



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 2016

*Anchor Resources Limited (the "**Company**") and together with its subsidiaries, the "**Group**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 18 March 2016. The initial public offering of the Company ("**IPO**") was sponsored by UOB Kay Hian Private Limited (the "**Sponsor**").*

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement. The Sponsor has also 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. The Sponsor and the SGX-ST assume 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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Background

The Company is engaged in the business of exploration, mining and production of gold for sale in Malaysia.

The Company was incorporated on 12 August 2015 under the Singapore Companies Act as a private limited company under the name of Anchor Resources Pte. Ltd.. The Group was incorporated pursuant to the restructuring exercise ("**Restructuring Exercise**") as disclosed in the Company's offer document dated 9 March 2016 (the "**Offer Document**"). On 30 September 2016, the Company was converted to a public limited company and changed its name to Anchor Resources Limited. Please refer to the Offer Document for further details on the Restructuring Exercise.

For the purpose of this announcement, the financial results of the Group for the half year ended 30 June 2016 and the comparative financial results of the Group for the half year ended 30 June 2015, have been prepared on the assumption that the Group's structure, following the completion of the Restructuring Exercise, had been in place or in existence since 1 January 2015.

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 2016 RM'000 (Unaudited)	30 June 2015 RM'000 (Audited)	Increase/ (Decrease) %
Revenue	966	-	n.m
Other income	14	7	100.00
Raw materials and consumables used	(441)	(270)	63.33
Change in inventories of work-in-progress	(45)	-	n.m
Contractor expenses	-	(107)	n.m
Royalty fee expenses	(128)	-	n.m
Depreciation and amortisation expenses	(810)	(488)	65.98
Employee benefits expenses	(2,670)	(1,231)	116.90
Operating lease expenses	(226)	(96)	135.42
Other expenses	(15,362)	(2,932)	423.94
Finance costs	(389)	(1,135)	(65.73)
Fair value loss on derivative financial instruments	-	(6,402)	n.m
Loss before income tax	(19,091)	(12,654)	50.87
Income tax expense	-	-	-
Loss for the financial period, representing total comprehensive for the financial period	(19,091)	(12,654)	50.87
Loss attributable to owners of the parent	(19,091)	(12,654)	50.87
Total comprehensive income attributable to owners of the parent	(19,091)	(12,654)	50.87

n.m - not meaningful

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

	Group		
	Six Months Ended		
	30 June 2016 RM'000 (Unaudited)	30 June 2015 RM'000 (Audited)	Increase/ (Decrease) %
Loss for the period is stated at after (charging) / crediting the following:			
Other income	14	7	100.00
Depreciation and amortisation expenses	(810)	(488)	65.98
Share based payment expenses	(329)	-	n.m
Operating lease expenses	(226)	(96)	135.42
Foreign exchange loss, net	(281)	(1,255)	(77.61)
Finance costs	(389)	(1,135)	(65.73)
Fair value loss on derivative financial instruments	-	(6,402)	n.m
Loss on disposal of property, plant and equipment	(19)	-	n.m
IPO listing expenses	(13,541)	-	n.m

n.m - not meaningful

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 2016 RM'000 (Unaudited)	31 December 2015 RM'000 (Audited)	30 June 2016 RM'000 (Unaudited)	31 December 2015 RM'000 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	12,864	12,655	4	5
Exploration and evaluation assets	50	50	-	-
Mining properties	13,052	13,065	-	-
Investment in subsidiaries	-	-	45,599	45,599
	25,966	25,770	45,603	45,604
Current assets				
Inventories	378	474	-	-
Non-trade receivables	786	404	-	-
Prepayments	9,874	4,725	9,847	4,693
Amount due from a subsidiary	-	-	6,856	-
Cash and cash equivalents	7,126	1,255	1,860	800
	18,164	6,858	18,563	5,493
Total assets	44,130	32,628	64,166	51,097
EQUITY AND LIABILITIES				
Equity				
Share capital	97,226	51,853	97,226	51,853
Share application money pending allotment	9,632	-	9,632	-
Merger reserve	15,645	15,645	-	-
Accumulated losses	(84,516)	(65,425)	(43,774)	(27,519)
Total equity	37,987	2,073	63,084	24,334
LIABILITIES				
Current liabilities				
Trade and other payables	5,941	6,640	1,082	2,848
Loans and borrowings	36	-	-	-
Derivative financial instruments	-	23,915	-	23,915
Total current liabilities	5,977	30,555	1,082	26,763
Non-Current liabilities				
Loans and borrowings	166	-	-	-
Total non-current liabilities	166	-	-	-
Total liabilities	6,143	30,555	1,082	26,763
Total equity and liabilities	44,130	32,628	64,166	51,097

1(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 2016		As at 31 December 2015	
Secured RM'000 (Unaudited)	Unsecured RM'000 (Unaudited)	Secured RM'000 (Audited)	Unsecured RM'000 (Audited)
36	-	-	23,915

Amount repayable after one year

As at 30 June 2016		As at 31 December 2015	
Secured RM'000 (Unaudited)	Unsecured RM'000 (Unaudited)	Secured RM'000 (Audited)	Unsecured RM'000 (Audited)
166	-	-	-

Details of any collateral

The Group's secured borrowings as at 30 June 2016 comprised finance lease liabilities, which were secured on the Group's motor vehicles. The net carrying amount of the motor vehicle as at 30 June 2016 amounted to RM269,731 (31 December 2015: RM Nil)

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 2016 RM'000 (Unaudited)	30 June 2015 RM'000 (Audited)
Operating activities		
Loss before income tax	(19,091)	(12,654)
Adjustments for:		
Depreciation of property, plant and equipment	601	488
Amortisation of mine properties	209	-
Share based payment expenses	329	-
Loss on disposal property, plant and equipment	19	-
Interest expenses	389	1,135
Interest income	(3)	(7)
Fair value loss on derivative financial instruments	-	6,402
Foreign exchange (gain) / loss	(519)	1,444
Operating cash flows before working capital changes	(18,066)	(3,192)
Working capital changes:		
Inventories	96	(191)
Non-trade receivables	(382)	3,699
Prepayments	(5,149)	(745)
Trade and other payables	7,145	2,098
Net cash (used in)/from operating activities	(16,356)	1,669
Investing activities		
Additions to exploration and evaluation assets	-	(282)
Additions to development assets	-	(80)
Additions to mine properties	(196)	-
Proceeds from disposal of property, plant and equipment	53	-
Interest received	3	7
Purchase of property, plant and equipment	(686)	(6,600)
Net cash used in investing activities	(826)	(6,955)
Financing activities		
Fixed deposits pledged	-	140
Interest paid	-	(369)
Proceeds from issuance of new ordinary shares	21,534	7,446
Share application money pending allotment	9,632	-
Share issues expenses	(8,118)	(557)
Repayment of hire purchase payables	6	-
Interest paid	(1)	-
Proceeds from issuance of RCL	-	2,164
Redemption of RCL	-	(1,488)
Net cash from financing activities	23,053	7,336
Net change in cash and cash equivalents	5,871	2,050
Cash and cash equivalents at beginning of financial period	1,155	1,965
Cash and cash equivalents at end of financial period	7,026	4,015

Cash and cash equivalents comprised of:

	Group	
	Six Months Ended	
	30 June 2016 RM'000 (Unaudited)	30 June 2015 RM'000 (Audited)
Cash and bank balances	7,126	4,075
Fixed deposit pledged	(100)	(60)
	7,026	4,015

The effective interest rate of fixed deposit was 3.15% (1H2015: 3.15%) per annum during the 1H2016 and with maturity of 6 months (1H2015: 6 months). The Group's fixed deposits are readily convertible to cash at minimal cost.

As at 30 June 2016, a fixed deposit of the Group amounting to RM0.10 million was pledged to a bank to secure banker's guarantee facility amounting to RM0.10 million.

As at 30 June 2016, RM4.50 million of trust deposit placed with a lawyer with regard to Co-operation Agreement with Sinomine Resource Exploration Co., Ltd. was included in cash and cash equivalent.

The Company had on 21 June 2016 entered into a subscription agreement with Fortune Asia Long Short Fund, Tay Kwong Hua and Lim Tiong Kheng Steven (collectively, the "**Subscribers**"), pursuant to which the Subscribers will subscribe for, and the Company will allot and issue to the Subscribers an aggregate of 30,770,000 new ordinary shares (each a "**Placement Share**") in the capital of the Company ("**Proposed Placement**"). The issue price of each Placement Share is S\$0.104, with the aggregate placement consideration amounting to S\$3,200,080 ("**Placement Proceeds**"). Share application money pending allotment of RM9,632,000 is the Placement Proceeds placed with the escrow agent on 21 June 2016. The Proposed Placement was completed on 22 July 2016.

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	Share application money pending allotment⁽¹⁾ RM'000	Merger reserve RM'000	Accumulated losses RM'000	Total equity RM'000
(Unaudited)					
Balance at 1 January 2016	51,853	-	15,645	(65,425)	2,073
Loss for the financial period	-	-	-	(19,091)	(19,091)
Total comprehensive loss for the financial period	-	-	-	(19,091)	(19,091)
Contributions by owners:					
Issuance of new ordinary shares	53,491	-	-	-	53,491
Share issue expenses	(8,118)	-	-	-	(8,118)
Share application money pending allotment	-	9,632	-	-	9,632
Total transactions with owners	45,373	9,632	-	-	55,005
Balance at 30 June 2016	97,226	9,632	15,645	(84,516)	37,987
(Audited)					
Balance at 1 January 2015	20,850	-	-	(21,254)	(404)
Loss for the financial period	-	-	-	(12,654)	(12,654)
Total comprehensive loss for the financial period	-	-	-	(12,654)	(12,654)
Contributions by owners:					
Issuance of new ordinary shares	19,018	-	-	-	19,018
Share issue expenses	(557)	-	-	-	(557)
Difference between consideration and share capital acquire of subsidiaries	(100)	-	(11,472)	-	(11,572)
Total transactions with owners	18,361	-	(11,472)	-	6,889
Balance at 30 June 2015	39,211	-	(11,472)	(33,908)	(6,169)

Company	Share capital RM'000	Share ⁽¹⁾ application money pending allotment RM'000	Accumulated losses RM'000	Total equity RM'000
(Unaudited)				
Balance at 1 January 2016	51,853	-	(27,519)	24,334
Loss for the financial period	-	-	(16,255)	(16,255)
Total comprehensive loss for the financial period	-	-	(16,255)	(16,255)
Contributions by owners:				
Issuance of new ordinary shares	53,491	-	-	53,491
Share issue expenses	(8,118)	-	-	(8,118)
Share application money pending allotment	-	9,632	-	9,632
Total transactions with owners	45,373	9,632	-	55,005
Balance at 30 June 2016	97,226	9,632	(43,774)	63,084

Notes:

- (1) Share application money pending allotment of RM9,632,000 relates to the Placement Proceeds placed with the escrow agent on 21 June 2016. The Proposed Placement was completed on 22 July 2016.
- (2) The Company was incorporated on 12 August 2015. Therefore, there is no comparative statement of changes in equity for the Company from 1 January 2015 to 30 June 2015.

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares of the issuer, if any, against total number of issued shares excluding treasury shares 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.

	Number of shares	Share capital (S\$'000)	Share capital (RM'000)
As at 1st January 2016	17,350,579	16,626	51,853
Issuance of adjustment shares ⁽¹⁾⁽²⁾	2,674,441	8,013	23,783
	20,025,020	24,639	75,636
Sub-division of shares ⁽³⁾	240,000,000	24,639	75,636
Issuance of placement shares ⁽⁴⁾	28,800,000	7,200	21,535

	Number of shares	Share capital (S\$'000)	Share capital (RM'000)
Issuance of employee shares ⁽⁴⁾	440,000	110	329
Issuance of commission fee shares ⁽⁵⁾	10,490,000	2,623	7,844
Share issue expenses ⁽⁷⁾	-	(2,794)	(8,118)
As at 30 June 2016	279,730,000	31,778	97,226

Notes:

- (1) On 8 March 2016, the Company issued an aggregate of 2,630,466 new ordinary shares at an issue price of S\$0.25 per share to the RCL lenders as an adjustment pursuant to the RCL, and the resultant issued and paid-up share capital of the Company increased to S\$24,507,958 (RM75,245,808) comprising 19,981,045 ordinary shares.
- (2) On 8 March 2016, the Company issued an aggregate of 43,975 new ordinary shares at an issue price of S\$0.25 per share to the anti-dilution shareholders as an adjustment pursuant to the anti-dilution undertaking, and the resultant issued and paid-up share capital of the Company increased to S\$24,639,718 (RM75,636,872) comprising 20,025,020 ordinary shares.
- (3) On 8 March 2016, the 20,025,020 ordinary shares in the Company was sub-divided into 240,000,000 ordinary shares.
- (4) The Company was listed on the Catalist of SGX-ST on 18 March 2016 and the Company issued 28,800,000 new ordinary shares at an issue price of S\$0.25 per share on 17 March 2016 and the resultant issued and paid-up share capital of the Company increased to S\$31,839,718 (RM97,171,352) comprising 268,800,000 ordinary shares.
- (5) On 17 March 2016, the Company issued 10,490,000 new ordinary shares at an issue price of S\$0.25 per share to Alvito Capital Holding Inc as partial payment of commission fee payable pursuant to the corporate consultancy service agreement dated 15 August 2013 and supplemental agreement to the corporate consultancy services agreement dated 27 October 2015 and the resultant issued and paid-up share capital of the Company increased to S\$34,462,218 (RM105,014,987) comprising 279,290,000 ordinary shares.
- (6) On 17 March 2016, the Company issued 440,000 new ordinary shares at an issue price of S\$0.25 per share to 14 employees of the Group as rewards for their contributions to the Group prior to the listing pursuant to the general share issue mandate of the Company, and the resultant issued and paid-up share capital of the Company increased to S\$34,572,218 (RM105,343,986) comprising 279,730,000 ordinary shares.
- (7) Share issue expenses were related to the IPO exercise amounting to S\$2,794,004 (RM8,117,698) being capitalised against the share capital. This resulted in a the total net share capital was S\$31,778,214 (RM97,226,288) as at 30 June 2016.

Save as stated above, the Company did not have any outstanding options or treasury shares as at 30 June 2016 and 30 June 2015.

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 2016 (Unaudited)	Company As at 31 December 2015 (Audited)
Total number of issued shares	279,730,000	17,350,579
Treasury shares	-	-
Total number of issued shares, excluding treasury shares	279,730,000	17,350,579

The Company did not have any treasury shares as at 30 June 2016 and 31 December 2015.

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

The Company did not have any treasury shares 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 Company's most recently audited financial statements for the financial year ended 31 December 2015.

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 adopted the new/revised Financial Reporting Standards ("FRS") that are relevant to its operations and are effective in the current financial periods beginning on or after 1 January 2016. The adoption of these new or revised FRS, where relevant, has no material financial impact on the Group's accounting policies or the financial statements for the current financial period reported on.

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 2016 RM'000 (Unaudited)	30 June 2015 RM'000 (Audited)
Loss attributable to owners of the Group (RM'000)	(19,091)	(12,654)
Weighted average number of ordinary shares	251,339,649 ⁽¹⁾	155,186,851 ⁽²⁾
Basic loss per ordinary share:		
- RM sen	(7.60)	(8.15)
- S\$ cent	(2.54)	(2.91)
Adjusted weighted average number of ordinary shares ⁽²⁾	251,339,649 ⁽¹⁾	155,186,851 ⁽²⁾
Diluted loss per ordinary share:		
- RM sen ⁽³⁾	(7.60)	(8.15)
- S\$ cent ⁽³⁾	(2.54)	(2.91)

Notes:

- (1) The calculation is based on the weighted average number of ordinary shares of the Company in issue during the respective financial periods, on the assumption that the share split of each share in the Company into 11.99 ordinary shares on 8 March 2016 (the "Share Split") has occurred since the beginning of the respective financial period.
- (2) The calculation is based on the weighted average number of ordinary shares of the Company in issue during the respective financial periods, on the assumption that (i) the Company existed since the beginning of the respective financial periods, and (ii) the Share Split has occurred since the beginning of the respective financial period.
- (3) Basic/diluted loss per ordinary share translated at an exchange rate RM 1/S\$ 2.9886 and 2.8039 for the period ended 30 June 2016 and 30 June 2015 respectively.

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 2016 (Unaudited)	31 December 2015 (Audited)	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Net asset value (RM'000)	37,987	2,073	63,084	24,334
Number of Shares at the end of the period	279,730,000	17,350,579	279,730,000	17,350,579
Net asset value per share:				
- RM sen	13.58	11.95	22.55	140.26
- S\$ sen ⁽²⁾	4.54	3.93	7.55	46.14

Notes:

- (1) Net asset value represents total assets less total liabilities.
(2) Net asset value per share translated at an exchange rate of RM 1/S\$ 2.9886 and 3.0395 as at 30 June 2016 and 31 December 2015, 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;**

Revenue

The Group recorded revenue of RM0.97 million with sale of gold of 184.04 ounces in 1H2016 (which included 3.86 ounces of gold in the production circuit carried forward from 31 December 2015). The Group did not generate any revenue in the 1H2015 as it was still at the commissioning stage. The Group produced 182.21 ounces of gold in 1H2016 with 2.03 ounces of gold in the production circuit remaining unsold at 30 June 2016. The average realised gold price of RM5,248.85 per ounce is US\$1,312.21 per ounce (translated based on the exchange rate of US\$ 1/RM 4).

Other Income

Other income comprised interest income on fixed deposit and rental income. The Group generated other income of RM0.01 million in each of 1H2016 and 1H2015.

Operating expenses

Operating expenses comprised raw materials and consumables used, change in inventories of work-in-progress, contractor expenses, royalty fee expenses, depreciation and amortisation expenses, employee benefits expenses, operating lease expenses, other expenses, finance costs and fair value loss on derivative financial instruments.

Total operating expenses increased by RM7.41 million representing 58.53% from RM12.66 million in 1H2015 to RM20.07 million in 1H2016. The increase in total operating expenses was

mainly due to the following:-

- Increase in raw materials and consumables used by RM0.17 million representing 63.33% from RM0.27 million in 1H2015 to RM0.44 million in 1H2016. The higher costs incurred was due to the commencement of production in 1H2016 as compared to lower costs incurred during the commissioning stage in 1H2015.
- Incurred royalty fee expenses of RM0.13 million in relation to the sale of gold in 1H2016. There was no sale of gold during 1H2015.
- Increase in depreciation and amortisation by RM0.32 million representing 65.98% from RM0.49 million in 1H2015 to RM0.81 million in 1H2016 was due to the increase in amortisation of mine properties and depreciation of property, plant and equipment by RM0.21 million and RM0.11 million respectively. The increase in amortisation of mine properties was in tandem with the increase in production activities in 1H2016 as compared to the commissioning activities in 1H2015.
- Increase in employee benefits expense by RM1.44 million representing 116.90% from RM1.23 million in 1H2015 to RM2.67 million in 1H2016 due to the share based expense of RM0.53 million arose from the employee shares granted at IPO and the increase in directors' remuneration and directors' fees of RM0.80 million.
- Increase in operating lease expenses by RM0.13 million representing 135.42% from RM0.10 million in 1H2015 to RM0.23 million in 1H2016 due to cessation of sub-contracting of mining activities and did not incur any contractor expenses in 1H2016 but increase in excavator rental expense in 1H2016.
- Increase in other expenses by RM12.43 million representing 423.94% from RM2.93 million in 1H2015 to RM15.36 million in 1H2016 due to one-off charge of IPO listing expenses of RM13.54 million in 1H2016 and decrease of RM0.97 million loss in foreign exchange, net.
- Decrease in finance costs by RM0.74 million representing 65.73% from RM1.14 million in 1H2015 to RM0.40 million in 1H2016 due to the absence of redeemable convertible loan ("**RCL**") interest of RM1.13 million in 1H2016. The finance cost on equity for anti-dilution holder of RM0.38 million was incurred in 1H2016.
- Absence of the one-off fair value loss on derivative financial instruments of RM6.40 million in relation to the option to convert RCL to equity in 1H2016.

The Group incurred losses of RM19.09 million and RM12.65 million in 1H2016 and 1H2015 respectively.

For illustrative purposes, assuming the following one-off and non-recurring expenses are excluded:

- IPO listing expenses of RM13.54 million in 1H2016
- Finance cost on equity for anti-dilution holder of RM0.38 million in 1H2016
- Fair value loss on derivative financial instruments of RM6.40 million in 1H2015
- RCL interest of RM1.13 million in 1H2015

The losses of Group would have been RM5.17 million and RM5.12 million for 1H2016 and 1H2015 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.

Assets

Property, plant and equipment increased by RM0.21 million from RM12.66 million as at 31 December 2015 to RM12.87 million as at 30 June 2016 mainly due to additional purchase of RM0.88 million and disposal of RM0.07 million of property, plant and equipment. This increase was offset by the property, plant and equipment's depreciation expense of RM0.60 million.

Mine properties decreased by RM0.01 million from RM13.06 million as at 31 December 2015 to RM13.05 million as at 30 June 2016 mainly due to additional costs of RM0.08 million for state government tribute, RM0.09 million for Environmental Impact Assessment (EIA) study costs and RM0.03 million for dewatering of the main pit of the Lubuk Mandi Mine for preparation of hard rock mining. The increase was offset by the mine properties' amortisation expense of RM0.21 million.

Non-trade receivables increased by RM0.38 million from RM0.40 million as at 31 December 2015 to RM0.78 million as at 30 June 2016 mainly due to increase in deposit paid for the purchase of machinery for hard rock mining.

Prepayments increased by RM5.15 million from RM4.73 million as at 31 December 2015 to RM9.88 million as at 30 June 2016 mainly due to the share application money of RM9.63 million placed with the escrow agent pending issuance of Placement Shares in respect of the Proposed Placement and increase in other prepayments by RM0.13 million. The increase in prepayment was partially set-off by the charge out of IPO listing expenses of RM4.61 million from the prepayment in 1H2016.

Equity

As at 30 June 2016, total equity amounted to RM37.99 million, comprising share capital of RM97.23 million, share application money pending allotment of RM9.63 million in respect of the Proposed Placement, merger reserve of RM15.65 million and accumulated losses of RM84.52 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 have been entirely eliminated, this results a merger reserve of RM15.65 million.

The Company had on 21 June 2016 entered into a subscription agreement with the Subscribers, pursuant to which the Subscribers will subscribe for, and the Company will allot and issue to the Subscribers an aggregate of 30,770,000 Placement Shares at an issue price of S\$0.104 per share to raise placement proceeds of S\$3,200,080. Share application money pending allotment of RM9,632,000 relates to the Placement Proceeds placed with the escrow agent on 21 June 2016. The Proposed Placement was completed on 22 July 2016.

Liabilities

Total liabilities of the Group decreased by RM24.41 million from RM30.55 million as at 31 December 2015 to RM6.14 million as at 30 June 2016. The decrease in total liabilities was mainly due to capitalisation of derivative financial instruments into equity of RM23.91 million, decrease in trade and other payables by RM0.70 million due to settlement of prior year's accruals in 1H2016 and increase in finance lease liabilities of RM0.20 million due to new finance lease for motor vehicles in 1H2016.

Cash flows

Net cash absorbed by operations, representing net cash used in operating activities

In 1H2016, the Group recorded a net cash outflow for operating activities of RM16.36 million. The net operating cash outflow was mainly due to operating losses before working capital changes of RM18.07 million, adjusted for working capital inflow of RM1.71 million, mainly attributable to the increase in non-trade receivables of RM0.38 million and increase in prepayments of RM5.15 million. Decrease in inventory of RM0.10 million and increase in trade and other payables of RM7.14 million.

For illustrative purposes, assuming the following one-off and non-recurring expenses are excluded:

- IPO listing expenses of RM13.54 million in 1H2016
- Finance cost on equity for anti-dilution holder of RM0.38 million in 1H2016

The net cash outflow from operating activities in 1H2016 would have been RM2.44 million.

Net cash used in investing activities

In 1H2016, the Group recorded a net cash outflow for investing activities of RM0.83 million. This was mainly due to the purchase of property, plant and equipment of RM0.69 million, additional to mining properties of RM0.19 million for the Lubuk Mandi Mine and RM0.05 million proceeds received from disposal of property, plant and equipment.

Net cash generated from financing activities

In 1H2016, the Group recorded a net cash inflow from financing activities of RM23.05 million. This mainly comprised gross proceeds of RM21.53 million raised from the IPO and RM9.63 million of share application money pending allotment in respect of the Proposed Placement and net of share issue expenses of RM8.12 million in respect of the IPO.

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.

The Group expects gold prices to fluctuate depending on the global economy and US interest rate. Gold prices had declined to multi-year lows of less than US\$1,050 per ounce in December 2015 and had increased and maintained above US\$1,200 per ounce since February 2016.

The Group is conducting preparation works for the hard rock mining at the Lubuk Mandi Mine including the dewatering of the main pit and the purchase of additional the plant and machinery.

On 27 June 2016, the Group announced its proposed acquisition of GGT Manufacturing Sdn. Bhd. ("**Proposed Acquisition**") to diversify into the new business of mining and quarry

extraction of dimension stone granite as well as architectural stone and interior fit-out (“**Proposed Diversification**”). The Proposed Acquisition and Proposed Diversification are *inter alia*, subject to approvals from independent shareholders and SGX-ST.

11. Dividend

If a decision regarding dividend has been made:-

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

None.

- (b) Amount per share (sen) and previous corresponding period (sen).**

Not applicable.

- (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.

No dividend has been declared or recommend.

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 does not have a general mandate from its shareholders for IPT.

During 2Q2016, the Group did not enter into any IPT of more than S\$100,000.

14. (i) Use of IPO proceeds

As at 8 August 2016, the status on the use of the IPO net proceeds is as follow:

Purpose	Amount allocated S\$'000	Amount Utilised S\$'000	Balance S\$'000
Further exploration at the Lubuk Mandi Mine and the Bukit Panji Property	500	-	500
Development of the Lubuk Mandi Mine and the Bukit Panji Property and investment in mining-related infrastructure and equipment	500	121	379
Expansion of our gold processing capacity	2,100	927	1,173
Expansion of our business and operations	300	300	-
General working capital ⁽¹⁾	1,200	1,200	-
Listing expenses	2,600	2,600	-
Total	7,200	5,148	2,052

Note:

(1) For general corporate and administrative expenses

(ii) Use of Placement Proceeds

As at 8 August 2016, the status on the use of the placement proceeds from the Proposed Placement completed on 22 July 2016 is as follow:

Purpose	Amount allocated S\$'000	Amount Utilised S\$'000	Balance S\$'000
Acquisition expenses	1,500	352	1,148
General working capital ⁽¹⁾	1,500	439	1,061
Fund raising expenses	200	200	-
Total	3,200	991	2,209

Note:

(1) For general corporate and administrative expenses

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

15a. Rule 705(6)(a) of the Catalyst Listing Manual

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

For the previous quarter (financial period from 1 April 2016 to 30 June 2016 ("2Q2016"), 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	942	3,000	(2,058)	(1)
Payment for mining related infrastructure and equipment	326	750	(424)	(2)
Royalty	50	132	(82)	(3)
IPO listing expenses	2,108	477	1,631	(4)
Acquisition expenses	288	-	288	(5)
General working capital	3,010	2,550	460	(6)
Total	6,724	6,909	(185)	

- (1) The actual payment for property, plant and equipment was lower than the projected payment by RM2.06 million as the delivery and payment of the plant and equipment for hard rock mining was delayed to the next immediate quarter.
- (2) The actual payment for mining related infrastructure and equipment was lower than expected as the further construction of the waste water facilities is expected to commence in next immediate quarter.
- (3) The actual payment of royalty was lower than the projected amount due to timing difference between invoice from the relevant authority and actual sales of gold.
- (4) The actual payment of IPO listing expenses was higher than the projected amount due to higher IPO related expenses.
- (5) Acquisition expenses related to the payment of professional fees for the Proposed Acquisition announced on 27 June 2016.
- (6) The actual payment of general working capital was higher than the projected amount mainly due to higher general corporate and administrative expenses.

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 2016 to 30 September 2016 (“3Q2016”), 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	3,468
Payment for mining related infrastructure and equipment	129
Royalty	196
Acquisition expenses	918
General working capital	3,134
Total	7,845

The Group’s development and production plans at the Lubuk Mandi Mine for 3Q2016 are as follows: -

- a. installation for processing equipment for hard rock mining;
- b. site preparation for hard rock mining which include further improvement of infrastructure of the mine and also dewatering of main pit;
- c. hiring of suitable personnel and training of site staff in preparation for hard rock mining activities; and
- d. upgrading security system at site for hard rock processing.

For further detailed information on the Group’s development plan, please refer to the sections entitled “General Information on Our Group – Business Strategies and Future Plans” of the Company’s Offer Document.

15b. 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.

16a. 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;

In 2Q2016, there was no capitalisation for exploration and evaluation expenditures as there was no exploration and mining development activity being carried out by the Group.

However, we carried out activities related to development of hard rock mining. Access road was improved and dewatering activities at the main pit of the Lubuk Mandi Mine was also commissioned in the preparation of hard rock mining. Equipment for hard rock mining were purchased and ordered.

In the 2Q2016, following were incurred for the above-mentioned activities:

	(RM'000)
Deposits paid / payment for property, plant and equipment	726
Development of access roads and dewatering of main pit	326
Total	1,052

16b. 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.

The Company had disclosed in its annual report for the financial year ended 31 December 2015 a summary of reserves and resources as at 30 September 2015 (being the effective date of the Independent Qualified Person's Report) and included a reference to the Offer Document on Catalodge where shareholders may obtain a copy of the Independent Qualified Person's Report dated 3 December 2015 ("IQPR"). As at 30 June 2016, the Company has no material updates on the IQPR.

17. 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.

18. 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 first half yearly ended 30 June 2016 to be false or misleading in any material aspect.

By Order of the Board
ANCHOR RESOURCES LIMITED

Lim Chiau Woei
Managing Director

Chan Koon Mong
Executive Director

12 August 2016