ARK FUND

2009 ANNUAL REPORT

The ARK Fund Limited
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CORPORATE DIRECTORY

DIRECTORS

John D Kenny BCom (Hons); LLB
(Chairman and Managing Director)

Simon C Price
(Non Executive Director)

Marc N Loftus
(Non Executive Director)

SECRETARY

Rowan Caren

REGISTERED OFFICE AND BUSINESS ADDRESS

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50 Colin Street
West Perth WA 6005
Australia

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Website: www.thearkfund.com.au

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
Alexandrea House
770 Canning Highway
Applecross WA 6153
Australia

Telephone: + 61 8 9315 2333
Facsimile: + 61 8 9315 2233

HOME EXCHANGE

ASX Limited
Home Branch Perth
Exchange Plaza
2 The Esplanade
Perth WA 6000
Australia

ASX CODE: ARJ

AUDITORS

Grant Thornton (WA) Partnership
Level 1
10 Kings Park Road
West Perth WA 6005

BANKERS

National Australia Bank Limited
Level 11
50 St Georges Tce
Perth WA 6000

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CHAIRMAN'S LETTER

Dear Shareholder

The 12 month period that ended on 30 June 2009 was a tumultuous one for the Australian real estate investment trust (**REIT**) sector. The year was characterised, in the main, by declining asset values, impaired functioning of property debt markets and large equity issues at low prices which were highly dilutionary to existing shareholders.

The ARK Fund Limited (**ARK or Company**) ended the year in a reasonable position despite the serious consequences of the Global Financial Crisis and its material impact on the REIT market in Australia, due to ARK performing relatively well in 2 key respects:

1. Contrary to the vast majority of REITs, ARK has not suffered write downs in the value of its asset portfolio; and
2. ARK has also not experienced any financing difficulties as it has a long term (10 year) debt facility with NAB.

The market for agricultural land and water rights in Australia (outside the Murray-Darling Basin) remained buoyant during the year. ARK has deployed its capital (both equity and debt) to buy agricultural land and water rights. ARK's assets held their value during the year. ARK continues to own no agricultural property or water rights in the Murray-Darling Basin. ARK owns all the water rights that attach to the agricultural properties it owns and the agriculture and food production sector continues to be underpinned by solid fundamentals and a strong growth outlook given Asian demand trends. The basic fundamentals that underpin ARK's business strategy remain strong.

As outlined in my letter last year, the pace however at which ARK was able to execute this strategy was greatly slowed for the financial year ending on 30 June 2009, due to the poor state of equity and debt capital markets.

ARK attained the following milestones during the year:

- Total Assets rose to $60,798,669
- Total Revenue rose to $6,790,653
- Profit Before Income Tax rose to $2,864,342
- ARK's Gearing Ratio fell to 53%

Since April 2009 there has been a material improvement in retail investor sentiment in equity capital markets. At the time of writing this letter, there are a number of initial public offerings being released into Australian equity capital markets which is a sign that equity capital markets can now be tapped by companies such as ARK in a relatively prudent manner.

The Board of The ARK Fund expects the year ahead to be less difficult than the one that has just passed and expects that good buying opportunities for quality agricultural assets and water rights will present themselves during the year ahead, thus creating value for shareholders.

Yours faithfully

John D. Kenny

Chairman

Dated 30 September 2009

REVIEW OF OPERATIONS

Your Directors are pleased to report on the results achieved by The ARK Fund Limited (**ARK or Company**) over the past financial year with the business having ended the year in a reasonable position despite the serious consequences of the Global Financial Crisis and its material impact on the REIT market in Australia.

Although the Australian REIT market has suffered enormously from the effects of the Global Financial Crisis, ARK has performed relatively well in 2 key respects:

1. Contrary to the vast majority of REITs, ARK has not suffered write downs in the value of its asset portfolio; and
2. ARK has also not experienced any financing difficulties as it has a long term (10 year) debt facility with NAB.

The year saw the collapse of Timbercorp and Great Southern and increasing difficulties with water access in the Murray-Darling basin and the high cost of using that water. Profound change is underway in the Australian forestry landscape.

ARK's land values have remained strong and the Company has no property in the Murray-Darling basin. Your Directors believe the Company's property investment model has led to this relative success story.

ARK owns all the water rights that attach to the properties it owns and the agriculture and food production sector continues to be underpinned by very solid fundamentals and a strong growth outlook given Asian demand trends.

Rewards Group leases all of ARK's investment properties. Rewards Group is an agricultural and forestry MIS operator that has over $300 million worth of funds under management spread across 34 MIS projects throughout Australia that are supported by more than 8,000 growers.

Sector Analysis

ARK has differentiated itself from many other REIT's through its focus on rural agricultural properties. As announced to the market on 23 December 2008 and 8 January 2009, ARK's Sandalwood and Teak properties have experienced growth since acquisition on average of 9.7% and 1.9%, respectively.

ARK continues to be 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 important aspect of rural property investment is the availability of water. All of the properties that have been acquired by ARK have water rights attached to the land. The decline in property values 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 and specifically targets properties that have sufficient water supplies.

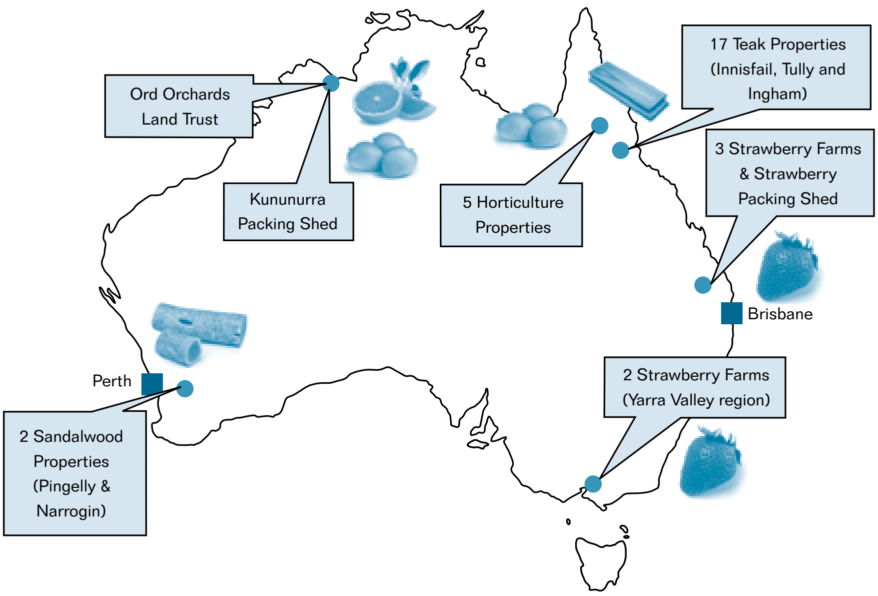
Many of ARK's Teak properties located in far north Queensland are close to the coast and beachside resorts and are expected to continue to increase in value over time. It is also expected that a number of properties (specifically those around the Caboolture area) may be rezoned into a residential zoning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

REVIEW OF OPERATIONS

Property Analysis

As at 30 June 2009 the Company has a diverse rural property investment portfolio with investments under management at a book cost of $56 million.

The Company has 30 properties and 2 substantial state-of-the-art packing sheds that are located throughout Australia as can be seen from the map below.



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

Product type	No. of properties	Cost base
Horticultural	6	$11,828,562
Berries	5	$14,264,567
Sandalwood	2	$4,603,663
Teak	17	$15,266,311
Packing Sheds	2	$10,485,581
Grand Total	**32**	**$56,448,684**

Strategic Debt Facility – NAB

During the year the existing debt facility (**Facility**) with the National Australia Bank (**NAB**) was decreased by $4.7 million to $33.26 million. The Facility was reduced to existing borrowings and therefore the Facility has been fully utilised in acquiring ARK's existing property portfolio. The purpose of the Facility will continue to be the financing of ARK's agricultural land, agricultural infrastructure and water rights.

During the year the margin on the facility was also revised from 1.05% to 2.50%, increasing ARK's cost of debt funding.

REVIEW OF OPERATIONS

Rewards Group

Rewards Group Ltd (**Rewards**) performed an intercompany group transfer of all of its share interest in The ARK Fund Limited, being 3,226,935 shares, to its wholly owned subsidiary, Rewards Projects Limited.

The intercompany group transfer from Rewards Group Limited to its wholly owned subsidiary Rewards Projects Limited had no affect whatsoever on Rewards Group Limited's control of 13.49% of the issued shares of The ARK Fund Limited.

During the Financial Year the Company announced it had agreed with Rewards Group that Rewards would provide payment supplements in order to offset the increasing interest costs the Company faced at the beginning of the Financial Year.

On 3 July 2009, ARK announced that Rewards had paid all its lease rental obligations for the period to 30 June 2009 on these 32 properties but after having set-off the sum of $375,000 (ex GST) being the total amount of supplemental revenue payments paid by Rewards to ARK between 1 July 2008 and 30 November 2008. As announced, these supplemental revenue payments were made subject to various stipulated conditions. The sum of $84,220 (ex GST) has now been paid by Rewards to ARK in full and final settlement of Rewards' obligations in respect of these payment supplements.

Dividends

On 3 July 2009, the Board of Directors declared an interim dividend of 3.5 cents (2008: 6.0c) per share fully franked in respect to the period 1 October 2008 to 31 March 2009. The dividend was paid on 23 July 2009.

On 1 September 2009, the Board of Directors declared an interim dividend of 1.75 cents (2008: 3.0c) per share fully franked in respect to the period 1 April 2009 to 30 June 2009 that was paid on 24 September 2009.

Interim dividends of 7.75 cents per share, 68% franked, were therefore declared for the financial year ended 30 June 2009. The total cash payments of 7.75 cents per share equates to delivering an annualised pre-tax dividend yield of 17.86% based on a share price of $0.56.

The total cash dividends are paid pari passu to the holders of all shares in ARK which totals to 23,922,149 shares. ARK has no other securities of any kind on issue.

DIRECTORS' REPORT

Your Directors present their report on The ARK Fund Limited for the financial year ended 30 June 2009.

DIRECTORS

The Directors of The ARK Fund Limited during the year and to the date of this Report are as follows:

John D Kenny

Simon Price

Marc Loftus

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

INFORMATION ON DIRECTORS

Details of the Directors of the Company in office at the date of this Report are:

John D Kenny (Chairman and Managing Director) – appointed 17 June 2003

Experience and expertise

Mr Kenny holds the degrees of Bachelor of Commerce (Honours) and Bachelor of Laws from the University of Western Australia. Mr Kenny is a lawyer by profession. He has served as a director of several ASX listed public companies including Gippsland Limited, Finders Gold NL, Hunter Exploration NL and Aurora Oil & Gas Limited.

As authorised by shareholders on 18 August 2006, the functions of the management of the Company as would normally be undertaken by a CEO are performed by ARK Capital Pty Ltd (**ARK Capital**), a company controlled and operated jointly by Dr Andrew Radomiljac, Mr Craig Anderson and Mr John Kenny. The same parties control and operate Rewards. Rewards is a highly successful managed agribusiness investment schemes operator. Rewards is the largest shareholder in the Company. For further information about Rewards please visit its comprehensive website: www.rewardsgroup.com.au.

Other current listed entity directorships

Director of ASX listed public company Gippsland Limited.

Special responsibilities

Chairman and Managing Director.

Interests in shares and options

A direct personal interest in 145,124 fully paid ordinary shares in The ARK Fund Limited. On 30 September 2009, Rewards holds 3,226,935 fully paid ordinary shares in The ARK Fund Limited making it the largest shareholder in the Company with a 13.49% equity stake.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS (cont)

Simon C Price (Non Executive Director) – re-elected 27 November 2008

Experience and expertise

Mr Price is a co-founder and Director of corporate advisory firm, Azure Capital. Mr Price specialises in the areas of project finance, equity capital markets and mergers and acquisitions and has advised on transactions in various sectors, including natural resources, industrial and financial services.

Mr Price is a lawyer by profession and graduated from the University of Cambridge with a Masters of Law with first class honours. He also has a Bachelor of Commerce and a Bachelor of Laws with first class honours from Bond University.

Other current listed entity directorships

Nil

Former listed entity directorships in the last 3 years

Nil.

Special responsibilities

Independent Non Executive Director and member of the Audit Committee.

Interests in shares and options

A direct personal interest in 20,833 fully paid ordinary shares in The ARK Fund Limited as at 30 September 2009.

Marc N Loftus (Non Executive Director) – appointed 19 November 2007

Experience and expertise

Mr Loftus is a partner with national accounting firm PKF. Mr Loftus has over 20 years experience with PKF in providing Australian and international businesses with financial and strategic advice, particularly in the areas of taxation and accounting. In addition to these traditional services, Mr Loftus has assisted clients with business and company valuations, financial feasibility analysis and business broking services.

Mr Loftus is a chartered accountant. He graduated from the University of Western Australia with a Bachelor of Commerce with a double major in Accounting and Finance. He also has a Bachelor of Business from Curtin University with majors in Valuation and Land Economy.

Other current listed entity directorships

Nil

Former listed entity directorships in the last 3 years

Nil.

Special responsibilities

Independent Non Executive Director and member of the Audit Committee.

Interests in shares and options

A direct personal interest in 20,833 fully paid ordinary shares in The ARK Fund Limited as at 30 September 2009.

INFORMATION ON COMPANY SECRETARY

Rowan Caren, B.Com, CA

Mr Caren graduated with a Bachelor of Commerce (Accounting) from the University of Western Australia and is a member of the Institute of Chartered Accountants in Australia. He qualified with PricewaterhouseCoopers and worked for them in Australia and overseas for six years. He has since been directly involved with various ASX listed public companies as their company secretary.

In 2004 he created a specialist company secretarial and advisory consultancy, Dabinett Corporate Pty Ltd. Dabinett Corporate provides financial and corporate services to several listed and unlisted companies involved in the resources, industrial and property sectors.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each Director of the Company.

Remuneration Policy

The Company's remuneration policy for Directors is designed to promote superior performance and long term commitment to the Company. Directors may receive a base remuneration which if paid is market related. The remuneration policy is subject to the discretion of the Board and can be altered to reflect the competitive market and business conditions where it is in the best interests of the Company and shareholders to do so.

The Board's reward policy reflects its obligations to align Directors' remuneration with shareholders' interests and to retain appropriately qualified human capital for the benefit of the Company. The main principles of the policy are:

- Reward reflects the competitive market in which the Company operates;
- Individual reward should be linked to performance criteria; and
- Directors' should be rewarded for both financial and non-financial performance.

Directors' and executives' (if any) remuneration is reviewed by the Board of Directors having regard to various goals set. This remuneration and other terms of employment or engagement are commensurate with those offered within general industry.

Non Executive Directors' remuneration is in the form of fixed directors' fees and is approved by shareholders as to the maximum aggregate remuneration. The Board recommends the actual payment to Non Executive Directors. The Board's reward policy for Non Executive Directors reflects its obligation to align remuneration with shareholders' interests and to retain appropriately qualified talent for the benefit of the Company.

Remuneration packages are set at levels that are intended to attract and retain Directors and executives capable of managing the Company's operations.

The following discloses the remuneration of all of the Directors and executive officers of the Company as determined by the Board during the year ended 30 June 2009.

REMUNERATION REPORT (Audited) (cont)

Remuneration Policy (cont)

2009	Primary		Post Employment		Equity	
Name	Cash Salary & Fees	Non-Monetary Benefits	Superannuation	Retirement Benefits	Shares	Total
John D Kenny[A]	-	-	-	-	-	-
Simon C Price	$52,800	-	-	-	-	$52,800
Marc N Loftus	$41,687	-	-	-	-	$41,687
Rowan Caren	$66,000	-	-	-	-	$66,000
Total	**$160,487**	**-**	**-**	**-**	**-**	**$160,487**

2008	Primary		Post Employment		Equity	
Name	Cash Salary & Fees	Non-Monetary Benefits	Superannuation	Retirement Benefits	Shares	Total
John D Kenny[A]	-	-	-	-	-	-
Simon C Price	$29,818	-	-	-	-	$29,818
Marc N Loftus	$27,000	-	-	-	-	$27,000
Rowan Caren	$45,027	-	-	-	-	$45,027
Gilbert C Rodgers	$6,000	-	-	-	-	$6,000
Total	**$107,845**	**-**	**-**	**-**	**-**	**$107,845**

Note A: Refer to Service Agreements (a), below.

Service Agreements

The following are the service agreements entered into between the Company and Directors or their affiliates:

(a) The Company has a management agreement with ARK Capital Pty Ltd pursuant to which the functions of the management of the Company as would normally be undertaken by a CEO are performed by ARK Capital, a company controlled and operated jointly by Dr Andrew Radomiljac, Mr Craig Anderson and Mr John Kenny. The same parties control and operate Rewards. On 18 August 2006, the Company's shareholders met and authorised the Company to enter into the contract and the Company has since been managed by ARK Capital. ARK Capital receives remuneration in the form of a fee equal to seven and a half percent (7.5%) (plus GST) of the earnings before interest and income tax of the Company. This fee is calculated and paid in cash once a year (following the end of the financial year) by reference to the preceding 12 month period ending on 30 June of each year. ARK Capital is due fees for the year ended on 30 June 2009 from the Company of $380,470 (excl GST) (2008: $398,917).

(b) During the year $120,000 (2008: $nil) was paid or payable to Rewards Management Pty Ltd for personnel and associated administration 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.

Share based compensation

No shares or options were granted to any Executive Director or any Non Executive Director of the Company during the year as consideration for services performed.

DIRECTORS' REPORT

CORPORATE INFORMATION

The ARK Fund Limited is a limited liability company incorporated and domiciled in Australia. The registered office and principal place of business of the Company is 50 Colin Street, West Perth.

EMPLOYEES

The Company also had no employees during the financial year which ended on 30 June 2009.

PRINCIPAL ACTIVITY

The principal activity of the Company during the course of the financial year is that of an ASX listed agricultural property and water rights investment company that buys agricultural property (and attaching water rights) upon which resides established, income producing, horticultural, forestry and/or other agricultural businesses and once purchased rents these agricultural assets/businesses to Rewards in return for a cash rental. These agricultural assets may then form part of a Rewards managed investment scheme.

ARK therefore is a pure rural property (and water rights) investor and in its capacity as a landlord earns a cash rental yield. The business or operational risk is ultimately borne by the growers/investors in Rewards' managed investment schemes.

OPERATING RESULTS

During the financial year the Company earned an operating profit after tax of $1,931,389 (2008: $2,230,867).

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2009 and the number of meetings attended by each Director.

	Number eligible to attend	Number Attended
John D Kenny	6	5
Simon C Price	6	5
Marc N Loftus	6	6

DIVIDENDS

During the 12 month reporting period that ended on 30 June 2009, ARK declared and paid two quarterly dividends. The first was for the quarter ending on 30 June 2008 and was in the amount of 3.0 cents per share. The record date for this dividend was 10 October 2008. The second quarterly dividend was for the quarter ending on 30 September 2008 and was in the amount of 2.5 cents per share. The record date for this dividend was 27 January 2009.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

As at the date of this report, the Company has received in full the payment due from Rewards for both the Income Guarantee receivable of $437,566 (excl GST) and the Income Supplemental receivable of $84,220 (excl GST).

As at the date of this report, ARK has fully paid the management fee due to ARK Capital of $400,886 (excl GST) (2008: $398,917).

On 3 July 2009, the Board of Directors declared an interim dividend of 3.5 cents (2008: 6.0c) per share fully franked in respect to the period 1 October 2008 to 31 March 2009. The dividend was paid on 23 July 2009.

On 1 September 2009, the Board of Directors declared an interim dividend of 1.75 cents (2008: 3.0c) per share fully franked in respect to the period 1 April 2009 to 30 June 2009 that was paid on 24 September 2009.

LIKELY DEVELOPMENTS

There are no likely developments to state which have not otherwise been dealt with elsewhere in this Report.

REVIEW OF OPERATIONS

The review of operations has been detailed separately at the front of this Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year ending on 30 June 2009 were as follows:

(a) The Company has a debt facility (**Facility**) with the NAB for $33.26 million. The Facility has been used to purchase rural properties (and attaching water rights) as previously disclosed to the market. Rewards Group Ltd has provided a financial guarantee to the NAB in conjunction with the Company's debt facility. 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%.

The key terms of the Facility are as follows:

Amount	$33.26 million
Term	10 years
Interest Rate	$33.26M: BBSW + 0.3% margin
	+ 2.5% facility fee
BBSW - 30 days (as at 23 Sep 09)	3.22%
Nature of Facility	Non-Amortising and Revolving

The purpose of the Facility will continue to be the financing of ARK's agricultural land, agricultural infrastructure and water rights.

NON-AUDIT SERVICES

There were no non-audit services provided during the year. The Directors are satisfied that the services provided by the external auditors have not compromised the general standard of independence for auditors imposed by the *Corporations Act 2001*.

SHARE OPTIONS

There are no options in existence at the date of this Report

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 17.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of ARK is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Since the introduction of the ASX Corporate Governance Principles and Recommendations (**ASX Guidelines**), the Company has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. These policies and procedures are listed in this Report.

The Company has followed each recommendation as described within the ASX Guidelines where the Board has considered the recommendation to be appropriate and where, after due consideration the Company's corporate governance practice depart from the recommendations, the Board has offered full disclosure of and reason for the adoption of its own practice.

The Board Charter establishes the functions reserved to the Board .

Should additional information of the Company's Corporate Governance Structure be required, it can be obtained from the Company via its website, post, fax or email, details of which are in the Corporate Directory section of this Report.

Details of the Company's Corporate Governance Structure are displayed on the Company's website in the format below.

- Board Charter
- Audit Committee Charter
- Investment Committee Charter
- Structure of the Board
- Code of Ethics including Trading Policy and Conduct for Company Executives
- Disclosure of Information
- Shareholder Communication Strategy
- Company's Risk Management Policy
- Performance Review for the Board, Board committees, individual directors and key executives
- Remuneration Policy; and
- Interest of Stakeholders

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

During the year, the Company has complied with each of the Eight Corporate Governance Principles and the corresponding Recommendations as published by the ASX Corporate Governance Council (**Corporate Governance Principles and Recommendations**), other than in relation to the matters specified below.

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
2	2.1	The Board considers that it has a majority of independent directors, comprising two independent directors and one non-independent director. Mr John D Kenny, Executive Chairman and Managing Director does not satisfy the Independence Test. The Board will be considering appointing an independent Chairman in the future. Mr Simon Price is considered to be independent by the Board notwithstanding the existence of a relationship whereby Mr Price is a principal of Azure Capital, an entity that has provided professional services to the Company on an arms length basis. Mr Marc Loftus is considered to be independent by the Board notwithstanding the existence of a relationship whereby Mr Loftus is a partner of PKF Chartered Accountants, an entity that provides professional services to Rewards Group Ltd and its associated entities at commercial rates and terms.	The Board considers that its current structure is appropriate given its size and the early stage of its business. The Board considers that the current Directors provide the necessary diversity of skills and experience which is appropriate for the Company's current business. The relationship of the two non executive directors in accordance with the ASX Guidelines has been considered by the Board. The Board believes both Mr Price and Mr Loftus are able to exercise independent judgement notwithstanding the existence of these relationships with group companies. Azure Capital and PKF Chartered Accountants are not material service providers to the Company. A material service would eventuate where the fee for services exceeded $100,000.
2	2.2	The Chairman does not satisfy the Independence Test.	Notwithstanding that Mr John Kenny does not satisfy the Independence Test, the Board believes that currently Mr Kenny is the most appropriate person for the position due to his extensive industry experience. Once an independent chairperson is appointed, the roles will be segregated in accordance with industry best practice.
2	2.3	Mr John Kenny is the Chairperson of The ARK Fund Limited and provides the services normally reserved for a Chief Executive Officer.	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 related party to Mr Kenny.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS (cont'd)

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
2	2.4	A separate nomination committee has not been formed.	The role of nomination committee is carried out by the full Board. Given the Company's current size, the Board considers that no efficiencies or other benefits would be gained by a separate nomination committee. The full Board considers the appointment of new directors on an informal basis. The Board has adopted a policy for the Structure of the Board which formalises the functions of the Board when considering issues that would otherwise fall to a nomination committee.
4	4.2	The audit committee consists of the two independent directors and the company secretary and therefore not all members are non-executive directors.	Due to the small size and structure of the Board, it was deemed appropriate for the audit committee to include the company secretary. In carrying out its duties the committee follows the Audit Committee Charter, a copy of which is available on the Company's website.
8	8.1; 8.2; 8.3	There is no separate remuneration committee. There are no equity-based remunerations.	Due to the small size and structure of the Board, a separate remuneration committee was not considered to add any efficiency to determining the levels of remuneration of the Directors. In considering matters of remuneration, the Board functions in accordance with the Remuneration Policy.

IDENTIFICATION OF INDEPENDENT DIRECTORS

The independent Directors of the Company are Mr Simon Price and Mr Marc Loftus.

STATEMENT CONCERNING AVAILABILITY OF INDEPENDENT PROFESSIONAL ADVICE

If a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a Director then, provided the Director first obtains approval for incurring such expense from the Chairman, not to be unreasonably withheld, the Company will pay the reasonable expenses associated with obtaining such advice.

NAMES AND QUALIFICATIONS OF AUDIT COMMITTEE MEMBERS

The two Non Executive Directors and the Company Secretary perform the functions of the audit committee in accordance with the Audit Committee Charter.

All members of the committee have the necessary financial and industry experience to carry out the necessary functions.

SKILLS, EXPERIENCE, EXPERTISE AND TERM OF OFFICE OF EACH DIRECTOR

A profile of each Director containing the applicable information is set out in the Directors' Report.

NUMBER OF AUDIT COMMITTEE MEETINGS AND NAMES OF ATTENDEES

Three audit committee meetings were held during the year ended 30 June 2009. Mr Loftus and Mr Caren attended all meetings. Mr Price and the auditors from Grant Thornton attended two meetings.

CONFIRMATION WHETHER PERFORMANCE EVALUATION OF THE BOARD AND ITS MEMBERS HAVE TAKEN PLACE AND HOW CONDUCTED

An evaluation of the Board and its members has not been carried out by the full Board (in the absence of the relevant Board member).

The evaluation is in the process of being conducted as described within the policy for Performance Review for the Board, Board Committees, individual directors and key executives, a copy of which is available from the Company via its website, post, fax or email, details of which are in the Corporate Directory section of this Report.

COMPANY'S REMUNERATION POLICIES

Disclosure of Directors' and executives' remuneration during the financial year is set out in the Director's Report. The Company does not have in place any bonus or incentive option schemes.

NAMES OF REMUNERATION COMMITTEE MEMBERS AND THEIR ATTENDANCE AT COMMITTEE MEETINGS

The full Board carries out the functions of a remuneration committee in accordance with the Remuneration Arrangements policy. The full Board addressed issues of remuneration of the Non Executive Directors.

EXISTENCE AND TERMS OF ANY SCHEMES FOR RETIREMENT BENEFITS FOR NON EXECUTIVE DIRECTORS

The Company does not have any terms or schemes relating to retirement benefits for Non Executive Directors.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company has assessed whether there are any particular or significant risks including environmental regulations which apply. It has determined a low risk of non compliance and has not identified any compliance breaches during the year.

Management have reported to the Board that internal controls are effective in managing the Company's material business risks.

The Board has received assurance from Mr John Kenny and ARK Capital Pty Ltd that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal controls and that the system is operating effectively in all material respects in relation to financial reporting risks.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

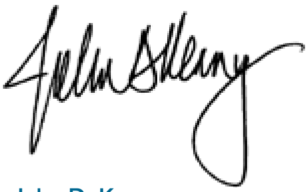
Indemnification

The Company has agreed to indemnify the current Directors and Officers of the Company against liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Officers of the Company except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities including costs and expenses.

Insurance Premium

The Company paid a premium in respect of a contract insuring directors, secretaries and executive officers in respect of certain liabilities. The insurance contract contains a confidentiality condition which prohibits disclosure of the nature of the liabilities insured or the premium paid.

Signed on 30 September 2009 for and on behalf of the Board in accordance with a resolution of the Directors.



John D. Kenny

Chairman and Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

Grant Thornton

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF THE ARK FUND LIMITED

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of The ARK Fund Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. No contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP

Chartered Accountants

P. Warr.

P W WARR

Partner

Perth, 30 September 2009

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 $	2008 $
Revenue	2	**6,790,653**	4,695,815
Depreciation		**(710,376)**	-
Consultancy fees		**(61,850)**	(54,292)
Directors' fees		**(85,000)**	(62,803)
Finance costs	3	**(2,164,965)**	(1,722,947)
Management fees		**(380,470)**	(398,917)
Printing and stationery		**(19,950)**	(25,417)
Professional fees		**(76,864)**	(69,595)
Share registry and listing fees		**(25,214)**	(22,176)
Other expenses		**(401,622)**	(260,076)
Profit before income tax		**2,864,342**	2,079,592
Income tax (expense)/income	4a	**(932,953)**	151,275
Profit for the year		**1,931,389**	2,230,867
Net Profit after income tax attributable to the Members		**1,931,389**	2,230,867
Basic and diluted earnings per share (cents per share)	8a	**8.07**	14.50

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

BALANCE SHEET

AS AT 30 JUNE 2009

	Note	2009 $	2008 $
CURRENT ASSETS			
Cash and cash equivalents	9	**3,689,171**	229,957
Trade and other receivables	10	**681,040**	2,215,328
Other current assets	11	**290,906**	222,400
TOTAL CURRENT ASSETS		**4,661,117**	2,667,685
NON-CURRENT ASSETS			
Financial assets	12	**2,100,000**	2,100,000
Investment property	13	**53,638,308**	54,183,693
Prepaid borrowing costs		**82,253**	114,000
Deferred tax assets	4c	**316,991**	378,864
TOTAL NON-CURRENT ASSETS		**56,137,552**	56,776,557
TOTAL ASSETS		**60,798,669**	59,444,242
CURRENT LIABILITIES			
Trade and other payables	14	**577,315**	679,943
Tax liability	4e	**759,415**	20,992
TOTAL CURRENT LIABILITIES		**1,336,730**	700,935
NON-CURRENT LIABILITIES			
Borrowings	15	**33,259,744**	33,259,744
Deferred tax liabilities	4c	**318,262**	206,597
TOTAL NON-CURRENT LIABILITIES		**33,578,006**	33,466,341
TOTAL LIABILITIES		**34,914,736**	34,167,276
NET ASSETS		**25,883,933**	25,276,966
EQUITY			
Issued capital	16	**39,505,973**	39,505,973
Reserves		**-**	449,123
Accumulated losses		**(13,622,040)**	(14,678,130)
TOTAL SHAREHOLDERS' EQUITY		**25,883,933**	25,276,966

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	Share Capital Ordinary	Capital Reserve	Option Premium Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2007	**19,020,795**	**9,773**	**439,350**	**(15,570,771)**	**3,899,147**
Shares issued during the year	21,292,158	-	-	-	21,292,158
Share issue costs	(806,980)	-	-	-	(806,980)
Net profit/(loss) attributable to members of parent entity	-	-	-	2,230,867	2,230,867
Dividend costs	-	-	-	(34,821)	(34,821)
Dividends paid	-	-	-	(1,303,405)	(1,303,405)
Balance at 30 June 2008	**39,505,973**	**9,773**	**439,350**	**(14,678,130)**	**25,276,966**
Transfer of Reserves to Accumulated Losses	-	(9,773)	(439,350)	449,123	-
Net profit/(loss) attributable to members of parent entity	-	-	-	1,931,389	1,931,389
Dividend costs	-	-	-	(8,703)	(8,703)
Dividend paid	-	-	-	(1,315,719)	(1,315,719)
Balance at 30 June 2009	**39,505,973**	**-**	**-**	**(13,622,040)**	**25,883,933**

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 2009

	Note	2009 $	2008 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**7,287,203**	5,228,385
Payments to suppliers and employees		**(1,798,572)**	(1,213,228)
Interest received		**63,590**	50,289
Finance costs		**(2,213,028)**	(2,039,924)
NET CASH PROVIDED BY OPERATING ACTIVITIES	22(a)	**3,339,193**	2,025,522
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment property		**(164,991)**	(41,788,388)
Disposal of subsidiary	18	**-**	22
Loans to Related Parties:			
- Payments made		**-**	(1,982,000)
- Proceeds from repayments		**1,609,434**	600,000
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		**1,444,443**	(43,170,366)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		**-**	21,292,158
Cost of share issue		**-**	(806,980)
Proceeds from borrowings		**-**	51,949,167
Repayment of borrowings		**-**	(30,263,495)
Payment of dividend costs		**(8,703)**	(34,821)
Payment of dividend		**(1,315,719)**	(1,303,405)
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES		**(1,324,422)**	40,832,624
Net increase / (decrease) in cash held		**3,459,214**	(312,220)
Cash at the beginning of the financial year		**229,957**	542,177
Cash at the end of the financial year	9	**3,689,171**	229,957

The above Cash Flow Statement 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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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.

Statement of Compliance

The financial report complies with the recognition, measurement and classification requirements of Australian Accounting Standards, as issued by the Australian Accounting Standards Board, and International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, and the disclosure requirements of Accounting Standards AASB 101 Presentation of Financial Statements, AASB 107 Cash Flow Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

In the current year the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Urgent Issues Group that are relevant to its operations and effective for annual reporting periods beginning 1 July 2008. The adoption of these new and revised standards and interpretations did not have any effect on the financial position or performance of the Company.

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2009, except for AASB 8 *Operating Segments* and therefore by default omnibus standard 2007-3 which includes some consequential changes to AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038.

AASB 8 is applicable for financial reporting periods beginning on or after 1 January 2009, however the effect of early adopting AASB 8 *Operating Segments* means that the directors are no longer required to disclose operating segment information.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Statement of Compliance (cont)

The directors have assessed the impact of these new or amended standards (to the extent relevant) and interpretations as follows:

AASB Amendment / Standard	Title	Nature of change to accounting policy	Application date of standard	Application date for Company
101	Presentation of Financial Statements (September 2007)	Upon adoption it will impact the presentation of the income statement, and statement of recognised income and expense, and may affect the positioning of the statement of changes in equity.	1 January 2009	1 July 2009
2007-8	Amendments to Australian Accounting Standards arising from AASB 101		1 January 2009	1 July 2009
2007-10	Further Amendments to Australian Accounting Standards arising from AASB 101		1 January 2009	1 July 2009
127	Consolidated and Separate Financial Statements (March 2008)	No change	1 January 2009	1 July 2009
1039	Concise Financial Reports (August 2008)	No change	1 January 2009	1 July 2009
2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]	No change	1 January 2009	1 July 2009
2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]	No change	1 January 2009	1 July 2009
2009-2	Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments	No change	1 January 2009	1 July 2009
2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2, AASB 138 and AASB Interpretations 9 & 16]	No change	1 July 2009	1 July 2009
2009-5	Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 118, 136, 139]	No change	1 January 2010	1 July 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Statement of Compliance (cont)

The following amendments are not applicable and therefore have no impact.

AASB /Amendment	Title
1	First time adoption of Australian Accounting Standards (May 2009)
3	Business Combinations (March 2008)
123	Borrowing Costs (June 2007)
2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]
2008-1	Amendments to Australian Accounting Standards - Share-based Payment: Vesting Conditions and Cancellations [AASB 2]
2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation [AASB 1, AASB 7, AASB 101, AASB 132 & AASB 139 and Interpretation 2]
2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138, & 139 and Interpretations 9 & 107]
2008-7	Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]
2008-8	Amendments to Australian Accounting Standards - Eligible Hedged Items [AASB 139]
2008-9	Amendments to AASB 1049 for Consistency with AASB 101
2008-11	Amendments to Australian Accounting Standard - Business Combinations Among not-for-Profit Entities [AASB 3]
2008-13	Amendments to Australian Accounting Standards arising from AASB Interpretation 17 - Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]
2009-1	Amendments to Australian Accounting Standards - Borrowing Costs for Not-for-Profit Public Sector Entities
Interpretation 15	Agreements for the Construction of Real Estate
Interpretation 16	Hedges of a Net Investment in a Foreign Operation
Interpretation 17	Distributions of Non-cash Assets to Owners
Interpretation 18	Transfer of Assets from Customers

Accounting policies

(a) Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense (income).

Current income tax expense charged to the profit and loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year as well as any unused tax losses.

Current and deferred income tax expense (income) is charged or credited to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Accounting policies (cont)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or when the liability is settled, based on tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) 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. The directors have determined that these assets will continue to be carried at cost (subject to depreciation and impairment) in the financial statements of the Company and the fair value to be disclosed in the Notes to Accounts. Refer Note 13.

(c) Depreciation

Investment property recognised in the balance sheet under the cost method is measured in accordance with *AASB 116 Property, Plant and Equipment*. Where investment property includes fixed assets these are carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on either a straight line (prime cost) or reducing balance (diminishing value) basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	4 - 33%
Low value pool items	37.5%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available; quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

b. less principal repayments;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *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 subsequently measured at amortised cost.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(iii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 Group 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(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

Revenue is measured at the fair value of the consideration received or receivable. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets, is the rate inherent in the instrument. Revenue from the sale of assets is recognised at the date that the contract is entered into.

Investment property revenue is recognised on a proportional straight line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment. As at balance date all rental revenue invoiced for the year ended 30 June 2009 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 and supplemental 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).

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(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.

(m) Critical Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates

The fair value of investment property is determined based on a number of valuation assumptions. Variations on these assumptions can have a significant impact on the fair value as disclosed in note 13.

(n) Change in Accounting Policy

During the financial year ended 30 June 2008 the Company acquired investment properties and completed the construction of various buildings. These assets were determined to be classified as investment properties and whilst reported at cost it was considered that in future these be accounted for under the fair value model.

During the financial year ended 30 June 2009 the directors determined that these assets will continue to be carried at cost (subject to depreciation and impairment) in the financial statements of the Company and the fair value to be disclosed in the Notes to Accounts. Refer Note 13.

2. REVENUE

	Note	2009 $	2008 $
Interest received	(a)	**64,627**	50,289
Trust distribution		**147,020**	328,475
Rental income		**5,816,040**	3,933,210
Other income received	(b)	**762,966**	383,841
Revenue from ordinary activities		**6,790,653**	4,695,815
(a) Interest revenue from:			
– financial institutions		**64,627**	50,289

(b) As at 30 June 2009, the Company is due an ex-gratia income guarantee payment of $437,566 (excl GST) (2008: $263,712) and a rebate of $84,220 (excl GST) (2008: $nil) from Rewards.

	2009 $	2008 $

3. PROFIT FOR THE YEAR

	2009 $	2008 $
Expenses		
Finance costs	**2,164,965**	1,722,947

4. INCOME TAX

(a) The components of tax expense comprise:

	2009 $	2008 $
Current tax	**759,415**	20,992
Deferred tax	**173,538**	(172,267)
	932,953	(151,275)

(b) The prima facie tax on profit before income tax is reconciled to the income tax as follows:

	2009 $	2008 $
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2008: 30%):	**859,302**	623,878
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income	**(2,611)**	(10,366)
	856,691	613,512
Movement in unrecognised temporary difference	**-**	(4,353)
Recoupment of prior year tax losses not brought to account	**-**	(588,167)
First time recognition of Deferred Tax Assets and Deferred Tax Liabilities	**76,262**	(172,267)
Income Tax Expense/(Benefit) attributable to entity	**932,953**	(151,275)
The applicable weighted average effective tax rates are as follows:	**32.6%**	(7.3%)

The increase in the weighted average effective tax rate for 2009 is primarily as a result of the full utilisation of carried forward tax losses in the prior financial year.

4. INCOME TAX (cont)

(c) Recognised temporary differences

	Opening Balance $	Charged to Income $	Closing Balance $
Deferred Tax Asset (at 30%)			
Provision for expenses	-	136,939	136,939
Borrowing expenses	-	18,918	18,918
Business capital costs	-	10,286	10,286
Capital raising costs	-	212,721	212,721
Balance at 30 June 2008	**-**	**378,864**	**378,864**
Provision for expenses	136,939	189	137,128
Borrowing expenses	18,918	(4,987)	13,931
Business capital costs	10,286	(2,307)	7,979
Capital raising costs	212,721	(54,768)	157,953
Balance at 30 June 2009	**378,864**	**(61,873)**	**316,991**
Deferred Tax Liability (at 30%)			
Accrued income guarantee	-	79,113	79,113
Depreciation	-	127,484	127,484
Balance at 30 June 2008	**-**	**206,597**	**206,597**
Accrued income guarantee	79,113	52,468	131,581
Depreciation	127,484	59,197	186,681
Balance at 30 June 2009	**206,597**	**111,665**	**318,262**

	2009 $	2008 $
(d) Unrecognised temporary differences Deferred Tax Assets (at 30%)		
Carry forward capital tax losses	**1,517,396**	1,517,396
	1,517,396	1,517,396
(e) Tax liability		
Provision for income tax	**759,415**	20,992
	759,415	20,992

The Company has carried forward income tax losses of $nil (2008: $nil) and capital losses of $5,057,985 (2008: $5,057,985). The deferred tax assets associated with carried forward capital losses have not been recognised as at 30 June 2009 since it has not been determined that the Company will generate sufficient capital gains to utilise them.

5. KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2009.

(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
Marc N Loftus	Director – Non Executive
Rowan Caren	Company Secretary

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

(b) 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:

	Balance at Start of the year	Share issue under prospectus	Balance at end of the year
John D Kenny	3,372,059 [A]	-	3,372,059 [A]
Simon C Price	20,833	-	20,833
Marc N Loftus	20,833	-	20,833
Total	**3,413,725**	**-**	**3,413,725**

Note A: John Kenny has a direct personal interest in 145,124 fully paid ordinary shares in The ARK Fund Limited. John Kenny is a director of ARK Capital, a company controlled and operated jointly with Dr Andrew Radomiljac and Mr Craig Anderson. On 28 August 2009, Rewards holds 3,226,935 fully paid ordinary shares in The ARK Fund Limited making it the largest shareholder in the Company with a 13.49% equity stake.

6. REMUNERATION OF AUDITORS

	2009 $	2008 $
Remuneration of the auditor		
- auditing or reviewing the financial report	**53,290**	19,573
- other services	**-**	5,595
	53,290	25,168

	2009 $	2008 $

7. DIVIDENDS

Distributions Paid

	2009 $	2008 $
1 April to 30 June quarterly unfranked ordinary dividend of 3.00 (2008: 3.48) cents per share	**717,664**	215,019
1 July to 30 September quarterly unfranked ordinary dividend of 2.5 (2008: 3.0) cents per share	**598,055**	185,361
1 October to 31 December quarterly fully franked ordinary dividend of 0.00 (2008: 3.0 unfranked) cents per share	**-**	185,361
1 January to 31 March quarterly fully franked ordinary dividend of 0.00 (2008: 3.0 unfranked) cents per share	**-**	717,664
	1,315,719	1,303,405

(a) On 3 July 2009, the Board of Directors declared an interim dividend of 3.5 cents (2008: 6.0c) per share fully franked in respect to the period 1 October 2008 to 31 March 2009. The dividend was paid on 23 July 2009.

On 1 September 2009, the Board of Directors declared an interim dividend of 1.75 cents (2008: 3.0c) per share fully franked in respect to the period 1 April 2009 to 30 June 2009 that was paid on 24 September 2009.

	2009 $	2008 $
(b) Opening balance of franking account	**20,992**	-
Adjusted for:		
- payments of provision for income tax	**-**	-
- franking debits arising from payment of proposed dividends	**-**	-
Balance of franking account at year end	**20,992**	-
Subsequent to year-end, the franking account would be:		
Adjusted for:		
- payments of provision for income tax	**657,891**	-
- franking debits arising from payment of proposed dividendsreflected per (a)	**(538,416)**	-
Balance of franking account	**140,467**	-

	2009 $	2008 $

8. EARNINGS PER SHARE

Reconciliation of earnings to profit or loss		
Net profit/(loss)	**1,931,389**	2,230,867
Earnings used in calculating basic earnings per share	1,931,389	2,230,867

	2009 cents	2008 cents
(a) Basic and diluted earnings cents per share (loss)	**8.07**	14.50
(b) Weighted average number of shares outstanding during the year used in the calculation of basic earnings per share	**23,922,149**	15,389,772

	2009 $	2008 $

9. CASH AND CASH EQUIVALENTS

Cash at bank	**3,291,354**	229,957
Bank Bill Deposit	**397,817**	-
	3,689,171	229,957

10. TRADE AND OTHER RECEIVABLES

Trade receivables	**-**	605,894
Interest receivable	**1,037**	-
Other receivables	**680,003**	1,609,434
	681,040	2,215,328

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.

Other receivables

Other receivables include the current portion of the Rewards Income Guarantee, the Rewards Rebate payable 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

As at 30 June 2009, the Company is due an ex-gratia income guarantee payment of $437,566 (excl GST) (2008: $263,712) and a rebate of $84,220 (excl GST) (2008: $nil) from Rewards.

Effective interest rate risk

Information concerning the effective interest rate risk of current receivables is set out in note 24.

	2009 $	2008 $

11. OTHER CURRENT ASSETS

	2009 $	2008 $
Deposits	**-**	15,000
Prepayments	**290,906**	207,400
	290,906	222,400

12. FINANCIAL ASSETS

	2009 $	2008 $
Available-for-sale financial assets (a)	**2,100,000**	2,100,000
(a) Available-for-sale financial assets comprise:		
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 units of an unlisted unit trust. 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 determined based on a quoted price as no active market exists for readily determining the value. 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.

13. INVESTMENT PROPERTY

	2009 $	2008 $
Balance at beginning of year	**54,183,693**	12,410,305
Acquisitions	**164,991**	41,773,388
Depreciation	**(710,376)**	-
Total Investment Property	**53,638,308**	54,183,693

Fair Value Disclosure

Investment properties are carried at cost and are disclosed in these notes at fair value in accordance with AASB 140 Investment Property, and based on Directors valuations. Directors assess the fair value of property investments at each reporting date based on recent market prices and/or independent licensed valuations, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at balance sheet date.

The fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation. In determining fair value, the expected net cash flow projections based on reliable estimates of future cash flows derived from existing lease contracts applicable to each property and estimated terminal values of the properties based on unencumbered valuations, have been discounted to their present values using discount rates that are considered to reflect current market assessments of uncertainty in the amount and timing of the cash flows.

13. INVESTMENT PROPERTY (cont)

The model used in the fair value analysis has the following key assumptions:

	Assumption range	Valuation assumption
Terminal land valuation basis	Unencumbered / best use	Unencumbered / best use
Date of capital cash inflows	Expiry of lease term	Expiry of lease term
Ave. annual real growth - land	0.5% - 3% p.a.	0.75% p.a.
CPI	2% - 3% p.a.	2.75% p.a.
Lease rental indexation	2% - 3% p.a.	2.8% p.a.
Discount rate	10.8% - 14.8% p.a.	Rental 14.8% p.a. Capital 10.8% p.a.

The nature of the Company's investment properties is such that on issuing a lease over a property, the fair value of the property may be reduced below its pre-leased value. This reduction should it occur would reflect the difference between the value of the unencumbered land on the open market and the discounted cash flows to be generated from that property. The discounted cash flows result from forecast sale proceeds and any rentals cash flows.

	2009 $	2008 $
Based on the above assumptions the following represents the fair value disclosure for investment properties at balance date:		
Balance at beginning of year	**54,183,693**	12,410,305
Acquisitions	**164,991**	41,773,388
Depreciation	**(710,376)**	-
Fair value adjustment	**2,273,106**	-
Total Fair Value Investment Property	**55,911,414**	54,183,693

The Company has no contractual obligations to develop or enhance investment property held.

14. TRADE AND OTHER PAYABLES

	2009 $	2008 $
Unsecured liabilities:		
Trade payables	**13,030**	223,078
Accrued expenses	**457,092**	456,465
Other payables	**107,193**	400
	577,315	679,943

15. BORROWINGS

		2009 $	2008 $
Secured liabilities:			
Bank and other loans	(a)	**33,259,744**	33,259,744
		33,259,744	33,259,744

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

	2009 $	2008 $
Floating charge over Financial assets	**2,100,000**	2,100,000
Fixed mortgage over Investment property	**53,638,308**	54,183,693
Floating charge over other tangible assets	**4,370,211**	2,445,285
	60,108,519	58,728,978

15. BORROWINGS (cont)

(b) The debt facility provided by the National Australia Bank (**NAB**) to the Company 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. A financial covenant exists whereby the Company's minimum interest cover is 1.50 times as measured for the 12 month period ending 30 June 2009 and yearly thereafter. Other covenants imposed by the NAB require the Loan to Value Ratio (**LVR**) not to exceed 66% and where the LVR exceeds 60% then Rewards Group Ltd has provided a financial guarantee to the NAB in conjunction with the Company's debt facility. The guarantee commences when the 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%.

The Company has been advised that the LVR calculation excluding the investment in Ord Orchards Land Unit Trust, as determined by the NAB, is 68.9% as at 30 June 2009. The NAB has agreed to re-determine the LVR as at the reference date of 31 December 2009. In the interim, the Company has agreed to seek an independent valuation of its investment in the Ord Orchards Land Unit Trust so that the NAB may include this investment in its LVR calculation as at 31 December 2009.

(c) As at 30 June 2009, the debt facility was fully utilised at a maximum total of $33,259,744.

	2009 $	2008 $
16. ISSUED CAPITAL		
23,922,149 (2008: 23,922,149) Fully paid ordinary shares	**39,505,973**	39,505,973

The Company has no authorised share capital and the fully paid ordinary shares have no par value.

(a) Options

At 30 June 2009, the Company had no options on issue.

(b) Ordinary Shares

	2009 Number	2009 $	2008 Number	2008 $
At beginning of reporting period	**23,922,149**	**39,505,973**	617,874,502	19,020,795
15 August 2007 (1:100 Consolidation)	-	-	6,178,745	19,020,795
15 August 2007 Rounding down investor holdings	-	-	(61)	-
Shares issued during the year:				
24 December 2007	-	-	17,743,465	21,292,158
Cost of shares issued		-		(806,980)
Closing balance	**23,922,149**	**39,505,973**	23,922,149	39,505,973

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.

16. ISSUED CAPITAL (cont)

(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 the National Australia Bank (**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 24.

An externally imposed capital requirement from the NAB requires the debt facility to be subject to a financial guarantee, provided by Rewards Group Ltd. 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%.

The gearing ratios for the year ended 30 June 2009 and 30 June 2008 are as follows:

	2009 $	2008 $
Total borrowings	**33,259,744**	33,259,744
Less cash and cash equivalents	**(3,689,171)**	(229,957)
Net debt	**29,570,573**	33,029,787
Total equity	**25,883,933**	25,276,966
Total capital	**55,454,506**	58,306,753
Gearing ratio	**53%**	57%

17. RESERVES

(a) Option Premium Reserve

The option reserve was used to record items recognised as expenses on the valuation of employee share options. All of the options issued have since expired. Consequently, during the year an amount of $439,350 was transferred out from the Option Premium Reserve account to Accumulated Losses.

(b) Capital Reserve

The capital profits reserve was used to record the non-taxable profit on the sale of investments. The related investments have all been divested and consequently during the year an amount of $9,773 was transferred out from the Capital Reserve account to Accumulated Losses.

18. DECONSOLIDATION

During the year ended 30 June 2009 the Company had no interests in subsidiaries.

In the year ended 30 June 2008 the Company disposed of its interests in Geosat International Pty Ltd, Isharel Pty Ltd, Mt Edgar NL and Fargo Resources Pty Ltd. The carrying amount of the assets and liabilities disposed of and the deconsolidation loss were recognised in the Consolidated accounts of the Company as at 30 June 2008.

19. CAPITAL AND LEASING COMMITMENTS

Capital Commitments

As at 30 June 2009, the Company has no capital commitments.

Operating Lease Commitments

	2009 $	2008 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Receivable – minimum lease receipts		
– not later than 12 months	**5,943,096**	5,781,222
– between 12 months and 5 years	**25,483,703**	24,789,595
– greater than 5 years	**90,900,904**	97,537,509
	122,327,703	128,108,326

The property leases are non-cancellable leases with between ten to twenty year terms, with rent payable monthly in advance. Contingent rental receipts within the lease agreements shall be increased by the lower of CPI or 2.8% per annum.

Options exist to renew the leases at the end of their term for an additional term of 1 year followed by a further option of an additional 1 year term. The leases allows for the subletting of all leased areas.

20. CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2009, a contingent asset and corresponding liability for $250,000 exists. The purchase of Horticultural Property No. 7 included a performance condition embedded within the sale contract for 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. This obligation has now been paid. 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 is nil.

Rewards Group Ltd has provided a financial guarantee to the National Australia Bank (**NAB**) in conjunction with the Company's debt facility. 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%.

The Company has been advised that the LVR calculation excluding the investment in Ord Orchards Land Unit Trust, as determined by the NAB, is 68.9% as at 30 June 2009. The NAB has agreed to re-determine the LVR as at the reference date of 31 December 2009. In the interim, the Company has agreed to seek an independent valuation of its investment in the Ord Orchards Land Unit Trust so that the NAB may include this investment in its LVR calculation as at 31 December 2009. The Company is of the opinion that the LVR will remain below 60% however, if it eventuates that the LVR is above 60%, Rewards Group Ltd then becomes obligated to provide the guarantee up to a maximum of $9 million to the NAB. Accordingly, the net effect on ARK is nil.

21. EVENTS SUBSEQUENT TO REPORTING DATE

As at the date of this report, the Company has received in full the payment due from Rewards for both the Income Guarantee receivable of $437,566 (excl GST) and the Income Supplemental receivable of $84,220 (excl GST).

As at the date of this report, ARK has fully paid the management fee due to ARK Capital of $400,886 (excl GST) (2008: $398,917).

On 3 July 2009, the Board of Directors declared an interim dividend of 3.5 cents (2008: 6.0c) per share fully franked in respect to the period 1 October 2008 to 31 March 2009. The dividend was paid on 23 July 2009.

On 1 September 2009, the Board of Directors declared an interim dividend of 1.75 cents (2008: 3.0c) per share fully franked in respect to the period 1 April 2009 to 30 June 2009 that was paid on 24 September 2009.

22. NOTES TO THE CASH FLOW STATEMENT

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

	2009 $	2008 $
Operating profit after income tax	**1,931,389**	2,230,867
Non Cash Items		
Depreciation	**710,376**	-
Forgiven debt	**-**	(5,330)
Change in assets and liabilities, net of the effects of purchase and disposal of controlled entity		
(Increase) in trade debtors	**(82,476)**	(5,263)
Decrease in other receivables	**74,201**	279,607
(Increase) in prepayments	**(51,758)**	(321,400)
Decrease/(Increase) in deferred tax assets	**61,873**	(378,864)
(Decrease) in creditors	**(49,167)**	(459,757)
Increase in tax liability	**738,422**	20,992
(Decrease)/Increase in other creditors	**(105,959)**	191,011
Increase in accrued expenses	**627**	267,062
Increase in deferred tax liabilities	**111,665**	206,597
Net cash inflow from Operating Activities	**3,339,193**	2,025,522

	2009 $	2008 $

23. RELATED PARTIES

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

	2009 $	2008 $
– receivable from Rewards Group Ltd	**530,208**	1,899,517
– payable to Rewards Group Ltd	**-**	1,679
– payable to ARK Capital Pty Ltd	**400,886**	438,809

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

	2009 Number	2008 Number
Ordinary Shares	**3,413,725**	3,413,725

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

(i) As at 30 June 2009, the Company is due an ex-gratia income guarantee payment of $437,566 (excl GST) (2008: $263,712) and a rebate of $84,220 (excl GST) (2008: $nil) from Rewards Group Ltd.

(ii) For the 12 month period ended on 30 June 2009, the Company incurred management fees of $380,470 (excl GST) (2008: $398,917) payable to ARK Capital Pty Ltd under the management contract with ARK Capital. John D. Kenny owns 33.3% of ARK Capital Pty Ltd. Under the contract ARK Capital receives remuneration in the form of a fee equal to seven and a half percent (7.5%) of EBIT. 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) In the year ended 30 June 2009 the Company received a total rental income of $6,397,644 (incl GST) (2008: $4,326,531) from Rewards Projects Ltd.

(iv) During the year $120,000 (2008: $nil) was paid or payable to Rewards Management Pty Ltd for personnel and associated administration 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.

(v) Rewards Group Ltd has provided a financial guarantee to the NAB in conjunction with the Company's debt facility. 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%.

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 totals of each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2009 $	2008 $
Financial Assets		
Cash and cash equivalents	**3,689,171**	229,957
Loans and receivables	**681,040**	2,215,328
Available-for-sale financial assets	**2,100,000**	2,100,000
	6,470,211	4,545,285
Financial Liabilities		
At amortised cost:		
Borrowings	**33,259,744**	33,259,744
Trade and other payables	**577,315**	679,943
	33,837,059	33,939,687

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 and foreign exchange 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 (10 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 monthly in advance with expected receipts of $1,644,160 (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.

24. FINANCIAL INSTRUMENTS (cont)

(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.

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 (within 1 year)		Non-Interest Bearing (within 1 year)		Total	
	2009 %	2008 %	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Financial Assets								
Cash at bank	**3.22**	3.85	**3,689,171**	229,957	**-**	-	**3,689,171**	229,957
Receivables	**-**	-	**-**	-	**681,040**	2,215,328	**681,040**	2,215,328
Other investments	**-**	-	**-**	-	**2,100,000**	2,100,000	**2,100,000**	2,100,000
Total Financial Assets			**3,689,171**	229,957	**2,781,040**	4,315,328	**6,470,211**	4,545,285
			(over 5 years)		(within 1 year)			
Financial Liabilities								
Borrowings	**5.96**	7.4	**33,259,744**	33,259,744	**-**	-	**33,259,744**	33,259,744
Trade and other payables	**-**	-	**-**	-	**577,315**	577,315	**577,315**	679,943
Total Financial Liabilities			**33,259,744**	33,259,744	**577,315**	577,315	**33,837,059**	33,939,687

	2009 $	2008 $
Trade and sundry creditors are expected to be paid as follows:		
Less than 6 months	**577,315**	679,943
6 months to 1 year	**-**	-
1 to 5 years	**-**	-
Over 5 years	**-**	-
	577,315	679,943

24. FINANCIAL INSTRUMENTS (cont)

(b) Financial Instruments (cont)

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.

	Carrying Amount		-1% change Profit		-1% change Equity		+1% change Profit		+1% change Equity	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Financial Assets										
Cash at bank	**3,689,171**	229,957	**(36,892)**	(2,300)	**(36,892)**	(2,300)	**36,892**	2,300	**36,892**	2,300
Total Financial Assets	**3,689,171**	229,957	**(36,892)**	(2,300)	**(36,892)**	(2,300)	**36,892**	2,300	**36,892**	2,300
Financial Liabilities										
Borrowings	**33,259,744**	33,259,744	**(332,597)**	(332,597)	**(332,597)**	(332,597)	**332,597**	332,597	**332,597**	332,597
Total Financial Liabilities	**33,259,744**	33,259,744	**(332,597)**	(332,597)	**(332,597)**	(332,597)	**332,597**	332,597	**332,597**	332,597

25. ECONOMIC DEPENDENCY

The Company's rental revenues that make up the majority of total revenue, 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.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes set out on pages 18 to 43 are in accordance with the Corporations Act 2001 and:

    (a) comply with Accounting Standards and the Corporations Regulations 2001; and

    (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

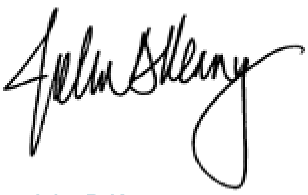
    (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

    (c) the financial statements and notes for the financial year give a true and fair view;

3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



John D Kenny

Chairman and Managing Director

Signed in Perth this 30 day of September 2009

INDEPENDENT AUDIT REPORT TO THE MEMBERS

Grant Thornton

10 Kings Park Road
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INDEPENDENT AUDITOR'S REPORT
To the members of The Ark Fund Limited

Report on the Financial Report

We have audited the accompanying financial report of The ARK Fund Limited (the Company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDIT REPORT TO THE MEMBERS

Grant Thornton

Independence

In conducting our audit, we complied with applicable independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of The Ark Fund Limited is in accordance with the *Corporations Act 2001*, including:

i. Giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 9 of the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of The Ark Fund Limited for the year ended 30 June 2009, complies with section300A of the *Corporations Act 2001*.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP

Chartered Accountants

P. Warr.

P W WARR

Partner

Perth, 30 September 2009

OTHER INFORMATION

The following information was applicable for The ARK Fund as at 22 September 2009.

SHAREHOLDER INFORMATION

(a) Analysis of the Number of Shareholders by the Size of their Shareholding

Category (size of holding)	Number of Shareholders
1 – 1,000	256
1,001 – 5,000	215
5,001 – 10,000	149
10,001 – 200,000	330
200,001 and over	17
	967

(b) There were 211 shareholders holding less than a marketable parcel of shares.

(c) Substantial shareholders in The ARK Fund are:

Name	Number of Shares	% of Issued Share Capital
Rewards Group Limited	3,226,935	13.49
Australian Executor Trustees Limited	2,900,820	12.13
Wyllie Group Pty Ltd	2,370,990	9.91

(d) Top 20 shareholders

Name	Number of Shares	% of Issued Share Capital
Rewards Group Limited	3,226,935	13.49
Australian Executor Trustees Limited	2,900,820	12.13
Wyllie Group Pty Ltd	2,370,990	9.91
Equitas Nominees Pty Ltd	833,000	3.48
Fortis Clearing Nominees Pty Ltd	580,011	2.42
Istana Securities Limited	357,113	1.49
Market Securities Pty Ltd	230,000	0.96
QC Communications Pty Ltd	174,606	0.73
Bond Street Custodians Limited – (LMD)	166,666	0.70
Mr & Mrs LC & JE Smith	166,665	0.70
Nehmen Pty Ltd	150,000	0.63
D P Prospecting Services Pty Ltd	145,454	0.61
Venture Works JDK Pty Ltd	132,000	0.55
Starland Nominees Pty Ltd	120,690	0.50
Waland Pty Ltd	114,000	0.48
Dr NR Sonenberg	108,400	0.45
Bond Street Custodians Limited – (SGM)	104,166	0.44
Jekato Superannuation Nominees Pty Ltd	100,000	0.42
Noeljen Pty Ltd	100,000	0.42
GI Investments UK Limited	99,666	0.42
	12,181,182	**50.93**

There were a total of 23,922,149 fully paid ordinary shares on issue as at 22 September 2009, all of which are listed on the ASX.

(e) Voting rights.

Under the Company's constitution, all ordinary shares carry one vote per share without restriction. Options over ordinary shares do not carry any voting rights.

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