

ARK RESOURCES BERHAD
(393342-X)

QUARTERLY REPORT
THIRD QUARTER ENDED 30 SEPTEMBER 2012

<u>SUMMARY OF FINANCIAL INFORMATION</u>		<i>Current year</i>	<i>Preceding year</i>	<i>Current year</i>	<i>Preceding year</i>
		<i>current</i>	<i>corresponding</i>	<i>to date</i>	<i>corresponding</i>
		<i>quarter</i>	<i>quarter</i>	<i>period</i>	<i>period</i>
		<i>July - Sept 12</i>	<i>July - Sept 11</i>	<i>Jan - Sept 12</i>	<i>Jan - Sept 11</i>
		<i>RM000</i>	<i>RM000</i>	<i>RM000</i>	<i>RM000</i>
1	Revenue	5,942	3,288	8,569	3,782
2	Profit / (loss) before tax	16	1,570	46	100,928
3	Profit / (loss) after tax and minority interest	16	1,570	46	100,928
4	Net profit / (loss) for the period	16	1,570	46	100,928
5	Basic earnings / (loss) per share (sen)	0.04	3.8	0.11	245.6
6	Dividend per share (sen)	-	-	-	-
				<i>30-Sep-12</i>	<i>30-Sep-11</i>
				<i>RM</i>	<i>RM</i>
7	Net assets per share (RM)			0.53	0.50

<u>ADDITIONAL INFORMATION</u>		<i>Current year</i>	<i>Preceding year</i>	<i>Current year</i>	<i>Preceding year</i>
		<i>current</i>	<i>corresponding</i>	<i>to date</i>	<i>corresponding</i>
		<i>quarter</i>	<i>quarter</i>	<i>period</i>	<i>period</i>
		<i>July - Sept 12</i>	<i>July - Sept 11</i>	<i>Jan - Sept 12</i>	<i>Jan - Sept 11</i>
		<i>RM000</i>	<i>RM000</i>	<i>RM000</i>	<i>RM000</i>
1	Gross interest income	75	-	231	-
2	Gross interest expense	-	-	-	-

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Unaudited as at 30.9.12 RM000</i>	<i>Audited as at 31.12.11 RM000</i>
Non-current assets		
Property, plant and equipment	64	59
Land held for development	3,600	119
Current assets		
Amount due from contract customers	9,068	7,166
Inventories	310	1,419
Trade receivables	8,052	583
Non-trade receivables, deposits and prepayments	777	441
Cash and cash equivalents	9,842	13,477
	28,049	23,086
Current liabilities		
Trade payables	2,609	-
Non-trade payables and accruals	5,209	2,890
Amount due to Directors	-	6
	7,818	2,896
Net current liabilities	20,231	20,190
Long term liabilities		
RCSLS-Borrowings	(2,241)	(2,241)
	<u>21,654</u>	<u>18,127</u>
Shareholders' equity		
Share capital	41,110	41,110
Revaluation Reserves	3,481	-
RCSLS	7,213	7,213
Accumulated (losses) / reserves	(30,150)	(30,196)
	21,654	18,127
Minority interest	-	-
	<u>21,654</u>	<u>18,127</u>
Net assets per share attributable to shareholders (RM)	<u>0.53</u>	<u>0.44</u>

The condensed consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Current year current quarter</i>	<i>Preceding year corresponding quarter</i>	<i>Current year to date</i>	<i>Preceding year corresponding period</i>
	<i>July - Sept 12 RM000</i>	<i>July - Sept 11 RM000</i>	<i>Jan - Sept 12 RM000</i>	<i>Jan - Sept 11 RM000</i>
Revenue	5,942	3,288	8,569	3,782
Less: Cost of sales	5,256	3,257	7,209	3,557
Gross profit	686	31	1,360	225
Other income	61	2,490	599	102,427
Administrative and other expenses	(612)	(951)	(1,558)	(1,724)
Profit / (loss) from operations	135	1,570	401	100,928
Finance cost	(119)	-	(355)	-
Profit / (loss) before tax	16	1,570	46	100,928
Taxation	-	-	-	-
Profit / (loss) after tax	16	1,570	46	100,928
Minority interest	-	-	-	-
Net profit / (loss) for the period	16	1,570	46	100,928
Basic earnings/(loss) per share (sen) (Note B19)	0.04	3.8	0.11	245.5

The condensed consolidated statement of comprehensive income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>30 September 2012 RM'000</i>	<i>30 September 2011 RM'000</i>
Cashflows from operating activities		
Net profit before taxation	46	100,928
Adjustment for :		
Depreciation	12	37
Provision for corporate guarantee	-	(88,487)
Operating profit/(loss) before working capital changes	<u>58</u>	<u>12,478</u>
Increase/(Decrease) in inventories	1,109	-
Increase in trade and other receivables	(9,707)	(1,295)
Increase/(Decrease) in trade and other payables	4,922	(23,817)
Cash (used in) / generated from operations	<u>(3,618)</u>	<u>(12,634)</u>
Interest paid	(231)	(37)
Net cash (used in) / generated from operating activities	<u>(3,849)</u>	<u>(12,671)</u>
Cashflows from investing activities		
Purchase of property, plant and equipment	(17)	(2)
Capital Reduction	-	19,354
Interest Received	231	37
Net cash (used in) / generated from investing activities	<u>214</u>	<u>19,389</u>
Cashflows from financing activities		
Repayment of term loan	-	(1,815)
Repayment of hire purchase	-	9,454
Net cash (used in) / generated from financing activities	<u>-</u>	<u>7,639</u>
Net (decrease) / increase in cash and cash equivalents	<u>(3,635)</u>	<u>14,357</u>
Currency translation differences		
Cash and cash equivalents brought forward	<u>13,477</u>	<u>34</u>
Cash and cash equivalents carried forward	<u><u>9,842</u></u>	<u><u>14,391</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	1,872	1,391
Fixed deposits with licensed bank	7,970	13,000
	<u><u>9,842</u></u>	<u><u>14,391</u></u>

The condensed consolidated statement of cash flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Share capital</i> RM000	<i>Share premium</i> RM000	<i>Revaluation Reserve</i> RM000	<i>RCSLS</i> RM000	<i>Accumulated losses</i> RM000	<i>Total</i> RM000
Balance as at 1 January 2012	41,110	-	-	7,213	(30,196)	18,127
Total comprehensive income for the period	-	-	-	-	46	46
Revaluation surplus	-	-	3,481	-	-	3,481
Balance as at 30 September 2012	<u>41,110</u>	<u>-</u>	<u>3,481</u>	<u>7,213</u>	<u>(30,150)</u>	<u>21,654</u>
Balance as at 1 January 2011	41,269	12,892	-	-	(163,371)	(109,210)
Share Premium	-	(12,892)	-	-	12,892	-
Capital reduction	(20,634)	-	-	-	20,634	-
Placement	5,000	-	-	-	-	5,000
Right issue	15,475	-	-	-	-	15,475
RCSLS	-	-	-	7,213	-	7,213
Total comprehensive income for the period	-	-	-	-	99,807	99,807
Balance as at 30 September 2011	<u>41,110</u>	<u>-</u>	<u>-</u>	<u>7,213</u>	<u>(30,038)</u>	<u>18,285</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

**PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS
(FRS) 134**

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011.

A2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2011, except that the Group has adopted the new/revised standards mandatory for annual periods beginning on or after 1 January 2012, as follows:

New FRS

FRS 9	Financial Instruments
FRS 10	Consolidation Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement

Amendments/Improvements to FRS

FRS 119	Employee Benefits
FRS 127	Separate Financial Statements

The adoption of the above FRSs does not have any significant financial impact on the Group.

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENT

The annual financial statements of the Group for the year ended 31 December 2011 was not subject to any qualification.

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A4. ITEMS OF UNUSUAL NATURE AND AMOUNT

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter under review.

A5. SEASONAL OR CYCLICAL FACTORS

There are no significant variations to the level of profit due to seasonal or cyclical effects of operations.

A6. CHANGES IN ESTIMATES

There were no changes in estimates of amounts that give a material effect for the current quarter.

A7. DEBT AND EQUITY SECURITIES

There were no issues of equity securities and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter.

A8. DIVIDEND PAID

There was no dividend paid during this current quarter.

A9. REVALUATION OF PROPERTY AND EQUIPMENT

The Group has undertaken a revaluation of land during the financial period ended 31 March 2012. The net revaluation surplus has increased the shareholders equity by RM3.481million.

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A10. SEGMENTAL INFORMATION

The segmental information for the period ended 30 September 2012:

	<i>Construction</i>	<i>Property Development</i>	<i>Investment Holding</i>	<i>Elimination</i>	<i>Group</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<u>Segment Revenue</u>					
External revenue	7,438	1,031	100	-	8,569
Inter-segment revenue	1,711	-	-	(1,711)	-
Total Revenue	9,149	1,031	100	(1,711)	8,569
<u>Segment Results</u>					
Operating profit/ (loss)	701	264	(564)	-	401
Finance cost	-	-	(355)	-	(355)
Profit/ (loss) from associates	-	-	-	-	-
Taxation	-	-	-	-	-
Profit/ (loss) after tax	701	264	(919)	-	46

A11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and contingent assets to the group as of the date of this report.

A12. CHANGES IN GROUP COMPOSITION

There were no changes to the Group's composition during the quarter under review.

A13. SIGNIFICANT SUBSEQUENT EVENTS

There were no significant events subsequent to the end of the current quarter up to the date of this report that have not been reflected in the financial statements for the current quarter under review.

A14. CAPITAL COMMITMENT

The Group has no capital commitment as of 30 September 2012.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B15. REVIEW OF PERFORMANCE

For the year-to-date, the Group recorded operating revenue of RM8.569 million representing a growth of 126.57% over the preceding year. This was mainly due to better performance from the Construction division and new sales of completed houses recorded by the Property Development division.

The Group recorded a profit before tax of RM0.046 million for the year-to-date as compared to a profit before tax of RM100.928 million for the preceding year which comprised mainly of debt relief arising from the completion of the Corporate Restructuring Exercise during that year. The year-to-date profits recorded was a result of the increase in revenue and improvement of Gross Profit Margin from our Property Development and Construction Divisions. The net profit margins remain thin due to provisions for RCSLS Coupon and other expenses incurred post restructuring.

B16. COMPARISON OF CURRENT QUARTER RESULTS WITH THE PRECEDING QUARTER

	Current 3 months period ended 30.09.2012 <u>RM'000</u>	Preceding Quarter ended 30.06.2012 <u>RM'000</u>
Revenue	5,942	1,920
Profit / (Loss) before taxation	16	12

For the three months period ended 30 September 2012, the Group recorded a revenue of RM5.942 million, representing an increase of 209.48% compared to the preceding quarter ended 30 June 2012. The increase in revenue was primarily due to increase in revenue from the Construction and Property Development Divisions.

The Group recorded a profit before taxation of RM0.016 million for the current quarter as compared to a profit before taxation of RM0.012 million in the preceding quarter, mainly due to the increase in revenues.

B17. EXPLANATORY NOTE ON MATERIAL CHANGE

There has been no material change during the current quarter.

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B18. PROSPECTS

The Group faces more challenges in an unstable operating environment in 2012. However with the successful completion and implementation of the Corporate Restructuring on 30 June 2011, the Group is hopeful of an improved operational performance moving forward.

The Group is also putting in place its many measures to build on its order book concentrating initially mainly on local projects and proceeding with new launches at our development project in Kuala Kubu Bharu, Selangor ("KKB"). The Group is also exploring smart partnerships with land owners to leverage and take advantage of a pick up in the industry expected in the not too distant future.

B19. EARNING PER SHARE

The profit per share is computed based on the net profit for the financial year of RM0.046 million (2011: net profit for the financial year of RM100.928 million) and on the number of the ordinary shares in issue during the financial year of 41,110,025 (2011: 41,110,025).

Diluted earnings per ordinary share are not presented as there is no dilutive potential ordinary share outstanding during the financial year.

B20. EXPLANATORY NOTE ON PROFIT FORECAST/GUARANTEE

No profit forecast / guarantee have been given by the company.

B21. TAXATION

Taxation for the current period is as follows:

	<i>30 September</i> <i>2012</i> <i>RM000</i>
Current period's taxation	-
Share of taxation of associated company	-
	-

No taxation has been provided in the current year to date.

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B22. UNQUOTED INVESTMENTS / PROPERTIES

There has been no disposal of any unquoted securities or properties during the current quarter.

B23. QUOTED SECURITIES

There has been no purchase or disposal of any quoted securities during the current quarter.

B24. CORPORATE PROPOSALS

There were no corporate proposals undertaken during the quarter under review.

B25. CHANGES IN MATERIAL LITIGATION

There were no material litigations during the quarter under review.

B26. DIVIDEND

No interim or final dividend has been declared or recommended.

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B27. UTILISATION OF PROCEEDS ARISING FROM RIGHTS ISSUE AND PLACEMENT

The status of the utilisation of the proceeds raised from the Rights Issue and Placement amounting to RM20,475,725 as at 30 September 2012 is as follows:

	Purpose	Proposed utilisation	Actual utilisation	Intended Time Frame for utilisation	Deviation Amount		Explanation
		RM'000	RM'000		RM'000	%	
1)	Land Premium for the KKB Land (estimated)	1,800	-	6 months	1,800	100%	Application for alienation of land pending approval from the Selangor State Government
2)	Expenses in relation to Proposed Corporate Restructuring	1,500	1,500	Upon completion of Rights Issue and Placement	-	-	
3)	Settlement of statutory debts	639	639	6 months	-	0%	-
4)	Settlement of Scheme Creditors						
	(i) Secured Scheme Creditors	1,815	1,815	6 months	-	-	
	(ii) Unsecured Scheme Creditors	4,596	4,151	6 months	445	10%	In Progress
5)	Mobilisation cost / start up cost for the KKB Project	2,450	1,197	As and when required	1,253	51%	-
6)	working capital	7,675	1,714	As and when required	5,961	78%	-
		20,475	11,016		9,459		

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B28. REALISED AND UNREALISED PROFIT/LOSSES DISCLOSURE

	<i>As at 30 September 2012</i>	<i>As at 31 December 2011</i>
	<i>RM000</i>	<i>RM000</i>
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
Realised	(33,288)	(44,640)
Unrealised	-	-
Less: Consolidation adjustments	(3,138)	(14,444)
Total group retained profits/(accumulated losses) as per consolidated accounts	<u>(30,150)</u>	<u>(30,196)</u>

B29. AUTHORISATION

This interim financial report for the financial period ended 30 September 2012 has been seen and approved by the Board of Directors of ARK Resources Berhad on 27 November 2012 for release to Bursa Securities.