ANCHOR RESOURCES LIMITED

(Company Registration No.: 201531549N)
(Incorporated in the Republic of Singapore on 12 August 2015)

Unaudited Financial Statement Announcement
For Half Year Ended 30 June 2019

*This announcement has been prepared by Anchor Resources Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

The Sponsor has not drawn on any specific technical expertise in its review of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Six Months Ended		
	30 June 2019 RM'000 (Unaudited)	30 June 2018 RM'000 (Unaudited)	Increase/ (Decrease) %
Revenue	1,955	66	2,862.12
Other income	10	69	(85.51)
Raw materials and consumables used	(329)	(36)	813.89
Change in inventories	485	47	931.91
Contractor expenses	(504)	(32)	1,475.00
Royalty fees	(17)	7	(342.86)
Depreciation and amortisation expenses	(1,366)	(1,033)	32.24
Employee benefits expenses	(2,697)	(2,920)	(7.64)
Operating lease expenses	(94)	(144)	(34.72)
Other expenses	(2,640)	(991)	166.40
Finance costs	(2,093)	(1,568)	33.48
Loss before income tax	(7,290)	(6,535)	11.55
Loss for the financial period	(7,290)	(6,535)	11.55
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency exchange differences arising on translating foreign operation	(19)	37	n.m
Other comprehensive income for the financial period, net of tax	(19)	37	n.m
Total comprehensive income for the financial period	**(7,309)**	**(6,498)**	**12.48**
Net loss attributable to owners of the parent	**(7,290)**	**(6,535)**	**11.55**
Total comprehensive loss attributable to owners of the parent	**(7,309)**	**(6,498)**	**12.48**

n.m - not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Group		
	Six Months Ended		
	30 June 2019 RM'000 (Unaudited)	30 June 2018 RM'000 (Unaudited)	Increase / (Decrease) %
Loss for the period is stated at after (charging) / crediting the following:			
Other income	10	69	(85.51)
Depreciation and amortisation expenses	(1,366)	(1,033)	32.24
Operating lease expenses	(94)	(144)	(34.72)
Legal and professional fees	(730)	(407)	79.36
Foreign exchange (loss) / gain, net	(191)	278	n.m
Finance costs	(2,093)	(1,568)	33.48

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 June 2019 RM'000 (Unaudited)	31 December 2018 RM'000 (Audited)	30 June 2019 RM'000 (Unaudited)	31 December 2018 RM'000 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	17,024	17,467	5	5
Mining properties	15,017	15,204	-	-
Investment in subsidiaries	-	-	171,757	171,757
Prepayments	8	23	-	-
	32,049	**32,694**	**171,762**	**171,762**
Current assets				
Inventories	1,378	1,314	-	-
Income tax recoverable	-	450	-	-
Trade and other receivables	11,816	7,095	-	-
Amount due from a subsidiary	-	-	17,030	12,730
Prepayments	192	189	18	107
Fixed deposits and bank balances	2,021	7,153	3	5,038
	15,407	**16,201**	**17,051**	**17,875**
Total assets	**47,456**	**48,895**	**188,813**	**189,637**
EQUITY AND LIABILITIES				
Equity				
Share capital	257,987	248,600	257,987	248,600
Merger reserve	(102,649)	(102,649)	-	-
Currency translation reserve	9	28	-	-
Accumulated losses	(141,664)	(134,371)	(89,960)	(86,230)
Total equity	**13,683**	**11,608**	**168,027**	**162,370**
LIABILITIES				
Current liabilities				
Trade and other payables	9,426	9,987	774	3,565
Amount due to a subsidiary	-	-	5,475	5,601
Lease Liabilities	468	319	-	-
Borrowings	18,190	21,573	10,060	13,657
Total current liabilities	**28,084**	**31,879**	**16,309**	**22,823**
Non-current liabilities				
Lease Liabilities	1,212	964	-	-
Borrowings	4,477	4,444	4,477	4,444
Total non-current liabilities	**5,689**	**5,408**	**4,477**	**4,444**
Total liabilities	**33,773**	**37,287**	**20,786**	**27,267**
Total equity and liabilities	**47,456**	**48,895**	**188,813**	**189,637**

(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 2019		As at 31 December 2018	
Secured RM'000 (Unaudited)	Unsecured RM'000 (Unaudited)	Secured RM'000 (Audited)	Unsecured RM'000 (Audited)
7,623	11,035	13,976	7,916

Amount repayable after one year

As at 30 June 2019		As at 31 December 2018	
Secured RM'000 (Unaudited)	Unsecured RM'000 (Unaudited)	Secured RM'000 (Audited)	Unsecured RM'000 (Audited)
1,212	4,477	964	4,444

Details of any collateral

The Group's secured borrowings as at 30 June 2019 comprised guaranteed non-convertible bonds and finance lease liabilities. The guaranteed non-convertible bonds due in April 2020 with aggregate principal amounts of S$750,000 and S$1.903 million are guaranteed by the Company's Managing Director, Mr. Lim Chiau Woei. Finance lease liabilities are secured by certain Group's plant and machinery and motor vehicles with a net carrying amount of RM1,596,774 as at 30 June 2019 (31 December 2018: RM1,570,252).

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Six Months Ended	
	30 June 2019 RM'000 (Unaudited)	30 June 2018 RM'000 (Unaudited)
Operating activities		
Loss before income tax	(7,290)	(6,535)
Adjustments for:		
Depreciation and amortisation expenses	1,366	1,033
Interest expenses	2,093	1,568
Interest income	(5)	(30)
Unrealised foreign exchange differences	194	(264)
Operating cash flows before working capital changes	(3,642)	(4,228)
Working capital changes:		
Inventories	(64)	(506)
Trade and other receivables	(4,684)	(1,343)
Prepayments	12	(107)
Trade and other payables	(646)	2,319
Cash used in operations	(9,023)	(3,865)
Income tax refunded / (paid)	450	(163)
Net cash used in operating activities	**(8,573)**	**(4,028)**
Investing activities		
Purchase of property, plant and equipment	(119)	(733)
Additions to mine properties	-	-
Interest received	5	30
Net cash used in investing activities	**(114)**	**(703)**
Financing activities		
Interest paid	(849)	(1,294)
Proceeds from issuance of new ordinary shares	9,387	-
Repayment of bonds	(7,345)	-
Repayment of lease obligations	(282)	(142)
Proceeds from issuance of secured bond	2,668	-
Proceeds from issuance of guaranteed non-convertible bonds	-	4,088
Net cash from financing activities	**3,579**	**2,652**
Net change in cash and cash equivalents	(5,108)	(2,079)
Exchange difference on cash and cash equivalents	(24)	(28)
Cash and cash equivalents at beginning of financial period	7,153	7,817
Cash and cash equivalents at end of financial period	**2,021**	**5,710**

Cash and cash equivalents comprised of:

	Group	
	Six Months Ended	
	30 June 2019 RM'000 (Unaudited)	30 June 2018 RM'000 (Unaudited)
Fixed deposit(1)	119	1,544
Cash and bank balances	1,902	4,166
Cash and cash equivalents as per statements of financial position(2)	2,021	5,710
Cash and cash equivalents as per consolidated statement of cash flows	2,021	5,710

Notes:

(1) The effective interest rate of fixed deposit was 0.05% to 3.90% (1H2018: 0.05% to 3.90%) per annum during the 6 months ended 30 June 2019 ("**1H2019**") and with maturity of 6 months (1H2018: 6 months). The Group's fixed deposit is readily convertible to cash at minimal cost.

(2) Inclusive of trust deposit of RM1.40 million as at 30 June 2019 (1H2018: RM1.85 million) placed with a Malaysian law firm pursuant to the memorandum of understanding ("**MOU**") with Mohd Sukri Bin Ismail dated 9 April 2018. The term of the MOU was further extended to 8 April 2020.

Reconciliation of liabilities arising from financing activities:

				Non-cash changes			
	1 January 2019 RM'000	Principal and interest repayment RM'000	Transaction costs paid RM'000	Interest expense RM'000	Foreign exchange movement RM'000	Additions of property, plant and equipment under finance leases	30 June 2019 RM'000
Lease liabilities	1,755	(282)	-	61	-	146	1,680
Guaranteed bonds	18,101(1,5)	(5,292)(2,3,4)	(82)	1,724	85	-	14,536
Exchangeable bonds	7,916	(151)	-	311	55	-	8,131

				Non-cash changes			
	1 January 2018 RM'000	Principal and interest repayment RM'000	Transaction costs paid RM'000	Interest expense RM'000	Foreign exchange movement RM'000	Additions of property, plant and equipment under finance leases	30 June 2018 RM'000
Finance lease payables	330	448	-	36	-	-	814
Guaranteed bonds	8,360	3,282	(339)	1,385	(172)	-	12,516
Exchangeable bonds	7,494	(148)	-	147	(164)	-	7,329

Notes:

(1) A guaranteed non-convertible bonds ("**GB1**") in the aggregate principal amount of S$3,310,000 subscription agreement between the Company, the guarantor and subscriber dated 29 March 2018 was due on 3 April 2019. The Company exchanged 50% of the principal amount of the GB1 (i.e. S$1,655,000) with an issue of S$1,903,000 in aggregate principal amount of 10.00 per cent guaranteed non-convertible bonds due 2020. For details, please refer to the Company's announcement dated 3 April 2019.

(2) A guaranteed non-convertible bonds ("**GB2**") in the aggregate principal amount of S$1,500,000 subscription agreement between the Company, the guarantor and subscriber dated 29 March 2018 was due on 3 April 2019. The Company exchanged 50% of the principal amount of the GB2 (i.e. S$750,000) with an issue of S$750,000 in aggregate principal amount of 20.00 per cent guaranteed non-convertible bonds due 2020. For details, please refer to the Company's announcement dated 3 April 2019.

(3) The Company had on 3 April 2019 repaid principal sum amount of S$1,655,000 guaranteed non-convertible bonds. For details, please refer to the Company's announcement dated 3 April 2019.

(4) The Company had on 3 May 2019 repaid principal sum amount of S$762,500 guaranteed non-convertible bonds. For details, please refer to the Company's announcement dated 3 May 2019.

(5) On 25 June 2019, the Company issued an aggregate principal amount of S$1,000,000 guaranteed non-convertible bonds which was repayable in 6 months' period.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Accumulated losses RM'000	Total equity RM'000
(Unaudited)					
Balance at 1 January 2019	248,600	(102,649)	28	(134,371)	11,608
Adjustment for SFRS(I) 16 Leases	-	-	-	(3)	(3)
	248,600	(102.649)	28	(134,374)	11,605
Loss for the financial period	-	-	-	(7,290)	(7,290)
Other comprehensive income for the financial period:					
Foreign currency translation differences	-	-	(19)	-	(19)
Total comprehensive income for the financial period	-	-	(19)	(7,290)	(7,309)
Transaction with owners:					
Issuance of new ordinary shares Pursuant to exercise of warrants	9,387	-	-	-	9,387
Total transactions with owners	9,387	-	-	-	9,387
Balance at 30 June 2019	**257,987**	**(102,649)**	**9**	**(141,664)**	**13,683**
Restated (Unaudited)					
Balance at 1 January 2018	247,780	(102,649)	40	(118,896)	26,275
Loss for the financial period	-	-	-	(6,535)	(6,535)
Other comprehensive income for the Financial period:					
Foreign currency translation differences	-	-	37	-	37
Total comprehensive income for the financial period	-	-	37	(6,535)	(6,498)
Balance at 30 June 2018	**247,780**	**(102,649)**	**77**	**(125,431)**	**19,777**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Company	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
(Unaudited)			
Balance at 1 January 2019	248,600	(86,230)	162,370
Loss for the financial year	-	(3,730)	(3,730)
Total comprehensive income for the financial period	-	(3,730)	(3,730)
Transaction with owners:			
Issuance of new ordinary shares Pursuant to exercise of warrants	9,387	-	9,387
Total transactions with owners	9,387	-	9,387
Balance at 30 June 2019	**257,987**	**(89,960)**	**168,027**
(Unaudited)			
Balance at 1 January 2018	247,780	(79,112)	168,668
Loss for the financial year	-	(3,240)	(3,240)
Total comprehensive income for the financial period	-	(3,240)	(3,240)
Balance at 30 June 2018	**247,780**	**(82,352)**	**165,428**

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Share capital (S$'000)	Share capital (RM'000)
As at 31 December 2018	**1,046,948,355**	**80,122**	**248,600**
Issuance of new shares	**197,334,458(1)**	**3,091**	**9,387**
As at 30 June 2019	**1,244,282,813**	**83,213**	**257,987**

Note (1):

(a) The Company had on 17 January 2019 issued 43,478,261 new ordinary shares in the Company pursuant to a placement exercise to Ms Gao Jingxian.

(b) The Company had on 2 May 2019 issued 143,790,838 new ordinary shares in the Company to 18 subscribers pursuant to a subscription agreement dated 8 April 2019; and

(c) The Company had on 2 May 2019 issued 10,065,359 new ordinary shares in the Company to the introducer of the subscription agreement dated 8 April 2019.

As at 30 June 2019, the Company has the following outstanding convertibles:

(a) 128,500,000 free unlisted warrants expiring on 3 May 2020, which can be converted into 128,500,000 new fully paid shares of the Company; and

(b) Exchangeable bonds ("**EB**") in an aggregate principal amount of S$2.0 million maturing on 25 August 2020 issued by a wholly-owned subsidiary of the Company, Angka Marketing Pte. Ltd. The EB can be converted into new fully paid shares of the Company at an exchange price equals to 90.0% of the volume weighted average price ("**VWAP**") of the Company's shares traded on the SGX-ST for the five (5) days prior to (i) the date of conversion; or (ii) the date of the subscription agreement of 29 March 2017 (whichever is lower).

As at 30 June 2018, the Company has the following outstanding convertibles:

(a) 137,000,000 free unlisted warrants expiring on 3 May 2020, which can be converted into 137,000,000 new fully paid shares of the Company; and

(b) EB in an aggregate principal amount of S$2.0 million maturing on 25 August 2019 issued by a wholly-owned subsidiary of the Company, Angka Marketing Pte. Ltd. The exchangeable bonds can be converted into new fully paid shares of the Company at an exchange price equals to 90.0% of the VWAP of the Company's shares traded on the SGX-ST for the five (5) days prior to (i) the date of conversion; or (ii) the date the subscription agreement dated 29 March 2017 (whichever is lower).

The Company does not have any treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 2018.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company As at 30 June 2019 (Unaudited)	Company As at 31 December 2018 (Audited)
Total number of issued shares	1,244,282,813	1,046,948,355
Treasury shares	-	-
Total number of issued shares, excluding treasury shares	1,244,282,813	1,046,948,355

The Company does not have any treasury shares as at 30 June 2019 and 31 December 2018.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the Issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period reported on as compared with those in the Group's most recently audited financial statements for the financial year ended 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") and amendments and interpretations of SFRS(I)s that are relevant to its operations and effective from 1 January 2019.

The adoption of these pronouncements did not have any significant impact on the financial performance or position of the Group except the following:

SFRS(I) 16 – Leases

Before the adoption of SFRS(I) 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the consolidated income statements over the lease period on a straight-line basis.

On adoption of SFRS(I) 16, the Group recognised the full lease liabilities in relation to leases which had previously been classified as "operating leases" if they met certain criteria set out in SFRS(I) 16.

These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The difference between the present value and the total remaining lease payments represents the cost of financing.

Such finance cost will be charged to the consolidated income statement in the period in which it is incurred using the effective interest method.

The associated right-of-use assets were measured either as if IFRS(I) 16 had been applied from lease commencement using incremental borrowing rate at date of initial application or equals to the initial measurement of lease liability adjusted by the amount of any previously recognised prepaid or accrued lease payments relating to the lease. These associated right-of-use assets were recognised in the consolidated statement of financial position.

Depreciation is charged on a straight-line basis over the shorter of the asset's useful life and the lease term.

Cash payments for the settlement of lease liabilities were reported as cash flows from financing activities. The total net cash flows of the Group are unaffected.

6. Loss per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	Six Months Ended	
	30 June 2019 RM'000 (Unaudited)	30 June 2018 RM'000 (Unaudited)
Loss attributable to owners of the Group (RM'000)	(7,290)	(6,535)
Weighted average number of ordinary shares	1,138,435,322	1,038,448,355
Basic loss per ordinary share:		
- RM sen	(0.64)	(0.63)
- S$ cent(1)	(0.21)	(0.21)
Adjusted weighted average number of ordinary shares(2)	1,138,435,322	1,038,448,355
Diluted loss per ordinary share:		
- RM sen	(0.64)	(0.63)
- S$ cent(1)	(0.21)	(0.21)

Notes:

(1) Translated at an exchange rate S$1:RM3.0563 for 1H2019 and S$1:RM2.9625 for 1H2018, respectively.

(2) No adjustment was made as the Group was in a loss-making position for 1H2019 and

1H2018. As such, the potential ordinary shares to be converted arising from the outstanding convertibles as at 30 June 2019 and 30 June 2018 were anti-dilutive.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the
(a) current period reported on; and
(b) immediate preceding financial year

	Group		Company	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Net asset value[1] (RM'000)	13,683	11,608	168,027	162,370
Number of shares at the end of the period	1,244,282,813	1,046,948,355	1,244,282,813	1,046,948,355
Net asset value per share:				
- RM sen[2]	1.10	1.11	13.50	15.51
- S$ cent[2]	0.36	0.37	4.42	5.11

Notes:
(1) Net asset value represents total assets less total liabilities.
(2) Translated at an exchange rate of S$1:RM3.0563 as at 30 June 2019 and S$1:RM3.0355 as at 31 December 2018, respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors;

The following review of the Group's performance is in relation to 1H2019 as compared to 1H2018.

Revenue

The Group recorded revenue of RM1.96 million in 1H2019 as compared to revenue of RM0.066 million in 1H2018. Revenue increased by RM1.89 million (representing 2,862.12%) mainly due to tailing process from Angka Alamjaya Sdn Bhd (AASB). AASB recorded RM1.71 million in sales of semi-processed gold concentrated ore to China. GGTM Sdn. Bhd. (GGTM) recorded RM0.25 million in sales of granite to Indonesia.

Other Income

Other income comprised interest income on fixed deposit and administrative fee. The Group recorded other income of RM0.01 million, representing a decrease of RM0.06 million (85.51%) from RM0.07 million for 1H2018. The decrease was mainly due to the decrease in fixed deposit placed.

Operating expenses

Operating expenses comprised raw materials and consumables used, change in

inventories, contractor expenses, royalty fees, depreciation and amortisation expenses, employee benefits expenses, operating lease expenses, other expenses and finance costs.

Total operating expenses increased by RM2.58 million (38.68%) to RM9.25 million in 1H2019 from RM6.67 million in 1H2018. The increase in total operating expenses was mainly due to the following:

- Increase in raw materials and consumables used by RM0.29 million (813.89%) in 1H2019 as compared to 1H2018, as usage of chemical and raw material increase in tandem with the increase in the tailing process.

- Increase in inventories of Work In Progress (WIP) for semi-processed gold concentrated ore of RM0.55 million in 1H2019 compared with no inventories in 1H2018 as the processing plant was under realignment by Great Aim Resources Sdn Bhd ("GAR") during 1H2018. The increase was offset by a decrease of granite blocks of RM0.06 million during 1H2019.

- Increase in contractor expenses by RM0.47 million (1,475.00%) in 1H2019 as compared to 1H2018, mainly due to increase in revenue sharing with (i) GAR by RM0.32 million and (ii) the new outsourced China contractor, Jianning County Huasheng Stone Co., Ltd ("**Jianning**") engaged by GGTM since March 2019 for the processing of granite dimension stone.

- Royalty fee expense of RM0.017 million in 1H2019 as compared to a credit of RM0.007 million for 1H2018 was due to the royalty fee expenses for Lubuk Mandi Mine and Bukit Chetai Mine amounted to RM0.43 million and RM0.07 million, respectively, offset by the minimum monthly contribution of RM0.08 million received from GAR amounted to RM0.48 million in 1H2019.

- Decrease in employee benefits expenses by RM0.22 million (7.64%) in 1H2019 as compared to 1H2018 mainly due to lower headcount arising from the outsourcing of mining operations at Lubuk Mandi Mine to GAR.

- Decrease in operating lease expenses by RM0.05 million (34.72%) in 1H2019 as compared to 1H2018 due to reclassification of office rental expenses to depreciation and finance cost in accordance with the new accounting standard which was effective from 1 January 2019.

- Increase in other expenses by RM1.65 million (166.40%) in 1H2019 as compared to 1H2018 mainly due to the (i) increase in freight and transportation expenses of RM0.12 million for granite sales, (ii) increase in diesel usage of RM0.12 million for machinery used in gold mining and granite quarry sites, (iii) increase in utilities expenses of RM0.57 million in gold mining site for tailing process, (iv) increase in professional fee of RM0.32 million due to the Environment Impact Assessment (EIA) report and Environment, Health and Safety (EHS) report for the purpose of compliance with environmental regulations, (v) increase in administrative expenses of RM0.05 million, and (vi) increase in foreign exchange loss of RM0.47 million.

- Increase in finance costs by RM0.53 million (33.48%) in 1H2019 as compared to 1H2018 due to interest expense incurred for redeemable non-convertible bonds.

The Group incurred net loss of RM7.29 million and RM6.54 million in 1H2019 and 1H2018, respectively.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The following review of the Group's financial position is in relation to 30 June 2019 as compared to 31 December 2018.

Assets

Property, plant and equipment decreased by RM0.44 million from RM17.47 million as at 31 December 2018 to RM17.02 million as at 30 June 2019 mainly due to depreciation of RM0.85 million and recognition of Right of Use of assets according to new accounting standard which was effective from 1 January 2019 of RM0.41 million.

Mine properties decreased by RM0.18 million from RM15.20 million as at 31 December 2018 to RM15.02 million as at 30 June 2019 mainly due to amortisation of RM0.18 million.

Inventories increased by RM0.07 million from RM1.31 million as at 31 December 2018 to RM1.38 million as at 30 June 2019 mainly due to purchase of consumables to meet both the gold and granite production usage demand for first half year of 2019.

Trade and other receivables increased by RM4.72 million from RM7.10 million as at 31 December 2018 to RM11.82 million as at 30 June 2019 mainly due to (i) payment in advance to GAR amounting to RM3.70 million for hardrock process and purchase of raw material for tailing process and (ii) accrual revenue for semi-processed gold concentrated ore amounting to RM0.88 million which was sold but not yet invoiced.

Equity

As at 30 June 2019, total equity amounted to RM13.68 million, comprising share capital of RM257.99 million, negative merger reserve of RM102.65 million, translation reserve of RM0.009 million and accumulated losses of RM141.66 million.

Merger reserve represents the difference between the consideration paid and the share capital of subsidiary acquired. For the purpose of consolidated financial statements, the aggregation of the Group's share in the paid-up capital of its subsidiaries has been entirely eliminated, and this resulted in a negative merger reserve of RM102.65 million.

Total equity increased by RM2.08 million mainly due to an increase in share capital of RM9.39 million, which is offset by the increase in accumulated losses of RM7.29 million and a decrease in translation reserve of RM0.02 million.

Liabilities

Total liabilities decreased by RM3.51 million from RM37.29 million as at 31 December 2018 to RM33.77 million as at 30 June 2019. The decrease in total liabilities was mainly due to the followings:

a. Repayment of two guaranteed non-convertible bonds ("**2018 Bonds**") of an aggregate principal amount of S$2,405,000. The Company exchanged 50% of the principal amount of the 2018 Bonds (i.e. S$1,655,000) with an issue of S$1,903,000 in aggregate principal amount of 10.00 per cent guaranteed non-convertible bonds due 2020. The Company also exchanged 50% of the principal amount of the 2018 Bonds (i.e. S$750,000) with an issue of S$750,000 in aggregate principal amount of 20.00 per cent guaranteed non-convertible bonds due 2020. For details, please refer to the Company's announcement dated 3 April 2019.
b. Issuance of an aggregate principal amount of S$1,000,000 guaranteed non-convertible bonds on 25 June 2019 which was repayable in 6 months' period. For details, please refer to the Company's announcement dated 17 June 2019.
c. net drawdown of finance lease payables amounting to RM0.40 million;

d. decrease in trade and other payables of RM0.56 million mainly due to the followings:
   i. higher amount due to share application money of RM3.04 million received in December 2018 for issuance of 43,478,261 new ordinary shares in capital of the company. The completion of placement has taken place on 17 January 2019; and
   ii. higher accrual of royalty fee expenses of RM1.96 million as the Group has yet to receive the finalised charge from the relevant party.

Negative working capital

The Group had net current liabilities of RM12.68 million as at 30 June 2019 as compared to RM15.68 million of net current liabilities as at 31 December 2018 mainly due to the repayment of guaranteed non-convertible bonds of an aggregate principal amount of S$2.405 million and the issuance of new guaranteed non-convertible bonds of S$1.00 million.

Notwithstanding, the Board is of the view that the Group is able to operate as a going concern for the next twelve months from the date of this announcement due to the following:
a. There were cash balance of RM2.02 million for the Group as at 30 June 2019 to meet the operational needs of the Group;
b. One of our controlling shareholders Mr Lim Chiau Woei has given a letter of support, undertaking to provide adequate funds to enable our Group to meet its payment obligations as they fall due; and
c. Our Group is progressing with various fund-raising options.

Cash flows

Net cash used in operating activities

In 1H2019, the Group recorded a net cash outflow for operating activities of RM8.57 million. The net operating cash outflow was mainly due to operating losses before working capital changes of RM3.64 million, adjusted for working capital outflow of RM5.39 million and tax refund of RM0.45 million. Working capital outflow is mainly attributable to the decrease in trade and other payables of RM0.64 million, increase in trade and other receivables by RM4.68 million and increase in inventories by RM0.06 million.

Net cash used in investing activities

In 1H2019, the Group recorded a net cash outflow for investing activities of RM0.11 million mainly due to the purchase of property, plant and equipment of RM0.12 million.

Net cash generated from financing activities

In 1H2019, the Group recorded a net cash inflow from financing activities of RM3.58 million. This mainly comprised proceeds of RM9.39 million for issuance of new ordinary share and proceeds from issuance of secured bond of RM2.67 million, which is offset by repayment of guaranteed non-convertible bonds amounting to RM7.35 million, interest paid of RM0.85 million, and repayment of finance lease of RM0.28 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Lubuk Mandi Mine

With the ongoing trade war between USA and China, the world economy is in a cautious and uncertain state. The Group is benefiting from the increased demand of gold worldwide and today's gold price has exceeded USD1,500 per ounce. According to the World Gold Council, Central banks has bought 224.4t of gold in 2Q19 and gold backed Exchange traded fund (ETF) grew 67.2t in 2Q19 to a 6 year high of 2,548t.

AASB is increasing the tailings production to the maximum capacity to take advantage of the high gold price. With the expected underground hard rock production at end of 2019, AASB is expecting the next quarter and subsequent 12 months to generate better revenue.

Bukit Chetai Quarry

GGTM is positioning itself to participate in the revived Bandar Malaysia project. The estimated gross development value (GDV) of this project is estimated between RM50bil to RM60bil. A general guideline of 10% -15% of the gross development cost (GDC), which is between RM5bil to RM9bil, interior fit out cost including the dimension stones requirement will take a huge portion of this GDC.

Jianning has been actively processing the blocks of dimension stone at the quarry site.

The East Coast Rail Link ("**ECRL**") which was relaunched on 25 July 2019 has strengthened the MOU signed between GGTM and Mohd Sukri Bin Ismail ("**Sukri**") on 9 April 2018 which was further extended to 8 April 2020. GGTM is working with Sukri to prepare the machineries and infrastructure to supply quarry aggregates of 20mm and ballast to the nearest ECRL stations in Terengganu.

The Brunei quarry aggregates sales was delayed and the supply of quarry aggregates as per the contractual agreement for four (4) years will be mutually agreed after SILVI in Brunei resume discussion of the aggregates supply.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been declared or recommended for 1H2019.

(b) Amount per share (cents) and previous corresponding period (cents).

Not applicable. No dividend was declared or recommended for 1H2018.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and reason(s) for the decision.

No dividend has been declared or recommended for 1H2019 as the Group currently does not have profits available for the declaration of a dividend.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs.

The Group did not enter into any IPT above S$100,000 during 1H2019.

14. Use of proceeds

Non-convertible bonds issued on 25 June 2019

The Company raised gross proceeds of approximately S$1 million from the issuance of non-convertible bonds on 25 June 2019. As at 30 June 2019, the status on the use of the gross proceeds from the issuance of non-convertible bonds is as follow:

Purpose	Amount allocated S$'000	Amount Utilised S$'000	Balance S$'000
General working capital (1)	1,000	1,000	-
Total	**1,000**	**1,000**	**-**

Note:
(1) For general corporate and administrative expenses

15. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Listing Manual.

16. Confirmation Pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of

the Company and the Group for the half year ended 30 June 2019 to be false or misleading in any material aspect.

17. Additional Disclosure Required for Mineral, Oil and Gas companies

17a. Rule 705(6)(a) of the Catalist Listing Manual

i. Use of funds/cash for the quarter:-

For the quarter financial period from 1 April 2019 to 30 June 2019 ("**2Q2019**"), funds/cash was mainly used for the following production activities:-

Purpose	Amount (RM'000) Actual Usage	Amount (RM'000) Projected Usage	Amount (RM'000) Variance	Remarks
Payment for property, plant and equipment	148	210	(62)	(1)
Royalty	79	79	-	
General working capital	11,934	13,297	(1,363)	(2)
Total	**12,161**	**13,586**	**(1,425)**	

(1) The actual payment for property, plant and equipment is lower than the projected payment by RM0.07 million was mainly due to delay in completion of factory extension and purchase of small tool & equipment.

(2) Actual payment of general working capital was RM1.36 million lower than the projected amount mainly due to: (i) lesser payment for interior-fit out project of RM1 million as a result of extended time taken for certification of progress billing by the relevant authority before payment could be made, (ii) lower contractor expenses of RM0.09 million due to lower volume of granite being outsourced for processing and (iii) also lower manpower of RM0.19 million seen processing of granite dimension stone has been outsourced to Jianning .

ii. Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:-

For the next immediate quarter (financial period from 1 July 2019 to 30 September 2019 ("**3Q2019**"), the Group's use of funds/cash for development and production activities are expected to be as follows:-

Purpose	Amount (RM'000)
Payment for property, plant and equipment	151
Royalty	210
General working capital	4,021
Total	**4,382**

The above projected use of funds/cash relates to the Group's development and production plans at the Bukit Chetai Mine and Lubuk Mandi Mine, as well as the interior fit-out business of GGTM for 3Q2019 as follows: -

a. Additional capital expenditure for mining and quarrying activities at Lubuk Mandi Mine and Bukit Chetai Mine;

b. Additional royalty expenditure of RM0.18 million in AASB to repay the outstanding to Perbadanan Memajukan Iktisad Negeri Terengganu ("**PMINT**"); and

c. General working capital of RM4.02 million which consists of expected payment of (i) RM1.11 million for interest and repayment of guaranteed non-convertible bond, and (ii) the remaining RM2.91 million for general corporate and administrative expenses.

17b. Rule 705(6)(b) of the Catalist Rules

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the above information provided to be false or misleading in any material aspect.

18a. Rule 705(7)(a) of the Catalist Rules

Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanation for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated;

Bukit Chetai Mine

Excavation works continued on Bench 11 at the predominantly TG quarry face. A total of 92 m3 of rocks were excavated during April 2019.

A total of 57 m^3 of blocks were produced from boulders, comprising of 3% Terengganu Green ("**TG**") blocks and 97% Sekayu White ("**SW**") blocks.

A total of 1,630 m^2 of tiles were produced, comprising of 7% TG tiles and 93% SW tiles. About 820 m^2 of tiles comprising of 9% TG tiles and 91% SW tiles were sent out of the quarry for an export order to Indonesia,

Pursuant to the co-operative agreement dated 16 January 2019 with Jianning, Jianning brought in two (2) new block cutter machines and one (1) new bridge cutter machine. Installation of these machines began in April 2019. During 2Q2019, Jianning operated the factory with the existing machinery.

Lubuk Mandi Mine

In 2Q2019, there was no capitalisation for exploration and evaluation expenditures as there was no exploration and mining development activity being carried out by the Company at the Lubuk Mandi Mine.

With reference to the Technical Services Agreement between the Company's wholly-owned subsidiary, AASB and GAR to carry out core drilling in the Lubuk Mandi Mine for a period of 12 months, planning of the core drilling works is in progress..

During 2Q2019, GAR continued to carry out production of gold concentrated ore from processing of tailings materials. A total of 43,475 dry tonnes of tailings materials were processed. Total gold concentrated ore produced was approximately 350 tonnes with average of 41.5 gram of gold per tonne of gold concentrated ore. A higher grade of concentrate ore was produced with a reduced tonnage of concentrate ore.

GAR carried out repair and improvement works to the infrastructure within the tunnel complex in 2Q2019. During June 2019, GAR carried out excavation towards the targeted lode. However, they continued to encounter unstable rocks and concrete reinforcement works were required. This slowed down the excavation works towards the targeted lode.

18b. Rule 705(7)(b) of the Catalist Rules

Update on its reserves and resources, where applicable, in accordance with the requirements set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.

Lubuk Mandi Mine and Bukit Chetai Mine

The Company had disclosed an updated summary of reserves and resources for both the Lubuk Mandi Mine and Bukit Chetai Mine as at 31 December 2018 (being the effective date of the Independent Qualified Person's Reports (the "**IQPRs**") in its annual report for the financial year ended 31 December 2018 (the "**AR2018**") to update shareholders on its reserves and resources information. The IQPRs are contained in the AR2018. A soft copy of the AR2018 is available for download on the SGXNET. As at 30 June 2019, the Company has no material updates on the reserves and resources for both the Lubuk Mandi Mine and Bukit Chetai Mine as to those disclosed in the IQPRs.

By Order of the Board
ANCHOR RESOURCES LIMITED

Lim Chiau Woei
Managing Director

Chan Koon Mong
Executive Director

14 August 2019