

**ARK RESOURCES HOLDINGS BERHAD (201701027024)(1241190-V)**  
**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report**  
**For The Financial Quarter Ended 31 March 2020**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020**

**PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. Basis of preparation**

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

**A2. Changes in accounting policies**

The accounting policies and methods of computation adopted by the Group in these financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2018, except that the Group has adopted the new MFRSs, new interpretation and amendments to MFRSs which are mandatory for annual periods beginning on or after 1 January 2019 as follows:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015 - 2017 Cycles	
• Amendments to MFRS 3	
• Amendments to MFRS 11	
• Amendments to MFRS 112	
• Amendments to MFRS 123	

The adoption of the above MFRSs/interpretation/amendments does not have any significant financial impacts on the financial statements of the Group.

The Group has not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group:

MFRS 17	Insurance Contracts
Amendments to MFRS 3	Definition of a Business
Amendments to MFRSs 101 and 108	Definition of Material
Amendments to MFRSs 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to References to the Conceptual Framework in MFRS Standards	

The Group intends to adopt the above MFRSs/interpretation/amendments when they become effective. The initial application of the above-mentioned MFRSs/interpretation/amendments is not expected to have any significant impacts on the financial statements of the Group.

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**A3. Change of Financial Year End**

On 28 November 2019, the Company announced that the financial year end of the Company had been changed from 31 December to 31 March. Consequently, the current financial year shall be for a period of 15 months from 1 January 2019 to 31 March 2020.

**A4. Auditors' report on preceding annual financial statements**

The auditors' report on the preceding annual financial statements of the Group for the financial year ended 31 December 2018 was not subject to any qualification.

**A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter and financial year-to-date.

**A6. Seasonal or cyclical factors**

The business operations of the Group for the current financial quarter and financial year-to-date were not significantly affected by any seasonal or cyclical factors.

**A7. Changes in estimates**

There were no changes in estimates of the amounts reported that have a material effect on the financial results of the Group for the current financial quarter and financial year-to-date.

**A8. Issuance, cancellations, repurchases, resale and repayment of debt and equity securities**

There were no issuances, cancellations, repurchases, resale or repayment of debt and/or equity securities during the financial year-to-date save as follows:

- (a) private placement of 14,602,000 new ordinary shares of the Company at the issue price of RM0.145 each which was completed on 28 February 2020.

**A9. Dividends paid**

No dividends have been paid during the current financial quarter.

**A10. Revaluation of property, plant and equipment and investment properties**

The property, plant and equipment and investment properties of the Group have not been revalued during the current financial quarter and financial year-to-date.

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**A11. Segmental information**

Segmental information is presented in respect of the Group's business segments. The segmental information for the period ended 31 March 2020 is as follows:

	Property development RM'000	Construction RM'000	Investment holding RM'000	Group RM'000
<b>Segment Revenue</b>				
Total revenue	113	2,975	-	3,088
<b>Segment Results</b>				
Loss from operations	(1,981)	(327)	131	(2,177)
Finance costs	-	-	-	-
Loss before tax	(1,981)	(327)	131	(2,177)
Taxation	(1)	-	(11)	(12)
Loss after tax	(1,982)	(327)	120	(2,189)

**A12. Contingent assets or contingent liabilities**

There were no contingent assets or contingent liabilities as at the end of the current financial quarter.

**A13. Changes in Group composition**

There were no changes in the composition of the Group for the current financial quarter and financial year-to-date.

**A14. Significant events subsequent to the balance sheet date**

There were no significant events subsequent to the end of the current financial quarter that have not been reflected in the financial statements.

**A15. Capital commitments**

There were no material capital commitments as at the end of the current financial quarter.

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**B ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF BURSA MALAYSIA'S LISTING REQUIREMENTS**

**B1. Review of the Group's performance for the current financial quarter ended 31 March 2020**

	Individual Quarter			Cumulative Quarter		
	Current year	Preceding year	Changes	Current year	Preceding year	Changes
	Jan-Mar'20	Jan-Mar'19		Jan'19-Mar'20	Jan-Dec'18	
	RM'000	RM'000	%	RM'000	RM'000	%
				15 months	12 months	
Revenue	349	113	209	3,088	3,176	-3
Loss from operations	(376)	(320)	18	(2,177)	(2,659)	18
Loss before interest and tax	(376)	(320)	18	(2,177)	(2,659)	18
Loss before tax	(376)	(320)	18	(2,177)	(2,659)	18
Loss after tax	(388)	(320)	21	(2,189)	(2,659)	18
Loss attributable to ordinary equity holders of the parent	(388)	(320)	21	(2,189)	(2,659)	18

Performance of the current financial quarter and financial year-to-date

For the current financial quarter, the Group recorded an operating revenue of RM0.35 million as compared to RM0.11 million in the preceding year corresponding period. Higher revenue was recorded for the current financial quarter principally attributed to the construction contracts carried out during the current financial quarter. Higher loss before tax was incurred during the current financial quarter due to the higher payroll expenses as compared to the preceding year corresponding period.

For the current financial year-to-date, the Group recorded an operating revenue of RM3.09 million as compared to RM3.18 million in the preceding year corresponding period. Lower revenue was recorded as the existing on-going development project of the Group comprising 20 units of 1½ storey semi-detached houses has been completed in prior year and new development phases have yet to be launched pending certain relevant regulatory approvals. The revenue recorded for the current financial year-to-date was mainly derived from the construction contracts carried out by the Group. Lower loss before tax was incurred for the current financial year-to-date as compared to the preceding year corresponding periods mainly due to the under-estimation of development costs and professional fees for corporate exercise recognised in the preceding year corresponding period.

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**B2. Comparison of quarterly results with the immediate preceding quarter**

	Current quarter	Immediate preceding quarter		
	Jan-Mar'20	Oct-Dec'19	Changes	Changes
	RM'000	RM'000	RM'000	%
Revenue	349	1,447	-1,098	-76
Loss from operations	(376)	(674)	298	44
Loss before interest and tax	(376)	(674)	298	44
Loss before tax	(376)	(674)	298	44
Loss after tax	(388)	(674)	286	42
Loss attributable to ordinary equity holders of the parent	(388)	(674)	286	42

Lower revenue was recorded for the current financial quarter as compared to the immediate preceding quarter due primarily to the substantial completion of the construction contract carried out during the immediate preceding quarter.

Nevertheless, the Group has incurred a lower loss before tax for the current financial quarter as compared to the immediate preceding quarter as a result of the additional costs incurred for the construction/development projects during the immediate preceding quarter.

**B3. Prospects**

Barring any unforeseen circumstances, the Directors are cautiously optimistic and expect an improvement of the financial performance of the Group for the financial year ending 31 March 2021.

**B4. Loss per share**

Basic loss per share for the current financial quarter and financial year-to-date is computed based on the net loss of RM0.39 million and RM2.19 million respectively (preceding year corresponding periods: net loss of RM0.32 million and RM2.66 million respectively) and the weighted average number of the ordinary shares in issue during the period of 53,874,309 and 49,647,109 (preceding year corresponding periods: 48,673,643) shares.

Diluted loss per share is not presented as there is no dilutive potential ordinary shares outstanding during the period.

**B5. Profit forecast / Profit guarantee**

There was no profit forecast or profit guarantee in respect of the current financial year.

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**B6. Taxation**

	Individual Quarter Current year Jan-Mar'20 RM'000	Cumulative Quarter Current year Jan'19- Mar'20 RM'000
Underprovision of income tax expense in prior year	12	12

No taxation has been provided for the current financial quarter and financial year-to-date as the Company and its subsidiaries were in a tax loss position.

**B7. Borrowings and debt securities**

The Group has no borrowings and debt securities as at the end of the current financial quarter.

**B8. Unquoted investments / properties**

There were no disposals of any unquoted securities or properties during the current financial quarter.

**B9. Quoted securities**

There were no purchases or disposals of any quoted securities during the current financial quarter.

**B10. Status of corporate proposals announced**

- (a) As mentioned in Note A8, the private placement of 14,602,000 new ordinary shares of the Company at the issue price of RM0.145 each has been completed on 28 February 2020.
- (b) The table below sets out the status of utilisation of the proceeds raised from the private placement as mentioned in B10(a):

Purpose	Proposed utilisation* RM'000	Actual utilisation RM'000	Intended timeframe
(a) Acquisition of land	1,012	1,012	12 months
(b) Property development costs	937	858	12 months
(c) Corporate exercise expenses	168	168	3 months
	<u>2,117</u>	<u>2,038</u>	

\* These amounts have been proportionately adjusted for the difference between the estimated proceeds and the actual proceeds raised from the private placement.

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- (c) The final copy of the bylaws of the ESOS has been submitted to Bursa Malaysia on 25 February 2019. Accordingly, the effective date of implementation of the ESOS shall be 25 February 2019.
- (d) The joint venture development agreement between ARK Resources Berhad, a wholly owned subsidiary of the Company, and Koperasi Kampung Melayu Balik Pulau Berhad, the landowner, for the joint development of approximately 89.89 acres of land in Daerah Barat Daya, Pulau Pinang is still pending the fulfilment of the conditions precedent as provided in the said agreement.

**B11. Material litigations**

There were no material litigations during the current financial quarter.

**B12. Dividend**

No interim or final dividend has been declared or recommended.

**B13. Authorisation for issue**

This interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 June 2020.

BY ORDER OF THE BOARD

CHEW SIEW CHENG (MAICSA 7019191)  
LIM CHOO TAN (LS 0008888)  
Company Secretaries  
Penang

Date: 29 June 2020