

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

Unaudited Interim Financial Report
For The Financial Quarter Ended 30 September 2020

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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 March 2020.

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 March 2020:

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
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2015 -2017 Cycles	<ul style="list-style-type: none">• 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. 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 March 2020 was not subject to any qualification.

A4. 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.

A5. 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.

A6. 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.

A7. 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.

A8. Dividends paid

No dividends have been paid during the current financial quarter.

A9. 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.

A10. Segmental information

Segmental information is presented in respect of the Group's business segments. The segmental information for the period ended 30 September 2020 is as follows:

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	Property development RM'000	Construction RM'000	Investment holding RM'000	Group RM'000
Segment Revenue				
Total revenue		679	-	679
Segment Results				
Loss from operations	(377)	(177)	(108)	(662)
Finance costs	-	-	-	-
Loss before tax	(377)	(177)	(108)	(662)
Taxation	-	-	-	-
Loss after tax	(377)	(177)	(108)	(662)

A11. Contingent assets or contingent liabilities

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

A12. Changes in Group composition

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

A13. 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.

A14. 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 30 September 2020

	Individual Quarter			Cumulative Quarter		
	Current year	Preceding year	Changes	Current year	Preceding year	Changes
	Jul-Sep'20	Jul-Sep'19		Apr-Sep'20	Apr-Sep'19	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	352	508	-31	679	1179	-42
Loss from operations	(289)	(406)	29	(662)	(807)	18
Loss before interest and tax	(289)	(406)	29	(662)	(807)	18
Loss before tax	(289)	(406)	29	(662)	(807)	18
Loss after tax	(289)	(406)	29	(662)	(807)	18
Loss attributable to ordinary equity holders of the parent	(289)	(406)	29	(662)	(807)	18

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

For the current financial quarter, the Group recorded operating revenue of RM0.35 million as compared to RM0.50 million in the preceding year corresponding period. Lower revenue was recorded for the current financial quarter mainly due to the escalation of COVID-19 pandemic, affected the overall progress of the planning and construction contracts carried out during the current financial quarter.

B2. Comparison of quarterly results with the immediate preceding quarter

	Current quarter	Immediate preceding quarter	Changes	Changes
	Jul-Sep'20	Apr-Jun'20		
	RM'000	RM'000		
Revenue	352	327	25	8
Loss from operations	(289)	(373)	84	23
Loss before interest and tax	(289)	(373)	84	23
Loss before tax	(289)	(373)	84	23
Loss after tax	(289)	(373)	84	23
Loss attributable to ordinary equity holders of the parent	(289)	(373)	84	23

Compared to the immediate preceding quarter, the revenue were increase by 8%.

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B3. Prospects

Barring any unforeseen circumstances, the Directors anticipates that the performance of the Group remain challenging for the financial year ending 31 March 2021.

B4. Loss per share

Basic loss per share for the current financial quarter is RM0.0046 per share.

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

B5. Profit forecast / Profit guarantee

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

B6. Taxation

	Individual Quarter Current year Jul-Sep'20 RM'000	Cumulative Quarter Current year Apr-Sep'20 RM'000
Underprovision of income tax expense in prior year	-	-

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) 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.
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- (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.

- (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 27 November 2020.

BY ORDER OF THE BOARD

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

Date: 27 November 2020
