



ARK RESOURCES HOLDINGS BERHAD

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

Interim Financial Report
For The Second Quarter Ended 30 September 2023 (Unaudited)

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**Unaudited Interim Financial Report
For The Second Quarter Ended 30 September 2023**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) Sep'23 RM'000	(Audited) Mar'23 RM'000
ASSETS		
Non-current assets		
ROU, property, plant and equipment	146	135
Inventories	2,441	2,441
	<u>2,587</u>	<u>2,576</u>
Current assets		
Inventories	12,415	12,273
Contract assets	841	35
Trade receivables	23,154	1,182
Other receivables	1,752	1,786
Cash and cash equivalents	12,041	634
	<u>50,203</u>	<u>15,910</u>
TOTAL ASSETS	<u>52,790</u>	<u>18,486</u>
EQUITY AND LIABILITIES		
Equity attributable to owners		
Share capital	22,142	22,142
Merger reserve	31,307	31,307
Accumulated profit/(losses)	(40,176)	(40,607)
TOTAL EQUITY	<u>13,273</u>	<u>12,842</u>
Current liabilities		
Trade payables	13,720	1,678
Other payables	25,797	3,966
	<u>39,517</u>	<u>5,644</u>
TOTAL LIABILITIES	<u>39,517</u>	<u>5,644</u>
TOTAL EQUITY AND LIABILITIES	<u>52,790</u>	<u>18,486</u>
Net assets per share (RM)	<u>0.19</u>	<u>0.18</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 2023 and the accompanying explanatory notes attached to this interim financial report.

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For The Second Quarter Ended 30 September 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding year	Current year	Preceding year
	Jul'23-Sep'23	Jul'22-Sep'22	Apr'23-Sep'23	Apr'22-Sep'22
	RM'000	RM'000	RM'000	RM'000
Revenue	36,586	3,085	38,576	3,211
Cost of sales	(35,541)	(2,918)	(37,412)	(3,005)
Gross profit /(loss)	<u>1,045</u>	<u>167</u>	<u>1,164</u>	<u>206</u>
Other income	1	-	1	2
Administration and operating expenses	(469)	(311)	(734)	(574)
Profit/(Loss) from operations	<u>577</u>	<u>(144)</u>	<u>431</u>	<u>(366)</u>
Finance costs	-	-	-	-
Profit/(Loss) before tax	<u>577</u>	<u>(144)</u>	<u>431</u>	<u>(366)</u>
Taxation	-	-	-	-
Profit/(Loss) after tax	<u>577</u>	<u>(144)</u>	<u>431</u>	<u>(366)</u>
Non-controlling interests	-	-	-	-
Profit/(Loss) for the period	<u>577</u>	<u>(144)</u>	<u>431</u>	<u>(366)</u>
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive profit/(loss) for the period	<u><u>577</u></u>	<u><u>(144)</u></u>	<u><u>431</u></u>	<u><u>(366)</u></u>
Profit/(Loss) for the period attributable to:				
Owners of the parent	577	(144)	431	(366)
Non-controlling interests	-	-	-	-
	<u><u>577</u></u>	<u><u>(144)</u></u>	<u><u>431</u></u>	<u><u>(366)</u></u>
Total comprehensive profit/(loss) for the period attributable to:				
Owners of the parent	577	(144)	431	(366)
Non-controlling interests	-	-	-	-
	<u><u>577</u></u>	<u><u>(144)</u></u>	<u><u>431</u></u>	<u><u>(366)</u></u>
Profit/(Loss) per share attributable to Owners of the parent:				
- Basic (sen)	0.83	(0.21)	0.62	(0.53)
- 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 2023 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'23 RM'000	Preceding year Sep'22 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	431	(366)
Adjustments for:		
Depreciation, Impairment, ROU & etc.	129	12
Interest income	-	(2)
Operating profit/(loss) before working capital changes	560	(356)
Decrease / (Increase) in inventories	(142)	(1,541)
Decrease / (Increase) in contract assets	(806)	-
Decrease / (Increase) in trade and other receivables	(21,938)	(1,168)
Increase / (Decrease) in trade and other payables	33,873	1,859
Cash generated from / (used in) operations	11,547	(1,206)
Interest received	1	2
Tax paid	-	-
Net cash generated from / (used in) operating activities	11,548	(1,204)
Cash flows from financing activity		
Proceeds from private placement, payment of lease liabilities representing net cash generated from financing activity	-	-
Cash flows from investing activity		
Purchase of property, plant and equipment, payment of lease liabilities & etc representing net cash used in investing activity	(141)	-
Net increase / (decrease) in cash and cash equivalents	11,407	(1,204)
Cash and cash equivalents as at 1 April	634	2,358
Cash and cash equivalents as at 31 March	12,041	1,154

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 2023 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 2023	22,142	31,307	-	(40,607)	12,842
Issue of shares pursuant to private placement	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	431	431
Balance as of 30 September 2023	<u>22,142</u>	<u>31,307</u>	<u>-</u>	<u>(40,176)</u>	<u>13,273</u>
Balance as of 1 April 2022	22,142	31,307	-	(39,787)	13,662
Issue of shares pursuant to internal reorganisation	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(820)	(820)
Balance as of 31 March 2023	<u>22,142</u>	<u>31,307</u>	<u>-</u>	<u>(40,607)</u>	<u>12,842</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 2023 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 2023.

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 2023:

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

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

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:

		<u>Effective dates for financial periods beginning on or after</u>
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

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Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further noticed

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 2023 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		38,576	-	38,576
Segment Results				
Profit/(Loss)from operations	(1,075)	1,599	(93)	431
Finance costs	-	-	-	-
Profit/(Loss) before tax	(1,075)	1,599	(93)	431
Taxation	-	-	-	-
Profit/(Loss) after tax	(1,075)	1,599	(93)	431

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'23-Sep'23	Jul'22-Sep'22		Apr'23-Sep'23	Apr'22-Sep'22	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	36,586	3,085	1086	38,576	3,211	1101
Profit/(Loss) from operations	577	(144)	501	431	(366)	218
Profit/(Loss) before interest and tax	577	(144)	501	431	(366)	218
Profit/(Loss) before tax	577	(144)	501	431	(366)	218
Profit/(Loss) after tax	577	(144)	501	431	(366)	218
Profit/(Loss) attributable to ordinary equity holders of the parent	577	(144)	501	431	(366)	218

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

For the current financial quarter, the Group recorded an operating revenue of RM36.59million as compared to RM3.09million in the preceding year corresponding period. The revenue for the Group mainly is derived from construction contracts carried out by its subsidiaries. Total comprehensive profit of RM0.58mil is recorded for current financial quarter.

B2. Comparison of quarterly results with the immediate preceding quarter

	Current quarter	Immediate preceding quarter	Changes RM'000	Changes %
	Jul-Sep'23	Apr-Jun'23		
	RM'000	RM'000		
Revenue	36,586	1,990	34,596	1738
Profit/(Loss) from operations	577	(146)	723	495
Profit/(Loss) before interest and tax	577	(146)	723	495
Profit/(Loss) before tax	577	(146)	723	495
Profit/(Loss) after tax	577	(146)	723	495
Profit/(Loss) attributable to ordinary equity holders of the parent	577	(146)	723	495

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

B3. Prospects

We expect the prospects of the property market to be improving this year with the full resumption of business activities in the country, improving economic conditions, and also the government's focus on large infrastructure and increased investment.

However, our Group will be prudent on new launches as our 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.

Meanwhile, we have also continue to focus on construction projects which have received favorable response from the market.

Moving forward, efforts will be made to improve efficiency and effectiveness in the operation and management of our Group and to take the appropriate measures to scale down expenses, relocate resources and maximize value creation are of our Group's top priorities.

B4. Profit per share

Basic profit per share for the current financial quarter is RM0.0083 per share.

Diluted profit 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'23 RM'000	Cumulative Quarter Current year Apr'23- Sep'23 RM'000
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Under provision of income tax expense in prior year	-	-
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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.

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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) It was announced that the Company proposes to undertake a private placement of up to 20,880,900 new ARK Shares, representing not more than 30% of the issued ordinary shares in ARK on 9 June 2023, the additional listing application to Bursa Securities in relation to the Proposed Private Placement has been submitted on 4 July 2023 and approved on 18 July 2023. It was announced that the proposal was duly passed at the EGM of the Company held on 9 August 2023 by way of poll voting.
- (b) The final copy of the bylaws of the ESOS has been submitted to Bursa Malaysia on 25 February 2019 and the effective date of implementation of the ESOS shall be 25 February 2019.

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 28 November 2023.

BY ORDER OF THE BOARD

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

Date: 28 November 2023