

Thursday 31 July 2008

Companies Announcement Office  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

**By e-lodgement**

Dear Sir/Madam

**ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2008  
APPENDIX 4C**

During the quarter that ended on 30 June 2008, the ARK Fund Limited (**ARK**) generated an operating profit before tax (but after interest expense) of \$547k from gross revenues of \$1.47 million.

This quarterly financial outcome is in line with ARK's budget and ARK's managements' expectations.

**Investment Portfolio**

ARK now owns 32 diversified agricultural properties around Australia, with a cost base of \$55.8 million. These properties have been funded via equity and through the use of \$33.26 million of debt from NAB.

No revaluations have yet been incorporated into ARK's accounts and significant upside has already been experienced in the current portfolio of land holdings since their purchase.

The fundamental reason behind this is that ARK differentiates itself through its investment in rural properties (outside of the Murray-Darling region) where quality agricultural property is in high demand and has been experiencing strong increases in asset values.

**Debt Facility**

During the quarter the existing debt facility with NAB was increased by a further \$11 million bringing the total debt facility to \$38 million. ARK currently has \$4.74 million of unused debt facility with the NAB.

**The ARK Fund Limited**  
ABN 93 009 204 175

Ground Floor, 50 Colin Street  
West Perth WA 6005, Australia  
PO Box 803, West Perth WA 6872, Australia

**T:** +61 8 9324 1155 **F:** +61 8 9324 2155

**E:** [ark@thearkfund.com.au](mailto:ark@thearkfund.com.au)

**W:** [www.thearkfund.com.au](http://www.thearkfund.com.au)

**Acquisition of 2 Horticultural Businesses**

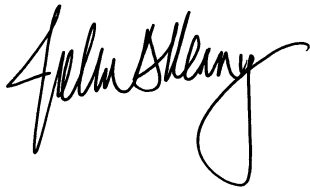
Late in the quarter, settlement occurred on 2 horticultural businesses in QLD with a combined asset value of \$7.4 million. These assets were previously disclosed to the market in Section 4.3(b) of ARK's prospectus dated 20 November 2007. ARK acquired the land component and the water rights component of these 2 businesses and the tenant Rewards Group Ltd acquired the balance of these 2 businesses. ARK effected the transactions at settlement with the result that at balance date, being 30 June 2008, there is a temporary obligation of Rewards to ARK of \$2.482 million.

**Appendix 4C**

Please find following ARK's Appendix 4C for the quarter ending on 30 June 2008.

Yours faithfully

**THE ARK FUND LIMITED**

A handwritten signature in black ink, appearing to read 'John D. Kenny', with a stylized, flowing script.

**John D. Kenny**  
**Chairman**

Rule 4.7B

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

THE ARK FUND LIMITED

ABN

93 009 204 175

Quarter ended ("current quarter")

30 JUNE 2008

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 Months) \$A'000
1.1 Receipts from customers	1,718	5,234
1.2 Payments for		
(a) staff costs		
(b) advertising and marketing		
(c) research and development		
(d) leased assets		
(e) other working capital	(90)	(1,213)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	50
1.5 Interest and other costs of finance paid	(747)	(2,040)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net operating cash flows</b>	<b>891</b>	<b>2,031</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (12 Months) \$A'000
1.8 Net operating cash flows (carried forward)	891	2,031
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets	(8,547)	(41,288)
<b>1.10 Proceeds from disposal of:</b>		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities	(2,482)	(2,482)
1.12 Loans repaid by other entities	600	600
1.13 Other (provide details if material)		
<b>Net investing cash flows</b>	(10,429)	(43,170)
<b>1.14 Total operating and investing cash flows</b>	(9,538)	(41,139)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	0	21,292
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	9,934	51,944
1.18 Repayment of borrowings	(746)	(30,263)
1.19 Dividends paid	(717)	(1,303)
1.20 Other (share issue & div'd costs)	(7)	(842)
<b>Net financing cash flows</b>	8,464	40,828
<b>Net increase (decrease) in cash held</b>	(1,074)	(311)
1.21 Cash at beginning of quarter/year to date	1,304	541
1.22 Exchange rate adjustments to item 1.20		
<b>1.23 Cash at end of quarter</b>	230	230

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	60
1.25	Aggregate amount of loans to the parties included in item 1.11	2,482

1.26 Explanation necessary for an understanding of the transactions

- 1.24: Directors fees (2 non-executive directors) – Simon Price and Marc Loftus - \$30k for the quarter.
- 1.24: Administration fee paid to Rewards Group for the part-time provision of 3 Rewards employees - \$30k for the quarter.
- 1.25: Refer to the covering letter attached to this Appendix 4C – Acquisition of 2 Horticultural Businesses. Late in the quarter, settlement occurred on 2 horticultural businesses in QLD with a combined asset value of \$7.4 million. These assets were previously disclosed to the market in Section 4.3(b) of ARK's prospectus dated 20 November 2007. ARK acquired the land component and the water rights component of these 2 businesses and the tenant Rewards Group Ltd acquired the balance of these 2 businesses. ARK effected the transactions at settlement with the result that at balance date, being 30 June 2008, there is a temporary obligation of Rewards to ARK of \$2.482 million.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

---

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

---

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	38,000	33,260
3.2 Credit standby arrangements		

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	230	1,304
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.23)	230	1,304

**Acquisitions and disposals of business entities**

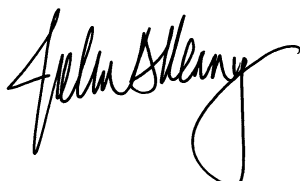
	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

---

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Thursday 31 July 2008

Sign here: ..... Date: .....

(Chairman and Managing Director)

Print name: John D Kenny.....

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

---

+ See chapter 19 for defined terms.