



ARK RESOURCES HOLDINGS BERHAD

(Registration No.: 201701027024 (1241190-V))
(Incorporated in Malaysia)

Interim Financial Report
For The Second Quarter Ended 30 September 2022 (Unaudited)

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**Unaudited Interim Financial Report
For The Second Quarter Ended 30 September 2022**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) 30.09.22 RM'000	(Audited) 31.03.22 RM'000
ASSETS		
Non-current assets		
ROU, property, plant and equipment	106	118
Inventories	2,441	2,441
	<u>2,547</u>	<u>2,559</u>
Current assets		
Inventories	13,745	12,240
Trade receivables	1,915	128
Other receivables	1,168	1,168
Cash and cash equivalents	278	2,358
	<u>17,106</u>	<u>15,894</u>
TOTAL ASSETS	<u>19,653</u>	<u>18,453</u>
EQUITY AND LIABILITIES		
Equity attributable to owners		
Share capital	22,142	22,142
Merger reserve	31,307	31,307
Accumulated losses	(40,153)	(39,787)
TOTAL EQUITY	<u>13,296</u>	<u>13,662</u>
Current liabilities		
Trade payables	2,338	904
Other payables	4,019	3,887
	<u>6,357</u>	<u>4,791</u>
TOTAL LIABILITIES	<u>6,357</u>	<u>4,791</u>
TOTAL EQUITY AND LIABILITIES	<u>19,653</u>	<u>18,453</u>
Net assets per share (RM)	<u>0.19</u>	<u>0.20</u>

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding year	Current year	Preceding year
	Jul-Sep'22	Jul-Sep'21	Apr'22-Sep'22	Apr'21-Sep'21
	RM'000	RM'000	RM'000	RM'000
Revenue	3,085	416	3,211	766
Cost of sales	(2,918)	(390)	(3,005)	(723)
Gross profit /(loss)	167	26	206	43
Other income	-	-	2	75
Administration and operating expenses	(311)	(350)	(574)	(711)
Loss from operations	(144)	(324)	(366)	(593)
Finance costs	-	-	-	-
Loss before tax	(144)	(324)	(366)	(593)
Taxation	-	-	-	-
Loss after tax	(144)	(324)	(366)	(593)
Non-controlling interests	-	-	-	-
Loss for the period	(144)	(324)	(366)	(593)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the period	(144)	(324)	(366)	(593)
Loss for the period attributable to:				
Owners of the parent	(144)	(324)	(366)	(593)
Non-controlling interests	-	-	-	-
	(144)	(324)	(366)	(593)
Total comprehensive loss for the period attributable to:				
Owners of the parent	(144)	(324)	(366)	(593)
Non-controlling interests	-	-	-	-
	(144)	(324)	(366)	(593)
Loss per share attributable to Owners of the parent:				
- Basic (sen)	(0.21)	(0.51)	(0.53)	(0.94)
- Diluted (sen)	N/A	N/A	N/A	N/A

Note:
The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Quarter	
	Current year Sep'22 RM'000	Preceding year Sep'21 RM'000
Cash flows from operating activities		
Loss before tax	(366)	(593)
Adjustments for:		
Depreciation charge, ROU & etc.	12	15
Interest income	(2)	-
Operating loss before working capital changes	(356)	(578)
Increase in inventories	(1,505)	(225)
Decrease in contract assets	-	-
Decrease / (Increase) in trade and other receivables	(1,787)	(583)
Increase / (Decrease) in trade and other payables	1,566	997
Cash generated from / (used in) operations	(2,082)	(389)
Interest received	2	-
Tax paid	-	-
Net cash generated from / (used in) operating activities	(2,080)	(389)
Cash flows from financing activity		
Proceeds from private placement, representing net cash generated from financing activity	-	2,658
Cash flows from investing activity		
Purchase of property, plant and equipment, representing net cash used in investing activity	-	-
Net increase / (decrease) in cash and cash equivalents	(2,080)	2,269
Cash and cash equivalents as at 1 April	2,358	547
Cash and cash equivalents as at 30 September	278	2,816

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RM'000	Merger reserve RM'000	Reorganisation reserve RM'000	Accumulated losses RM'000	Total RM'000
Balance as of 1 April 2022	22,142	31,307	-	(39,787)	13,662
Issue of shares pursuant to private placement	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(366)	(366)
Balance as of 30 September 2022	<u>22,142</u>	<u>31,307</u>	<u>-</u>	<u>(40,153)</u>	<u>13,296</u>
Balance as of 1 April 2021	19,484	31,307	-	(37,720)	13,071
Issue of shares pursuant to internal reorganisation	2,658	-	-	-	2,658
Total comprehensive loss for the period	-	-	-	(2,067)	(2,067)
Balance as of 31 March 2022	<u>22,142</u>	<u>31,307</u>	<u>-</u>	<u>(39,787)</u>	<u>13,662</u>

Note:

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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 2022.

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 2022:

Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021.
IFRIC Agenda Decision on MFRS 123	Borrowing Costs

The initial application of the above-mentioned amendments to MFRSs are not expected to have any significant 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:

Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020
Amendments to MFRSs 101 and 108	Definition of Material
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRSs 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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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.

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 2022 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 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		3,210	-	3,210
Segment Results				
Profit/(Loss)from operations	(271)	(69)	(26)	(366)
Finance costs	-	-	-	-
Profit/(Loss) before tax	(271)	(69)	(26)	(366)
Taxation	-	-	-	-
Profit/(Loss) after tax	(271)	(69)	(26)	(366)

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

Quarter on Quarter review

	Individual Quarter			Cumulative Quarter		
	Current year	Preceding year	Changes	Current year	Preceding year	Changes
	Jul-Sep'22	Jul-Sep'21		Apr'22-Sep'22	Apr'21-Sep'21	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	3,085	416	642	3,211	766	319
Loss from operations	(144)	(324)	-56	(366)	(593)	-38
Loss before interest and tax	(144)	(324)	-56	(366)	(593)	-38
Loss before tax	(144)	(324)	-56	(366)	(593)	-38
Loss after tax	(144)	(324)	-56	(366)	(593)	-38
Loss attributable to ordinary equity holders of the parent	(144)	(324)	-56	(366)	(593)	-38

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

For the current financial quarter, the Group recorded an operating revenue of RM3.085million as compared to RM0.41 million in the preceding year corresponding period. The revenue for the Group mainly is derived from construction contracts carried out by its subsidiaries. Lower loss before tax was incurred compare to the preceding year corresponding period due to the saving in the Group operation cost.

B2. Comparison of quarterly results with the immediate preceding quarter

	Current quarter	Immediate preceding quarter	Changes	Changes
	Jul-Sep'22	Apr-Jun'22		
	RM'000	RM'000		
Revenue	3,085	126	2,959	2348
Loss from operations	(144)	(222)	-78	-35
Loss before interest and tax	(144)	(222)	-78	-35
Loss before tax	(144)	(222)	-78	-35
Loss after tax	(144)	(222)	-78	-35
Loss attributable to ordinary equity holders of the parent	(144)	(222)	-78	-35

Compared to the immediate preceding quarter, the Group revenue has increase and operation cost has reduced.

B3. Prospects

The Group expects the prospects of the construction industry to be improving this year following the transition of the Covid-19 status from pandemic to endemic and the subsequent uplift of the restriction with the full resumption of business activities. The Group remains cautiously optimistic of the Group's prospects having entered into the joint venture agreement for its upcoming project, the Proposed Joint Venture is expected to contribute positively to the future earnings of ARK Group. However, the Group will be prudent on new launches as the Board acknowledges that the property market remains uncertain and continue to face challenges such as geopolitical instability, supply chain disruption, interest rate hikes and inflation, which increase the living cost of property buyer.

Overall, the Group expects the business environment will remain challenging for FY2023. Nonetheless, the Group will continue to review the financial impact and to explore the opportunities with potential partners with the aim to create value for the Group's development projects and to reduce the Group's financial burden on the construction and development of its projects.

B4. Loss per share

Basic loss per share for the current financial quarter is RM0.021 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'22 RM'000	Cumulative Quarter Current year Apr'22- Sep'22 RM'000
Under provision 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.

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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 A7, the private placement of 6,327,500 new ordinary shares of the Company at the issue price of RM0.42 each which was completed on 23 September 2021 and its status of utilization of proceeds is tabulated below: -

Status of utilisation of proceeds as on 30 September 2022

Purpose	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	*Reallocation (RM'000)	Expected timeframe for utilisation	Total % utilised
Acquisition of land / JVA	1,754	1,510	244	Within 12 months	100.00%
Payment to creditors of the Group	500	500		Within 6 months	100.00%
Infra works for Taman Desa Bukit Bujang (Elevated water tank, suction tank and etc.)	324	324		Within 6 months	100.00%
Estimated expenses for the proposed private placement	80	80		Immediate	100.00%
	<u>2,658</u>	<u>2,414</u>	<u>244</u> *		<u>100.00%</u>

*The residual amount will be relocate for staff cost and general expenses of the Group.

- (b) 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.

B11. Material litigations

Ark Resources Berhad has on 24 December 2021 commenced an action against Koperasi Kampung Melayu Balik Pulau Berhad (Registration No. 2218) (“Defendant”) by way of an Originating Summons via its Solicitors, Messrs. CK Lim Law Chambers to claimed for a refund of the earnest deposit paid during the execution of the JVA on 30 Jan 2019. The legal proceedings are not expected to have any business and operational impacts on the ARK Group. This was announced on 24 December 2021.

The originating summons was fixed for hearing on 27 September 2022 and the solicitor has received an order from Penang High Court stating that the Defendant shall refund the deposit to Ark Group. This was announced on 27 September 2022.

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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 30 November 2022.

BY ORDER OF THE BOARD

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

Date: 30 November 2022