

**ARK RESOURCES HOLDINGS BERHAD**  
**(1241190-V)**

**SUMMARY OF KEY INFORMATION AS AT 30 JUNE 2018**

	<---- Individual Quarter ---->		<---- Cumulative Quarter ---->	
	Current year current quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	Apr - June'18	Apr - June'17	Jan - June'18	Jan - June'17
	RM000	RM000	RM000	RM000
1 Revenue	1,749	1,879	3,340	4,466
2 Profit / (loss) before tax	53	69	75	115
3 Profit / (loss) after tax and minority interest	53	65	75	111
4 Net profit / (loss) for the period	53	65	75	111
5 Basic earnings / (loss) per share (sen)	0.11	0.13	0.15	0.23
6 Dividend per share (sen)	-	-	-	-
			30-6-2018	31-12-2017
			RM	RM
7 Net assets per share (RM)			0.36	0.36

**ADDITIONAL INFORMATION**

	<---- Individual Quarter ---->		<---- Cumulative Quarter ---->	
	Current year current quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	Apr - June'18	Apr - June'17	Jan - June'18	Jan - June'17
	RM000	RM000	RM000	RM000
1 Gross interest income	1	1	3	2
2 Gross interest expense	-	-	-	-

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Unaudited as at 30.6.18 <u>RM000</u>	Audited as at 31.12.17 <u>RM000</u>
<b>Non-current assets</b>		
Property, plant and equipment	66	79
Land held for development	2,441	2,441
<b>Current assets</b>		
Property development cost	8,331	8,243
Trade receivables	8,206	10,470
Non-trade receivables, deposits and prepayments	654	669
Cash and cash equivalents	728	464
	17,919	19,846
<b>Current liabilities</b>		
Trade payables	1,707	3,916
Non-trade payables and accruals	1,297	1,084
	3,004	5,000
<b>Net current assets</b>	14,915	14,846
<b>Long term liabilities</b>		
	<u>17,422</u>	<u>17,366</u>
<b>Shareholders' equity</b>		
Share capital	48,673	48,673
Accumulated (losses) / reserves	(31,251)	(31,307)
	<u>17,422</u>	<u>17,366</u>
	<u>17,422</u>	<u>17,366</u>
<b>Net assets per share attributable to shareholders (RM)</b>	<u>0.36</u>	<u>0.36</u>

**The condensed consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018**

	<----- Individual Quarter ----->		<--- Cumulative Quarter ---->	
	Current year current quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	Apr - June'18	Apr - June'17	Jan - June'18	Jan - June'17
	RM000	RM000	RM000	RM000
Revenue	1,749	1,879	3,340	4,466
Less: Cost of sales	1,339	1,195	2,453	3,136
Gross profit	410	684	887	1,330
Other income	375	1	429	2
Administrative and other expenses	(732)	(616)	(1,241)	(1,217)
Profit / (loss) from operations	53	69	75	115
Finance cost	-	-	-	-
Profit / (loss) before tax	53	69	75	115
Taxation	-	(4)	-	(4)
Profit / (loss) after tax	53	65	75	111
Minority interest	-	-	-	-
Net profit / (loss) for the period	53	65	75	111
Basic earnings/(loss) per share (sen) ( Note B19)	0.11	0.13	0.15	0.23

**The condensed consolidated statement of comprehensive income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2018**

	30 June 2018	30 June 2017
	<u>RM'000</u>	<u>RM'000</u>
<b>Cashflows from operating activities</b>		
Net profit / (loss) before taxation	75	115
Adjustment for :		
Depreciation	13	14
Interest income	(3)	(2)
Operating profit/(loss) before working capital changes	<u>85</u>	<u>127</u>
Increase/(Decrease) in amount due from contract customers	-	(232)
Increase/(Decrease) in property development costs	60	634
(Increase)/Decrease in trade receivables	2,265	1,390
(Increase)/Decrease in other receivables	67	(311)
Increase/(Decrease) in trade payables	(540)	(1,609)
Increase/(Decrease) in other payables	<u>(1,676)</u>	<u>(645)</u>
Cash (used in) / generated from operations	261	(646)
Income tax paid	-	(4)
Net cash (used in) / generated from operating activities	<u>261</u>	<u>(650)</u>
<b>Cashflows from investing activities</b>		
Purchase of property, plant and equipment	-	(5)
Interest Received	3	1
Net cash (used in) / generated from investing activities	<u>3</u>	<u>(4)</u>
<b>Cashflows from financing activities</b>		
Net cash (used in) / generated from financing activities	<u>-</u>	<u>-</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	264	(654)
<b>Cash and cash equivalents brought forward</b>	<u>464</u>	<u>1,044</u>
<b>Cash and cash equivalents carried forward</b>	<u>728</u>	<u>390</u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	718	140
Fixed deposits with licensed bank	10	250
	<u>728</u>	<u>390</u>

**The condensed consolidated statement of cash flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2018**

	Share capital	RCSLS	Accumulated losses	Total
	RM000	RM000	RM000	RM000
Balance as at 1 January 2018	48,673	-	(31,326)	17,347
Total comprehensive income / (loss) for the period	-	-	75	75
Balance as at 30 June 2018	<u>48,673</u>	<u>-</u>	<u>(31,251)</u>	<u>17,422</u>
Balance as at 1 January 2017	48,673	-	(31,493)	17,180
Total comprehensive income / (loss) for the period	-	-	111	111
Balance as at 30 June 2017	<u>48,673</u>	<u>-</u>	<u>(31,382)</u>	<u>17,291</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 2017.**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018**

**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 2017.

**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 2017, except that the Group has adopted the new/revised standards mandatory for annual periods beginning on or after 1 January 2018, as follows:

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvement to FRSs 2014 – 2016 Cycle	Amendments to FRS 12

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

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2017. The Group is a Transitioning Entities due to its involvement in the development and construction of real estate. The Group shall adopt the new IFRS-compliant frame, Malaysian Financial Reporting Standard from financial year beginning 1 January 2018.

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**A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENT**

The annual financial statements of the Group for the year ended 31 December 2017 was not subject to any qualification.

**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**

There was no revaluation of property, plant and equipment made during the period. The valuations have been brought forward without adjustment from the audited financial statements for the financial year ended 31 December 2017.

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**A10. SEGMENTAL INFORMATION**

The segmental information for the period ended 30 June 2018:

	Construction RM'000	Property Development RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
<b><u>Segment Revenue</u></b>					
External revenue	-	3,340	-	-	3,340
Inter-segment revenue	2,078	-	120	(2,198)	-
Total Revenue	2,078	3,340	120	(2,198)	3,340
<b><u>Segment Results</u></b>					
Operating profit/ (loss)	(166)	656	(415)	-	75
Finance cost	-	-	-	-	-
Profit/ (loss) from associates	-	-	-	-	-
Taxation	-	-	-	-	-
Profit/ (loss) after tax	(166)	656	(415)	-	75

**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 June 2018.



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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**

	Current year current quarter	Preceding year corresponding quarter		Current year to date	Preceding year corresponding period	
	30.6.2018 (RM'000)	30.6.2017 (RM'000)	Changes (%)	30.6.2018 (RM'000)	30.6.2017 (RM'000)	Changes (%)
Revenue	1,749	1,879	-6.92%	3,340	4,466	-25.21%
Operating Profit	53	69	-23.19%	75	115	-34.78%
Profit Before Interest and Tax	53	69	-23.19%	75	115	-34.78%
Profit Before Tax	53	69	-23.19%	75	115	-34.78%
Profit After Tax	53	65	-18.46%	75	111	-32.43%
Profit / (Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	53	65	-18.46%	75	111	-32.43%

**(a) Performance of the current quarter against preceding year corresponding quarter**

The Group recorded an operating revenue of RM1.749 million for the current quarter as compared to RM1.879 million in the preceding year corresponding quarter, i.e. a decrease of RM0.130 million. This was mainly due to the completion of our Construction Project in Paroi; and the completion and handing over of our 64 units development project in Kuala Kubu Bharu during the year ended 31 December 2017. The current quarter activities mainly comprise our new development project comprising 20 units of 1 ½ storey semi-detached homes and the newly launched 26 units of 2 and 3 storey shop offices in Taman Desa Bukit Bujang, Kuala Kubu Bharu.

The Group recorded a profit before tax of 0.053 million for the current quarter as compared to a profit before tax of RM0.069 million in the preceding year corresponding quarter, the decrease in profit is generally in line with the lower revenues recorded. Gross margin from sales have remained steady at over 20%. Despite the increase in expenses arising from the ongoing corporate exercise, this was mitigated by certain write backs of over provisions made in previous years.

**(b) Performance of the current financial period to-date against preceding corresponding financial period**

For the year-to-date, the Group recorded operating revenue of RM3.340 million against the operating revenue of RM4.466 million in the preceding corresponding period ended 30 June 2017, representing a decrease of 25.21% mainly due to the completion and hand over of 64 units development project in Kuala Kubu Bharu. Current period activities comprise the ongoing development of 20 units of 1 ½ storey semi-detached homes and the newly launched 26 units of 2 and 3 storey shop offices in Taman Desa Bukit Bujang, Kuala Kubu Bharu.

The Group recorded a profit before tax of RM 0.075 million for the year-to-date as compared to a profit before tax of RM 0.115 million for the preceding corresponding period then ended. The slight decrease

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in profit recorded was generally in-line with the lower revenues recognized. Certain core costs of the Group remain fixed irregardless of business activities, for example, permanent staff salaries and other operating expense during the period. However, the gross sales margin remains steady at above 20% for both the respective periods under review.

**B16. COMPARISON OF CURRENT QUARTER RESULTS WITH THE PRECEDING QUARTER**

	Current Quarter 30.6.2018 (RM'000)	Immediate Preceding Quarter 31.3.2018 (RM'000)	Changes	
			(RM'000)	(%)
Revenue	1,749	1,591	158	9.93%
Operating Profit	53	22	31	140.91%
Profit Before Interest and Tax	53	22	31	140.91%
Profit Before Tax	53	22	31	140.91%
Profit After Tax	53	22	31	140.91%
Profit / (Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	53	22	31	140.91%

For the three months period ended 30 June 2018, the Group recorded a revenue of RM1.749 million, representing an increase of 9.93% compared to the preceding quarter ended 31 March 2018. The current quarter activities mainly comprise the ongoing development of 20 units of 1 ½ storey semi-detached homes and the newly launched 26 units of 2 and 3 storey shop offices development in Taman Desa Bukit Bujang, Kuala Kubu Bharu, whilst the previous quarter comprised wholly of 20 units of 1½ storey semi-detached homes.

The Group recorded a profit before taxation of RM0.053 million for the current quarter as compared to a profit before taxation of RM0.022 million in the preceding quarter. Despite the increase in expenses arising from the ongoing corporate exercise incurred in this quarter, this was mitigated by certain write backs of over provisions made in the previous years. The profit recorded is generally in-line with the level of business activity achieved.

**B17. EXPLANATORY NOTE ON MATERIAL CHANGE**

There has been no material change during the current quarter.

**B18. PROSPECTS**

The Group faces more challenges in an unstable operating environment in 2018. Nevertheless, the Group believes that demand for quality housing at affordable prices is still good and sustainable. For the year 2018 we will be concentrating mainly on our development projects in Kuala Kubu Bharu, Selangor, comprising commercial shop offices and 1 ½ and 2 storey semi-detached residential development.

As of to-date, 20 units of 1 ½ storey semi-detached homes with GDV of approximately RM8.0 million has been launched and has been fully sold. During the quarter, we have launched 26 units of a total of 52 units of commercial shop offices. Total GDV for this 26 units is approximately RM15.0 million. Thus far sales have been encouraging. Presently, we have also received Planning Approval for 40 units of double storey semi-detached residential development which we plan to launch by the 4<sup>th</sup> quarter of 2018.

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**B19. EARNINGS / (LOSS) PER SHARE**

The profit / (loss) per share is computed based on the net profit for the financial year of RM0.075 million (2017: net profit for the financial year of RM 0.111 million) and on the number of the ordinary shares in issue during the financial year of 48,673,643 (2017: 48,673,641).

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:

	30 June 2018
	RM000
	<hr/>
Current period's taxation	-
	<hr/> <hr/>

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

**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**

On 30 August 2017, ARK announced to undertake the following proposals:

(i) An internal reorganisation by way of a members' scheme of arrangement under Section 366 of the Companies Act, 2016 ("Act") ("**Proposed Internal Reorganisation**") comprising the following proposals:

Proposed exchange of:

- all existing ordinary shares in ARK ("**ARK Shares**") with new ordinary shares in a new investment holding company, ARK Resources Holdings Berhad ("**ARK Holdings**") ("**ARK Holdings Shares**"); and
- all existing warrants in ARK ("**ARK Warrants**") with new warrants in ARK Holdings ("**ARK Holdings Warrants**"); on a one-for-one basis as at an entitlement date to be determined and announced by the Board ("**Entitlement Date**") ("**Proposed Securities Exchange**");

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Proposed transfer of ARK's listing status to ARK Holdings, followed by the admission of ARK Holdings to and withdrawal of ARK from the Official List of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and the listing of and quotation for the new ARK Holdings Shares and ARK Holdings Warrants on the Main Market of Bursa Securities ("**Proposed Transfer of Listing**"); and

Proposed transfer of ARK's entire shareholdings in its subsidiaries to ARK Holdings. Following the Proposed Securities Exchange, all of ARK's shareholdings in ARK Development Sdn Bhd ("**ARKD**"), ARK Engineering & Construction Sdn Bhd ("**ARKEC**") and ARK Hartanah Sdn Bhd ("**ARKH**") will be transferred to ARK Holdings. The transfer will be done in the form of a distribution of assets in specie, by way of a reduction in ARK's capital under Section 116 or 117 of the Act or in any manner as the Company deems fit ("**Proposed Transfer of Subsidiaries**").

(ii) After the completion of the above, it is then proposed that the enlarged ARK Holdings group of companies ("**ARK Holdings Group**") undertakes the following proposals:

- Proposed private placement of 14,602,000 new ARK Holdings Shares ("**Placement Shares**") to independent third party investor(s) to be identified at a later date ("**Proposed Private Placement**");
- Proposed establishment of an employees' share option scheme ("**ESOS**") of up to 15% of the total issued share capital of ARK Holdings (excluding treasury shares) at any point in time during the duration of the ESOS ("**Proposed ESOS**"), for the entitled employees and Directors of ARK Holdings and its subsidiaries (excluding any dormant subsidiary) who are eligible to participate in the Proposed ESOS.

The above proposals were approved at the Court Convened Meetings and Extraordinary General Meeting of ARK held on 11 May 2018.

On 6 August 2018, the Scheme of Arrangement took effect following the lodgment of an office copy of the order of the High Court sanctioning the Scheme of Arrangement with the Registrar of Companies.

On 16 August 2018, M&A Securities Sdn Bhd had, on behalf of the Board, announced that ARK will be delisted from the Official List of Bursa Securities and its listing status will be transferred to ARK Holdings. The listing of and quotation for the ARK Holdings Shares and ARK Holdings Warrants on the Main Market of Bursa Securities will commence at 9.00 a.m. on 21 August 2018 on a "Ready" basis pursuant to the Main Market Listing Requirements of Bursa Securities. The ARK Holdings Securities will be listed on the "Properties" sector on the Main Market of Bursa Securities.

The Stock Short Name, Stock Code and ISIN Code of ARK Holdings remain unchanged.

## **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. REALISED AND UNREALISED PROFIT/LOSSES DISCLOSURE**

	As at 30 June 2018 RM000	As at 31 December 2017 RM000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
Realised	(33,703)	(33,759)
Unrealised	-	-
Less: Consolidation adjustments	(2,452)	(2,452)
Total group retained profits/(accumulated losses) as per consolidated accounts	<u>(31,251)</u>	<u>(31,307)</u>

**B28. AUTHORISATION**

This interim financial report for the financial period ended 30 June 2018 has been seen and approved by the Board of Directors of ARK Resources Berhad on 21 August 2018 for release to Bursa Securities.