.40	1.40
Weighted average remaining contractual life (months)	24					21

**Adjustments after bonus issue*

B9. Status of corporate proposals – cont'd**a. New ESOS – cont'd**

The details of the share options outstanding at the end of the financial year are as follows:

	Weighted average exercise price (RM)	Exercise period
2017 option	2.12	26.4.2017 – 21.12.2018
**Adjustments after bonus issue	1.40	22.12.2018 – 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 (%)	<u>2.47</u>

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 19 February 2019, CRB announced a single-tier final dividend of 3.90 sen per CRB Share for the financial year ended 31 October 2018 (“**Final Dividend**”), which will be subject to the approval of the shareholders of CRB at the Fourteenth Annual General Meeting which will be convened on 9 April 2019. The Board had also determined that the DRS will apply to the aforesaid dividend.

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.

B9. Status of corporate proposals – cont'd**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	Balance		Explanations
	RM	RM		RM	%	
Working capital requirements	62,993,197	39,000,000	18 months	23,993,197	38	Will be utilised in coming quarters
Expenses	474,863	474,863	-	-	-	Fully utilised.
	63,468,060	32,474,863				

d. Bonus Issue

On 25 October 2018, Public Investment Bank (“PIVB”), on behalf of the Board of Directors of CRB (“Board”), announced that the Company is proposing to undertake the proposed bonus issue of up to 157,151,686 new CRB Shares (“**Bonus Share(s)**”) on the basis of 1 Bonus Share for every 2 existing CRB Shares held on an entitlement date to be determined later (“**Proposed Bonus Issue**”).

On 5 November 2018, PIVB on behalf of the Board announced that Bursa Securities had, vide its letter dated 5 November 2018, approved the listing of and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue.

The Proposed Bonus Issue was approved at an extraordinary general meeting held on 28 November 2018. The Bonus Issue was completed on 21 December 2018 following the listing of and quotation for 152,669,181 Bonus Shares on the Main Market of Bursa Securities.

B10. Group's borrowings and debts securities

The Group's borrowings and debts securities as at 31 January 2019 are as follows:-

	31 Jan 2019	31 Jan 2018
	RM	RM
Short term borrowings		
Secured:-		
Bank overdrafts	10,834,912	1,012,246
Trust receipts	47,543,783	35,800,931
Finance lease	441,513	517,964
Term loans	44,658,320	26,798,320
Revolving credits	78,000,000	48,000,000
	<u>181,478,528</u>	<u>112,129,461</u>
Long term borrowings		
Secured:-		
Finance lease	1,255,516	1,686,907
Term loans	477,257,737	483,718,132
	<u>478,513,253</u>	<u>485,405,039</u>
Total borrowings		
Secured:-		
Bank overdrafts	10,834,912	1,012,246
Trust receipts	47,543,783	35,800,931
Finance lease	1,697,029	2,204,871
Term loans	521,916,057	510,516,452
Revolving credits	78,000,000	48,000,000
	<u>659,991,783</u>	<u>597,534,500</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 was fixed on 24 September 2018. On 24 September 2018, the High Court allowed the Plaintiff’s claim of RM2,677,357.20. A Notice of Appeal was filed by Defendant to the Court of Appeal on 15 October 2018. In addition, the Defendant has also filed an application for stay of execution of the Judgment pending the disposal of the Appeal.

The Court has fixed the next case management on 15.4.2019 for parties to further update the Court on the status of the Grounds of Judgement.

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 January 2019:-

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31 Jan 2019 RM	Preceding Year Quarter 31 Jan 2018 RM	Current Year To Date 31 Jan 2019 RM	Preceding Year To Date 31 Jan 2018 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	13,008,036	12,257,796	13,008,036	12,257,796
Weighted average number of ordinary shares for basic earnings per shares computation	371,228,246	261,159,868	371,228,246	261,159,868
Effects of dilution - share options	4,085,719	3,644,811	4,085,719	3,644,811
Weighted average number of ordinary shares for diluted earnings per share computation	375,313,965	264,804,679	375,313,965	264,804,679