ARK FUND

Friday 29 August 2008

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

By e-lodgement

Dear Sir/Madam

APPENDIX 4E – PRELIMINARY FINAL REPORT

Please find attached the Appendix 4E – Preliminary Report for the financial year ending on 30 June 2008 and the results for announcement to the market of this reporting period compared to the previous corresponding reporting period being the 12 month period ending on 30 June 2007.

Yours faithfully
THE ARK FUND LIMITED

John D. Kenny
Chairman

The ARK Fund Limited
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ARK FUND

THE ARK FUND LIMITED

ABN 93 009 204 175

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

Financial Reporting Period

The current financial reporting period is for the 12 months to 30 June 2008 with the previous corresponding period being the 12 months to 30 June 2007.

Results for Announcement to the Market

			$
Revenues from ordinary activities	up	264% to	$4,673,848
Profit from ordinary activities after tax attributable to members	up	241% to	$2,214,741
Net Profit for the period attributable to members	up	241% to	$2,214,741

Dividends paid:

Type	Amount Per Share	Franked Percentage	Record Date	Payment Date
Interim	3.5 cents	0%	21 September 2007	28 September 2007
Interim	3.0 cents	0%	30 November 2007	7 December 2007
Interim	3.0 cents	0%	18 December 2007	31 January 2008
Interim	3.0 cents	0%	16 May 2008	30 May 2008

The company does not have a dividend re-investment plan.

	30 June 2008	30 June 2007
Net Tangible Assets Per Share		
	$1.06	$0.63

REVIEW OF OPERATIONS

Your Board of Directors have been pleased with the growth of the business over the past financial year with The ARK Fund Limited (**ARK or Company**) having achieved the majority of its milestones as prescribed in its Prospectus dated 20 November 2007.

As at 30 June 2008 the Company has secured a diverse rural investment portfolio with investments under management having increased by 84% or $26 million since 31 December 2007.

The soft commodities boom has lead to a significant demand for agricultural land (particularly land situated outside the Murray Darling Basin) and the agriculture and food production sector is underpinned by very solid fundamentals and a strong growth outlook given current demand trends.

Sector Analysis

The rural property market makes up about 6% of the Australian property market which is a significant proportion of the Australian property market (excluding the residential market that makes up 62% of the property market) when compared to other property types. As a comparison, Offices make up 7.5%, Industrial is 6.8%, Education & Health is 5.7% and Retail shops are 5%, respectively, of the Australian commercial property market.

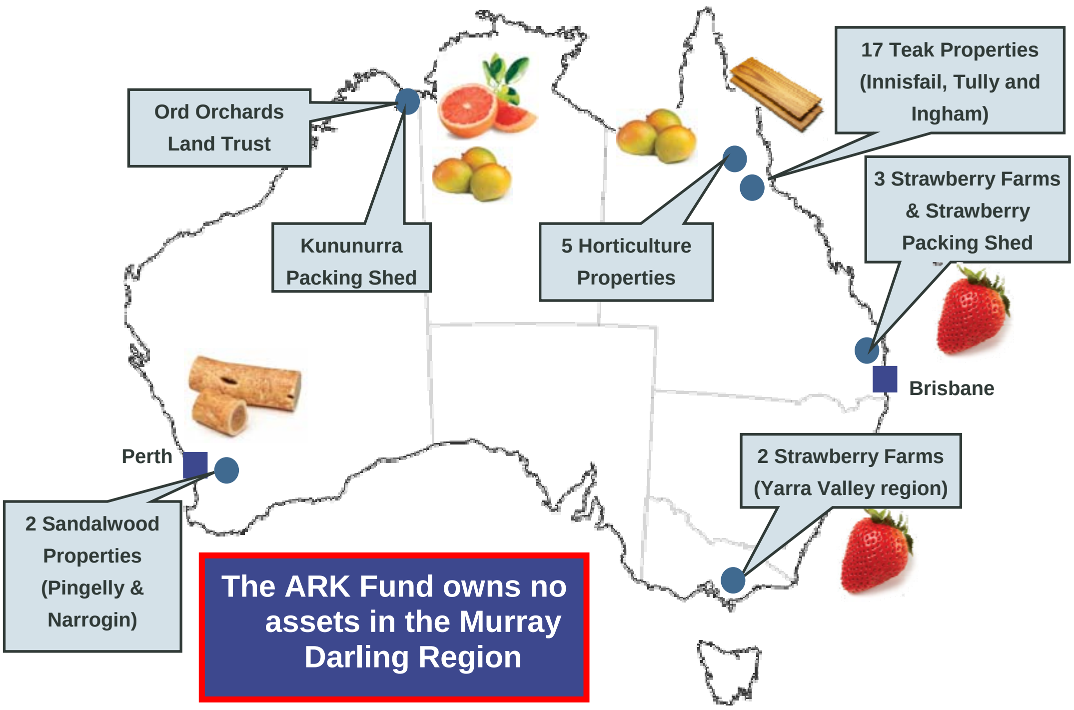
There can be no denying that the rural property sector is a large property sector. ARK differentiates itself from many other Real Estate Investment Trusts (REITs) through its investment in rural properties. ARK is well placed to deliver returns to shareholders over the medium to long term through the potential growth in its current portfolio of rural land holdings.

An inherent part of every rural property investment is in the consideration of the availability of water. Many of the properties that have been acquired by ARK also have water rights attached to the land. The decline in property prices in the Murray Darling Basin area as a result of the lack of water availability, only serves to increase the value of agricultural land in more productive agricultural areas with secure water supplies. ARK currently owns no properties situated within the Murray Darling Basin.

Property prices have continued to escalate in far north Queensland and Caboolture. Many of ARK's Teak properties located in far north Queensland are close to the coast and beachside resorts and are expected to rerate upwards in value over time. It is also expected that a number of properties (specifically those around the Caboolture area) may be rezoned into a residential zoning in the long term, allowing ARK shareholders to benefit from potential property revaluation gains.

Property Analysis

The 32 properties acquired by ARK are located throughout Australia as can be seen from the map below.



Diversification is an important part of the overall approach to ARK's rural property investment model. As well as having rural properties in well located agricultural regions throughout Australia, further diversification is found at the product level where a variety of products are farmed as shown below:

Product type	No. of properties	Cost base
Horticultural	6	$11,828,212
Berries	5	$14,264,567
Sandalwood	2	$4,594,615
Teak	17	$15,234,572
Packing Sheds	2	$10,361,727
Grand Total	**32**	**$56,283,693**

Acquisition of Agricultural Properties

During the year that ended on 30 June 2008, ARK purchased the following properties:

Property name	Contract price $	No. of hectares	Location	Starting Rental p.a. $ (excl GST)
Teak Property No.2	1,700,000	226	Ingham (QLD)	170,000
Teak Property No.3	1,376,000	147	Ingham (QLD)	137,600
Teak Property No.4	390,000	41	Innisfail (QLD)	39,000
Teak Property No.5	1,000,000	102	Innisfail (QLD)	100,000
Strawberry Property No.2	4,500,000	n/a	Caboolture (QLD)	450,000
Teak Property No.6	196,000	20	Ingham (QLD)	19,600
Teak Property No.7	1,454,000	138	Ingham (QLD)	145,400
Teak Property No.8	680,000	71	Innisfail (QLD)	68,000
Teak Property No.9	704,000	99	Ingham (QLD)	73,216
Teak Property No.10	550,000	69	Innisfail (QLD)	57,200
Teak Property No.11	1,350,000	157	Ingham (QLD)	154,440
Horticultural Property No.4	2,050,000	141	Mareeba (QLD)	234,520
Teak Property No.12	396,000	44	Ingham (QLD)	45,302
Teak Property No.13	375,300	84	Tully (QLD)	42,934
Teak Property No.14	980,000	123	Innisfail (QLD)	112,112
Teak Property No.15	185,000	20	Ingham (QLD)	21,164
Strawberry Property No.3	1,750,000	29	Caboolture (QLD)	200,200
Sandalwood Property No. 2	2,229,500	1,286	Narrogin (WA)	255,054
Strawberry Property No.4	1,115,000	20	Caboolture (QLD)	127,556
Horticultural Property No.5	5,400,000	n/a	Kununurra (WA)	639,760
Strawberry Property No.5	4,668,000	118	Yarra Valley (VIC)	534,019
Teak Property No.16	1,780,000	210	Ingham (QLD)	203,632
Teak Property No.17	800,000	82	Innisfail (QLD)	91,520
Strawberry Property No.6	1,500,000	19	Yarra Valley (VIC)	171,600
Horticultural Property No.6	3,000,000	301	Kumbia (QLD)	343,200
Horticultural Property No.7	1,918,000	62	Mareeba (QLD)	219,419
Total	**$42,046,800**	**3,609**		**$4,656,448**

Simultaneous with the acquisition of each property, ARK has leased the properties for initial term of between 10 to 20 years. The starting rental, as tabled above, is per annum and excludes GST.

Strategic Debt Facility – NAB

During the year the existing debt facility (**Facility)** with the National Australia Bank (**NAB**) was increased by $26 million bringing the total debt facility to $38 million. ARK currently has $4.74 million of unused debt capacity with the NAB under the terms of the Facility.

The purpose of the Facility will continue to be the financing of agricultural land acquisitions and agriculture infrastructure transactions. Specific details of each new acquisition will be disclosed as and when each transaction is concluded.

Numerous opportunities are under evaluation and all further acquisitions will proceed in accordance with ARK's stated corporate strategy of being a pure agricultural property investor and in this capacity will be earning a cash rental yield.

Consolidation of Issued Capital

During the year, shareholder approval was sought and obtained at an ARK general meeting to consolidate ARK's issued share capital by consolidating every 100 existing shares into one new share. Consequently during the year, ARK reduced its number of shares on issue down to 6,178,684 shares.

Capital Raising of $21,292,158

On 20 December 2007, shareholder approval was sought and obtained at the ARK Annual General Meeting to issue 17,000,000 shares, with an allowance for a further 4,000,000 shares of oversubscriptions, at an issue price of $1.20 per share pursuant to a Prospectus dated 20 November 2007. Consequently during the year, ARK successfully issued 17,743,465 shares thereby increasing the shares on issue from 6,178,684 shares to 23,922,149 shares, raising $21,292,158 before fees and charges. There are no other securities of any kind on issue.

Rewards Group Ltd applied for shares pursuant to the ARK Prospectus and has increased its shareholding from 10.1% to 13.5%. Rewards currently holds 3,226,935 fully paid ordinary shares in ARK.

The purpose of the capital raising was to retire debt incurred by the Company with the National Australia Bank and to otherwise complete the objectives of the Company as stated in section 3.1 of the Prospectus dated 20 November 2007.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 $	2007 $
Revenue	2	4,673,848	1,284,697
Consultancy fees		(54,292)	(23,130)
Directors fees		(62,803)	(42,000)
Doubtful debts	3	-	(482)
Finance costs	3	(1,722,947)	(262,888)
Management fees		(397,669)	(160,903)
Printing and stationery		(25,417)	(33,165)
Professional fees		(69,595)	(34,660)
Share registry & listing fees		(22,176)	(40,925)
Other expenses		(260,099)	(37,650)
Profit before income tax		2,058,850	648,894
Income tax benefit	4a	155,891	-
Profit for the year		2,214,741	648,894
(Profit)/Loss attributable to minority equity interest		-	-
Net Profit after income tax attributable to the Members		2,214,741	648,894
Basic earnings per share (cents per share)	8a	14.39	11.82

The above Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2008 $	2007 $
CURRENT ASSETS			
Cash and cash equivalents	9	229,957	542,199
Trade and other receivables	10	2,260,559	942,107
Other current assets	11	336,400	-
TOTAL CURRENT ASSETS		2,826,916	1,484,306
NON-CURRENT ASSETS			
Financial assets	12	2,100,000	2,100,000
Investment properties	13	54,183,693	12,410,305
Deferred tax assets	4b	414,774	-
TOTAL NON-CURRENT ASSETS		56,698,467	14,510,305
TOTAL ASSETS		59,525,383	15,994,611
CURRENT LIABILITIES			
Trade & other payables	14	740,563	738,164
TOTAL CURRENT LIABILITIES		740,563	738,164
NON-CURRENT LIABILITIES			
Financial liabilities	15	33,259,744	11,351,948
Deferred tax liabilities	4b	258,883	-
TOTAL NON-CURRENT LIABILITIES		33,518,627	11,351,948
TOTAL LIABILITIES		34,259,190	12,090,112
NET ASSETS		25,266,193	3,904,499
EQUITY			
Issued capital	16	39,505,974	19,020,795
Reserves		449,123	449,123
Accumulated losses		(14,688,904)	(15,565,419)
TOTAL SHAREHOLDERS' EQUITY		25,266,193	3,904,499

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2008

	Share Capital Ordinary $	Capital Reserve $	Option Premium Reserve $	Accumulated Losses $	Outside Equity Interest $	Total $
Balance at 1 July 2006	17,296,667	9,773	439,350	(15,780,957)	-	1,964,833
Shares issued during the year	1,829,940	-	-	-	-	1,829,940
Share issue costs	(105,812)	-	-	-	-	(105,812)
Net profit attributable to shareholders	-	-	-	648,894	-	648,894
Dividends declared	-	-	-	(433,356)	-	(433,356)
Balance at 30 June 2007	19,020,795	9,773	439,350	(15,565,419)	-	3,904,499
Shares issued during the year	21,292,158	-	-	-	-	21,292,158
Share issue costs	(806,979)	-	-	-	-	(806,979)
Net profit attributable to shareholders	-	-	-	2,214,741 [A]	-	2,214,741
Dividend costs	-	-	-	(34,821)	-	(34,821)
Dividends declared	-	-	-	(1,303,405)	-	(1,303,405)
Balance at 30 June 2008	39,505,974	9,773	439,350	(14,688,904)	-	25,266,193

[A] During the year the Company disposed of its interests in Geosat International Pty Ltd, Isharel Pty Ltd and Fargo Resources Pty Ltd on 7 May 2008 resulting in a deconsolidation loss of $5,352.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 $	2007 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,233,715	540,589
Payments to suppliers and employees		(1,213,228)	(445,097)
Interest received		50,289	105,343
Finance costs		(2,039,924)	(229,861)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	22(a)	2,030,852	(29,026)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment property		(41,788,388)	(12,145,423)
Loans made to Rewards Group Ltd		(1,982,000)	-
Loans repaid by Rewards Group Ltd		600,000	-
NET CASH (USED IN) INVESTING ACTIVITIES		(43,170,388)	(12,145,423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		21,292,158	1,829,940
Cost of share issue		(806,979)	(105,812)
Proceeds from borrowings		51,943,836	11,319,921
Repayment of borrowings		(30,263,495)	-
Payment of dividend costs		(34,821)	-
Payment of dividend		(1,303,405)	(399,112)
NET CASH PROVIDED BY FINANCING ACTIVITIES		40,827,294	12,644,937
Net increase / (decrease) in cash held		(312,242)	470,488
Cash at the beginning of the financial year		542,199	71,711
Cash at the end of the financial year	9	229,957	542,199

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers The ARK Fund Limited (**ARK or Company**). The ARK Fund Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report of The ARK Fund Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on the going concern basis of accounting which assumes that the Company will be able to meet its commitments, realise its assets and discharge its liabilities in the ordinary course of business. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate funding for existing commitments and new ongoing business activities.

Accounting policies

(a) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Property, plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is based on the diminishing value method over their useful lives to the economic entity commencing from the time the assets are held ready for use. The depreciation rates used for plant and equipment vary between 2.5% and 40%.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(c) Investment Property

Investment property, comprising freehold land and any attached buildings, is held to generate long-term rental yields. All tenant leases are on an arm’s length commercial basis. Investment property is carried at cost and has not currently been revalued. Cost is deemed to be fair value as the properties have all been acquired within the last 18 months.

(d) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value, where revaluation is possible. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Instruments (continued)

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(e) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in the income statement.

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

(g) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the sale of assets is recognised at the date that the contract is entered into.

Rental revenue is recognised on a proportional basis with the invoices generated quarterly in advance. As at balance date all rental revenue invoiced for the year ended 30 June 2008 was recognised in the income statement.

Trust income is recognised throughout the year on an accruals basis, based on the corresponding previous years result until the results for the current year are known. A final adjustment is recognised in the income statement to reflect the trust income once the full result is known.

Rewards Group Ltd has provided an income guarantee to the Company as previously announced to the market. The income is recognised on a proportional basis throughout the year.

All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs directly attributable to the acquisition of investments that are not separately identifiable against each investment are capitalised and then proportionately recognised as an expense over a 5 year period.

Borrowing costs associated with holding investments are expensed as incurred.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Trade and other receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 90 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 90 days overdue.

(k) Trade and other creditors

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

		2008 $	2007 $
2. REVENUE			
Interest received	(a)	50,289	105,343
Trust distribution		137,552	149,724
Rental income		3,933,210	283,860
Other income received		552,797	745,770
Revenue from ordinary activities		4,673,848	1,284,697
(a) Interest revenue from:			
– financial institutions		50,289	105,343

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

		2008 $	2007 $
3.	**PROFIT FOR THE YEAR**		
	Expenses		
	Doubtful debts	-	482
	Finance costs	1,722,947	262,888
4.	**INCOME TAX**		
	a. Numerical reconciliation of income tax expenses to prima facie tax payable/(benefit):		
	Profit from ordinary activities before income tax expense	2,058,850	648,894
	Prima facie tax payable/(benefit) on profit from ordinary activities at 30% (2007 30%):	617,655	194,668
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
	Fines	81	-
	Loss on deconsolidation	1,606	-
	Dividend payment costs	(10,446)	-
		608,896	194,668
	Movement in unrecognised temporary difference	(183,444)	(101,754)
	Tax effect of current year tax losses for which no Deferred Tax Asset has been recognised	-	(92,914)
	Recoupment of prior year tax losses not previously brought to account	(551,883)	-
	First time recognition of Deferred Tax Assets and Deferred Tax Liabilities	(29,460)	-
	Income tax expense/(benefit)	(155,891)	-
	b. Recognised temporary differences		
	Deferred Tax Assets (at 30%)		
	Provision for expenses	136,565	-
	Borrowing expenses	18,918	-
	Business capital costs	10,286	-
	Capital raising costs	212,721	-
	Carry forward revenue tax losses	36,284	-
		414,774	-
	Deferred Tax Liabilities (at 30%)		
	Accrued income guarantee	131,399	-
	Depreciation	127,484	-
		258,883	-

4. INCOME TAX (continued)

c. Unrecognised temporary differences

Deferred Tax Assets (at 30%)

	2008 $	2007 $
Loans (provisions)	-	739,922
Investments (provisions)	-	286,942
Provision for expenses	-	56,821
Borrowing expenses	-	17,958
Capital raising costs	-	25,395
Carry forward revenue tax losses	-	588,167
Carry forward capital tax losses	1,517,396	490,694
	1,517,396	2,205,899

Deferred Tax Liabilities (at 30%)

	2008 $	2007 $
Accrued income guarantee	-	165,918
	-	165,918

No income tax is payable by the Company. The Company has carried forward income tax losses of $120,946 (2007: $1,960,556) and capital losses of $5,057,985 (2007: $1,635,647).

The deferred tax assets associated with carried forward capital losses have not been recognised as at 30 June 2008 since it has not been conclusively determined that the Company will generate sufficient capital gains to utilise them. This position may change in the new financial year.

5. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and Positions held of key management personnel in office during the financial year are:

Key Management Position	Position
John D Kenny	Chairman and Managing Director
Simon C Price	Director – Non Executive (appointed 19 November 2007)
Marc N Loftus	Director – Non Executive (appointed 19 November 2007)
Rowan Caren	Company Secretary (appointed 19 November 2007)
Gilbert C Rodgers	Director – Non Executive (resigned 19 November 2007)
Sin Jen Hwang	Director – Non Executive (resigned 19 November 2007)
Robert A Arrigoni	Alternate for Sin Jen Hwang (resigned 19 November 2007)

There are no executives (other than Directors) with authority for strategic decision and management.

(b) Compensation Practices

The full board carries out the functions of a remuneration committee in accordance with the remuneration arrangements policy. Non Executive Directors may receive directors' fees plus superannuation. The fees are fixed and approved by shareholders. Executive Directors may receive consultancy fees for their services to the Company. The Company does not have in place any bonus or incentive option schemes for the Directors. The Company does not have any terms or schemes relating to retirement benefits for Non Executive Directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

5. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(c) Key Management Personnel Compensation

Details of remuneration of the Directors and the Company Secretary, including their personally related entities are:

2008	Primary		Post Employment		Equity	
Name	Cash Salary & Fees	Non-Monetary Benefits	Superannuation	Retirement Benefits	Shares	Total
JD Kenny[A]	-	-	-	-	-	**-**
S Price	$29,818	-	-	-	-	**$29,818**
M Loftus	$27,000	-	-	-	-	**$27,000**
R Caren	$45,027	-	-	-	-	**$45,027**
GC Rodgers	$6,000	-	-	-	-	**$6,000**
SJ Hwang	-	-	-	-	-	**-**
RA Arrigoni	-	-	-	-	-	**-**
Total	**$107,845**	**-**	**-**	**-**	**-**	**$107,845**

Note A: John D. Kenny owns 33.3% of ARK Capital Pty Ltd. On 18 August 2006, the Company's shareholders met and authorised the Company to enter into a contract with ARK Capital Pty Ltd pursuant to which the functions of the management of the Company as would normally be undertaken by a CEO will be performed by ARK Capital Pty Ltd, a company controlled and operated jointly by Dr Andrew Radomiljac, Mr Craig Anderson and Mr John Kenny. The same parties control and operate Rewards. That contract has been entered into and the Company is managed by ARK Capital Pty Ltd. ARK Capital Pty Ltd receives no remuneration of any kind other than a fee equal to fifteen percent (15%) (plus GST) of the earnings before interest and income tax of the Company to 20 November 2007 and seven and a half percent (7.5%) thereafter. This fee shall be calculated and paid in cash once a year (,following the end of the financial year) and be calculated by reference to the preceding 12 month period ending on 30 June of each year. ARK Capital Pty Ltd has received management fees for the year ended on 30 June 2008 from the Company of $397,669 (ex. GST).

2007	Primary		Post Employment		Equity	
Name	Cash Salary & Fees	Non-Monetary Benefits	Superannuation	Retirement Benefits	Shares	Total
JD Kenny	-	-	-	-	-	**-**
GC Rodgers	42,000	-	-	-	-	**42,000**
SJ Hwang	-	-	-	-	-	**-**
RA Arrigoni	-	-	-	-	-	**-**
Total	**42,000**	**-**	**-**	**-**	**-**	**42,000**

(d) Shareholdings

The number of shares in the Company held by each Director of The ARK Fund Limited, including their personally-related entities, is set out below:

Name	Balance at Start of the year	1:100 Consolidation	Share Issue under Prospectus	Balance at end of the year
John D Kenny	77,205,972	772,059	2,600,000	3,372,059 [A]
Simon C Price	-	-	20,833	20,833
Marc N Loftus	-	-	20,833	20,833
Gilbert C Rodgers	-	-	-	-
Sin Jen Hwang	1,478,660	14,786	-	14,786
Robert A Arrigoni	1,375,660	13,756	-	13,756
Total	**80,060,292**	**800,601**	**2,641,666**	**3,442,267**

5. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(d) Shareholdings (continued)

Note A: John Kenny has a direct personal interest in 145,124 fully paid ordinary shares in The ARK Fund Limited. On 29 August 2008, Rewards holds 3,226,935 fully paid ordinary shares in The ARK Fund Limited making it the largest shareholder in the Company with a 13.5% equity stake.

	2008 $	2007 $
6. REMUNERATION OF AUDITORS		
Remuneration of the auditor		
- auditing or reviewing the financial report	19,573	15,000
- other service	5,595	-
	25,168	15,000
7. DIVIDENDS		
Distributions Paid		
1 April to 30 June quarterly unfranked ordinary dividend of 3.48 (2007: nil) cents per share	215,019	-
1 July to 30 September quarterly unfranked ordinary dividend of 3.0 (2007: nil) cents per share	185,361	-
1 October to 31 December quarterly unfranked ordinary dividend of 3.0 (2007: 0.0384) cents per share	185,361	215,246
1 January to 31 March quarterly unfranked ordinary dividend of 3.0 (2007: 0.0353) cents per share	717,664	218,110
	1,303,405	433,356

8. EARNINGS PER SHARE

	2008	2007
Reconciliation of earnings to profit		
Net profit after tax	2,214,741	648,894
Earnings used in calculating basic earnings per share	2,214,741	648,894

	2008 cents	2007 cents
(a) Basic and diluted earnings cents per share	14.39	11.82
(b) Weighted average number of shares outstanding during the year used in the calculation of basic earnings per share (2007 adjusted for 100:1 consolidation)	15,389,772	5,489,266

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008 $	2007 $
9. CASH & CASH EQUIVALENTS		
Cash at bank	229,957	541,241
Trust account	-	958
	229,957	542,199

10. TRADE & OTHER RECEIVABLES		
Trade receivables	651,125	942,107
Amounts receivable Rewards Group Ltd	1,609,434	-
Amounts receivable from subsidiaries	-	1,166,054
Provision for impairment of receivables	-	(1,166,054)
	2,260,559	942,107

There are no balances within trade receivables that contain assets that are impaired and are past due. It is expected that these balances will be received when due. Impaired assets are provided for in full.

Trade receivables

Trade receivables include the current portion of the Rewards Income Guarantee and trust income from the Company's investment in the Ord Orchards Land Unit Trust. These receivables are non-interest bearing and are paid once their respective accounts have been finalised, usually within 90 days of year end. The remaining trade receivables are non-interest bearing and generally on 30-90 days terms.

Amounts receivable Rewards Group Ltd

Late in the quarter ended 30 June 2008, settlement occurred on 2 horticultural businesses in Queensland with a combined asset value of $7.4 million. ARK acquired the land component and the water rights component of these 2 businesses and the tenant, Rewards Projects Ltd, acquired the balance of these 2 businesses. The Company effected the transactions at settlement with the result that at balance date, being 30 June 2008, there was a temporary obligation of Rewards to ARK that is reflected in the balance of $1,609,434.

Effective interest rate risk

Information concerning the effective interest rate risk of current receivables is set out in note 25.

	2008 $	2007 $
11. OTHER CURRENT ASSETS		
Deposits	15,000	-
Prepayments	321,400	-
	336,400	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

		2008 $	2007 $
12. FINANCIAL ASSETS			
Available-for-sale financial assets	(a)	2,100,000	2,100,000

(a) Available-for-sale financial assets comprise:

	2008 $	2007 $
Listed investments, at cost		
- Shares in listed corporations	-	3
- Provision for impairment	-	(3)
	-	-
Unlisted investments, at cost		
- Units in unit trusts	2,100,000	2,100,000
	2,100,000	2,100,000
Total available-for-sale financial assets	2,100,000	2,100,000

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as no quoted price exists for valuing the assets, nor does an active market exist for readily determining the value of them. As a result, all unlisted investments are reflected at cost. Management has determined that the estimate of total consolidated fair values for unlisted investments would exceed the cost of the assets based on the discounted cash flows received from the asset.

	2008 $	2007 $
13. INVESTMENT PROPERTY		
Balance at beginning of year	12,410,305	-
Payments made during the year	41,773,388	12,410,305
Fair value adjustment	-	-
Total Investment Property	54,183,693	12,410,305

Fair Value Adjustment

The fair value model is applied to all investment property. Directors will assess fair value of property investments at each reporting date and obtain independent valuations on a regular basis to assist in assessing fair value.

An adjustment to fair value has not been made as the Directors are of the opinion that with all properties having been acquired within 18 months that the price paid for the property is its fair value as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

		2008 $	2007 $
14.	**TRADE & OTHER PAYABLES**		
	Trade creditors	284,946	500,964
	Oversubscription share money	-	5,000
	Accrued expenses	455,217	189,403
	Other payables	400	42,797
		740,563	738,164
15.	**FINANCIAL LIABILITIES**		
	Secured liabilities		
	Bank and other loans (a)	33,259,744	11,351,948
		33,259,744	11,351,948

(a) The carrying amounts of non-current assets pledged as security are:

	2008 $	2007 $
First mortgage		
Investment property	56,283,693	12,410,305

(b) The debt facility provided by the NAB is secured by a first ranking fixed and floating charge over the Company and a first ranking mortgage over each and every item of property owned by the Company.

(c) As at 30 June 2008, the debt facility was for a maximum total of $38,000,000 with $4,740,256 unutilised.

16. ISSUED CAPITAL

	2008 $	2007 $
23,922,149 (2007 – 617,874,502) Fully paid ordinary shares	39,505,974	19,020,795

(a) Ordinary Shares

		Number of shares	$
At beginning of reporting period		617,874,502	19,020,795
15 August 2007	(1:100 Consolidation)	6,178,745	19,020,795
15 August 2007	Rounding down of investor holdings	(61)	-
Shares issued during the year:			
24 December 2007		17,743,465	21,292,158
Cost of shares issued			(806,979)
Closing balance		23,922,149	39,505,974

16. ISSUED CAPITAL (continued)

On 20 December 2007, shareholder approval was sought and obtained at the ARK Annual General Meeting to issue 17,000,000 shares, with an allowance for a further 4,000,000 shares of oversubscriptions, at an issue price of $1.20 per share pursuant to a Prospectus dated 20 November 2007. Consequently during the year, ARK successfully issued 17,743,465 shares thereby increasing the shares on issue from 6,178,684 shares to 23,922,149 shares. ARK raised $21,292,158 before fees and charges, as a result of the share issue. ARK has no other securities of any kind on issue.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholder's meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote upon a show of hands.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands and upon a poll every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Options

At 30 June 2008, the Company had no options on issue.

(c) Capital Management

Management controls the capital of the Company in order to maintain an acceptable debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern.

The Company's debt and capital in ordinary shares, and financial liabilities is supported by financial assets. ARK is required to make interest repayments associated with its debt facility with NAB on a periodic basis. Management monitors the cash required to fulfil its obligations with the interest bearing debt. Information concerning interest rate risk associated with the Debt Facility is set out in note 25.

17. RESERVES

(a) Option Premium Reserve

The option reserve records items recognised as expenses on valuation of employee share options. All of the options issued have since expired.

(b) Capital Reserve

The capital profits reserve records non-taxable profit on the sale of investments.

18. COMMITMENTS

Capital and Leasing Commitments

As at 30 June 2008, the Company has no capital nor leasing commitments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

19. CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2008, a contingent asset and corresponding liability for $500,000 exists. The purchase of Horticultural Property No. 7 included a performance condition embedded within the sale contract of which the net effect on ARK will be nil.

Satisfaction of the performance condition after 12 months from the date of settlement obligates ARK to pay $250,000 to the Vendor. A further $250,000 is payable to the vendor upon satisfaction of the performance condition 24 months after settlement.

Upon ARK becoming obligated to pay any of the above, Rewards Group Ltd then becomes obligated to reimburse the same to ARK. Accordingly, the net effect on ARK will be nil.

20. SEGMENT REPORTING

The principal business of the Company is agricultural property and infrastructure investment and the only geographical segment is Australia.

21. EVENTS SUBSEQUENT TO REPORTING DATE

Since 30 June 2008 there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

22. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2008 $	2007 $
Operating profit after income tax	2,214,741	648,894
Non Cash Items		
Deconsolidation loss	5,352	-
Income tax benefit	(155,891)	-
Change in assets and liabilities, net of the effects of purchase and disposal of controlled entity		
Decrease/(Increase) in trade debtors	(5,263)	(4,902)
Decrease/(Increase) in other receivables	296,245	(701,584)
Decrease/(Increase) in prepayments	(321,400)	-
Decrease/(Increase) in accrued income	-	55,990
(Decrease)/Increase in creditors	(438,765)	(242,703)
(Decrease)/Increase in other creditors	170,019	40,579
(Decrease)/Increase in accrual expenses	265,814	174,700
Net cash inflow/(outflow) from Operating Activities	2,030,852	(29,026)

23. RELATED PARTIES

(a) The names of each person holding the position of Director of the Company who held office during the financial year are:

John D Kenny
Simon C Price
Marc N Loftus
Gilbert C Rodgers
Sin Jen Hwang
Robert A Arrigoni

(b) Amounts receivable from/ payable to parties related to Directors:

- receivable from Rewards Group Ltd	1,609,434	553,059
- payable to Rewards Group Ltd	1,679	1,383,675

(c) The following related party transactions occurred during the period:

(i) As at 30 June 2008, the Company is due an ex-gratia income guarantee payment of $437,996 from Rewards Group Ltd.

(ii) For the 12 month period ending on 30 June 2008, the Company incurred management fees of $397,669 (excl GST) from ARK Capital Pty Ltd. John D. Kenny owns 33.3% of ARK Capital Pty Ltd. On 18 August 2006, the Company's shareholders met and authorised the Company to enter into a contract with ARK Capital Pty Ltd pursuant to which the functions of the management of the Company as would normally be undertaken by a CEO will be performed by ARK Capital Pty Ltd, a company controlled and operated jointly by Dr Andrew Radomiljac, Mr Craig Anderson and Mr John Kenny. The same parties control and operate Rewards. That contract has been entered into and the Company is managed by ARK Capital Pty Ltd. ARK Capital Pty Ltd receives no remuneration of any kind other than a fee equal to fifteen percent (15%) (plus GST) of the earnings before interest and tax of the Company to 20 November 2007 and seven and a half percent (7.5%) thereafter. This fee shall be calculated and paid in cash once a year (following the end of the financial year) and be calculated by reference to the preceding 12 month period ending on 30 June of each year.

(iii) During the 2008 financial year a total of twenty six rental agreements were entered into with Rewards Group Ltd, twenty one of which were for 20 years, four for 18 years and one for 10 years in respect of land purchased during the year by the Company.

(iv) Late in the quarter ended 30 June 2008, settlement occurred on 2 horticultural businesses in Queensland with a combined asset value of $7.4 million. The Company acquired the land components and the water right components of these 2 businesses and the tenant, Rewards Projects Ltd, acquired the balance of these 2 businesses. The Company effected the transactions at settlement with the result that at balance date, being 30 June 2008, there is a temporary obligation of Rewards to The ARK Fund Limited that is reflected in the net receivable balance of $1,609,434.

(v) The Company pays a fee to Rewards Management Pty Ltd for personnel and associated operational expenses provided to the Company. The fee is invoiced monthly and is calculated as the lower of 2.5% of monthly EBIT or $10,000 (excl GST) per month.

23. RELATED PARTIES (continued)

(vi) Rewards Group Ltd has provided a financial guarantee to the NAB in conjunction with the Company's extension of its debt facility to $38 million. The guarantee commences when the Loan to Value Ratio (**LVR**), as determined by the NAB, exceeds 60% with the financial guarantee increasing proportionately to a maximum of $9 million when the LVR reaches a maximum of 66%.

Transactions of Directors and Director-related entities concerning shares or share options

(d) At balance date, Directors and Director related entities held directly, indirectly or beneficially the following shares in The ARK Fund Limited.

	2008 Number	2007 Number
Ordinary Shares	3,413,725	800,603

Note: No options were on issue at 30 June 2008.

24. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The group's financial instruments consist of deposits with banks, accounts receivables and payables, and loans to and from Rewards Group Ltd, the Company's largest shareholder and a related party to the Company.

The main purpose of non-derivative financial instruments is to finance rural property investments.

i. Financial Risks

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk. The Company is not exposed to price risk.

Interest Rate Risk

The debt facility the Company has with the NAB is unhedged. Interest rate risk is managed through a revolving non-amortising long term (ten year) debt facility with the NAB.

Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are available. The Company invoices quarterly with expected receipts of $1,599,412 (incl GST) per quarter over the next financial year. The Company depends on these receipts to meet its obligations on interest payments associated with the NAB debt facility.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Company has a material credit risk exposure with receivables from Rewards Projects Ltd under financial instruments. This risk it minimised as the receivables from Rewards Projects Ltd are fully performing and credit risk is mitigated by the unique symbiotic relationship between the parties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

24. FINANCIAL INSTRUMENTS (continued)

(b) Financial Instruments

ii Net Fair Values

The net fair value of financial assets and financial liabilities of the Company approximates their carrying value. None of the Company's financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of these financial statements.

(c) Financial Instruments

iii Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on classes of financial assets and liabilities, is as follows:

Maturity analysis

The table below includes the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, namely Loans that consists solely of the debt facility with the NAB. The debt facility is a long term Non-Amortising and Revolving Facility valid through to 28 February 2017.

	Weighted Average Interest Rate		**Interest Bearing**		**Non-Interest Bearing**		**Total**	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	%	**%**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets								
Cash at bank	3.85	2.0	229,957	541,241	-	-	229,957	541,241
Trust account	-	-	-	958	-	-	-	958
Receivables	-	-	-	-	2,260,559	942,107	2,260,559	942,107
Total Financial Assets			**229,957**	**542,199**	**2,260,559**	**942,107**	**2,490,516**	**1,484,306**
Financial Liabilities								
Loans	7.4	6.4	33,259,744	11,351,948	-	-	33,259,744	11,351,948
Creditors/Accruals	-	-	-	-	740,563	738,164	740,563	738,164
Total Financial Liabilities			**33,259,744**	**11,351,948**	**740,563**	**738,164**	**34,000,307**	**12,090,112**

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Company's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

24. FINANCIAL INSTRUMENTS (continued)

Interest rate sensitivity analysis (continued)

	Carrying amount		-1% Change Profit		-1% Change Equity		+1% Change Profit		+1% Change Equity	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$	$	$	$	$
Financial Assets										
Cash at bank	229,957	541,241	(2,300)	(5,412)	(2,300)	(5,412)	2,300	5,412	2,300	5,412
Trust account	-	958	-	(10)	-	(10)	-	10	-	10
Total Financial Assets	**229,957**	**542,199**	**(2,300)**	**(5,422)**	**(2,300)**	**(5,422)**	**2,300**	**5,422**	**2,300**	**5,422**
Financial Liabilities										
Loans	33,259,744	11,351,948	(332,597)	(113,519)	(332,597)	(113,519)	332,597	113,519	332,597	113,519
Total Financial Liabilities	**33,259,744**	**11,351,948**	**(332,597)**	**(113,519)**	**(332,597)**	**(113,519)**	**332,597**	**113,519**	**332,597**	**113,519**

25. ECONOMIC DEPENDENCY

A significant portion of the Company's revenues are derived from Rewards Projects Ltd, a wholly owned subsidiary of Rewards Group Ltd, the largest shareholder in and a related party to the Company.

AUDIT REVIEW AND STATUS

These accounts are in the process of being audited.

The accounts are not likely to be the subject to dispute or qualification.

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