



ANCHOR RESOURCES LIMITED

(Company Registration No.: 201531549N)
(Incorporated in the Republic of Singapore)

**Unaudited Financial Statement Announcement
For Half Year Ended 30 June 2020**

*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 Catalyst.*

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 2020 RM'000 (Unaudited)	30 June 2019 RM'000 (Unaudited)	Increase/ (Decrease) %
Revenue	49	1,955	(97.49)
Other income ⁽¹⁾	674	490	37.55
Raw materials and consumables used	(227)	(329)	(31.00)
Change in inventories	1,580	485	225.77
Contractor expenses	-	(504)	n.m
Royalty fees ⁽¹⁾	(423)	(497)	(14.89)
Depreciation and amortisation expenses	(1,356)	(1,366)	(0.73)
Employee benefits expenses	(1,791)	(2,697)	(33.59)
Short term lease expenses	(28)	(94)	(70.21)
Other expenses	(2,694)	(2,640)	2.05
Finance costs	(1,816)	(2,093)	(13.23)
Loss before income tax	(6,032)	(7,290)	(17.26)
Loss for the financial period	(6,032)	(7,290)	(17.26)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency exchange differences arising on translating foreign operation	(32)	(19)	68.42
Other comprehensive income for the financial period, net of tax	(32)	(19)	68.42
Total comprehensive income for the financial period	(6,064)	(7,309)	(17.03)
Net loss attributable to owners of the parent	(6,032)	(7,290)	(17.26)
Total comprehensive loss attributable to owners of the parent	(6,064)	(7,309)	(17.03)

Note:

- (1) Reclassification of royalty fee income of RM0.48 million from royalty fee expense has been made to the 1H2019 results to enhance comparability with 1H2020 results.

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

	Group		
	Six Months Ended		
	30 June 2020 RM'000 (Unaudited)	30 June 2019 RM'000 (Unaudited)	Increase / (Decrease) %
Loss for the period is stated at after (charging) / crediting the following:			
Other income	674	490	37.55
Depreciation and amortisation expenses	(1,356)	(1,366)	(0.73)
Operating lease expenses	(28)	(94)	(70.21)
Legal and professional fees	(1,316)	(730)	80.27
Foreign exchange loss net	(214)	(191)	12.04
Allowance for impairment loss on receivables, net	30	-	n.m
Finance costs	(1,816)	(2,093)	(13.23)

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 2020 RM'000 (Unaudited)	31 December 2019 RM'000 (Audited)	30 June 2020 RM'000 (Unaudited)	31 December 2019 RM'000 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	14,856	15,982	3	4
Mine properties	14,733	14,963	-	-
Investment in subsidiaries	-	-	131,217	116,657
	29,589	30,945	131,220	116,661
Current assets				
Inventories	2,120	651	-	-
Trade and other receivables	7,951	7,400	-	-
Amount due from a subsidiary	-	-	1,811	15,664
Prepayments	106	152	-	9
Cash and cash equivalents	1,888	1,735	306	2
	12,065	9,938	2,117	15,675
Total assets	41,654	40,883	133,337	132,336
EQUITY AND LIABILITIES				
Equity				
Share capital	259,101	257,987	259,101	257,987
Merger reserve	(102,649)	(102,649)	-	-
Currency translation reserve	(10)	22	-	-
Accumulated losses	(156,224)	(150,192)	(151,442)	(148,000)
Total equity	218	5,168	107,659	109,987
LIABILITIES				
Current liabilities				
Trade and other payables	15,170	10,893	4,550	2,125
Amount due to a subsidiary	-	-	5,331	5,290
Lease liabilities	492	485	-	-
Borrowings	20,202	18,858	11,081	10,476
Total current liabilities	35,864	30,236	20,962	17,891
Non-current liabilities				
Lease liabilities	856	1,021	-	-
Borrowings	4,716	4,458	4,716	4,458
Total non-current liabilities	5,572	5,479	4,716	4,458
Total liabilities	41,436	35,715	25,678	22,349
Total equity and liabilities	41,654	40,883	133,337	132,336

(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 2020		As at 31 December 2019	
Secured RM'000 (Unaudited)	Unsecured RM'000 (Unaudited)	Secured RM'000 (Audited)	Unsecured RM'000 (Audited)
8,283	12,411	7,992	11,351

Amount repayable after one year

As at 30 June 2020		As at 31 December 2019	
Secured RM'000 (Unaudited)	Unsecured RM'000 (Unaudited)	Secured RM'000 (Audited)	Unsecured RM'000 (Audited)
658	4,914	749	4,730

Details of any collateral

The Group's secured borrowings as at 30 June 2020 comprised guaranteed non-convertible bonds and certain lease liabilities. The guaranteed non-convertible bonds due in October 2020 with aggregate principal amounts of S\$1,903,000 and S\$750,000 are guaranteed by the Company's Managing Director, Mr. Lim Chiau Woei. Certain lease liabilities are secured by certain Group's plant and machinery and motor vehicles with a net carrying amount of RM1,251,816 as at 30 June 2020 (31 December 2019: RM1,424,295).

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 2020 RM'000 (Unaudited)	30 June 2019 RM'000 (Unaudited)
Operating activities		
Loss before income tax	(6,032)	(7,290)
Adjustments for:		
Depreciation and amortisation expenses	1,356	1,366
Interest expenses	1,816	2,093
Interest income	(4)	(5)
Allowance for impairment loss on receivables, net	(30)	-
Unrealised foreign exchange differences	211	194
Operating cash flows before working capital changes	(2,683)	(3,642)
Working capital changes:		
Inventories	(1,469)	(64)
Trade and other receivables	(475)	(4,684)
Prepayments	46	12
Trade and other payables	4,920	(646)
Cash from / (used in) operations	339	(9,023)
Income tax refunded	-	450
Net cash generated from / (used in) operating activities	339	(8,573)
Investing activities		
Purchase of property, plant and equipment	-	(119)
Interest received	4	5
Net cash generated from / (used in) investing activities	4	(114)
Financing activities		
Interest paid	-	(849)
Proceeds from issuance of new ordinary shares	-	9,387
Repayment of bonds	-	(7,345)
Repayment of lease liabilities	(185)	(282)
Proceeds from issuance of secured bond	-	2,668
Net cash generated from / (used in) financing activities	(185)	3,579
Net change in cash and cash equivalents	158	(5,108)
Exchange difference on cash and cash equivalents	(5)	(24)
Cash and cash equivalents at beginning of financial period	1,735	7,153
Cash and cash equivalents at end of financial period	1,888	2,021

Cash and cash equivalents comprised of:

	Group	
	Six Months Ended	
	30 June 2020 RM'000 (Unaudited)	30 June 2019 RM'000 (Unaudited)
Fixed deposit ⁽¹⁾	317	119
Cash and bank balances	1,571	1,902
Cash and cash equivalents as per statements of financial position ⁽²⁾	1,888	2,021
Cash and cash equivalents as per consolidated statement of cash flows	1,888	2,021

Notes:

- (1) The effective interest rate of fixed deposit was 0.05% to 3.90% (1H2019: 0.05% to 3.90%) per annum during the 6 months ended 30 June 2020 (“**1H2020**”) and with maturity of one month (1H2019: 6 months). The Group’s fixed deposit is readily convertible to cash at minimal cost.
- (2) Inclusive of trust deposit of RM1.30 million as at 30 June 2020 (1H2019: RM1.40 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 and continue indefinitely, unless there is a mutual understanding to terminate the MOU.

Reconciliation of liabilities arising from financing activities:

	1 January 2020 RM'000	Principal and interest repayment RM'000	Transaction costs paid RM'000	Non-cash changes			30 June 2020 RM'000
				Interest expense RM'000	Foreign exchange movement RM'000	Additions of property, plant and equipment under finance leases RM'000	
Lease liabilities	1,506	(185)	-	27	-	-	1,348
Guaranteed bonds ⁽¹⁾	7,647	(408)	-	622	74	-	7,935
Exchangeable bond ⁽²⁾	8,382	-	-	660	79	-	9,121
Non-guaranteed bonds ⁽²⁾	7,287	-	-	507	68	-	7,862

	1 January 2019 RM'000	Principal and interest repayment RM'000	Transaction costs paid RM'000	Non-cash changes			30 June 2019 RM'000
				Interest expense RM'000	Foreign exchange movement RM'000	Additions of property, plant and equipment under finance leases RM'000	
Lease liabilities	1,755	(282)	-	61	-	146	1,680
Guaranteed bonds	13,657	(7,839)	(61)	1,463	56	-	7,276
Exchangeable bond	7,916	(151)	-	311	55	-	8,131
Non-guaranteed bonds	4,444	2,547	(21)	261	29	-	7,260

Notes:

- (1) The Company had entered into a Variation Agreement on 3 April 2020 to extend the time for repayment of Guaranteed Bond II (“**GB II**”) for the amount of S\$750,000 and Guaranteed Bond III (“**GB III**”) for the amount of S\$1,903,000 due and payable by the Company from 3 April 2020 to 3 October 2020. Subsequently, the Company has further entered into deeds of variation and settlement agreements on 12 July 2020 to settle the GB II by way of (i) cash payment; and/or (ii) the issuance of new shares in the capital of the Company at an issue price of S\$0.0055 per Share. An extraordinary general meeting will be convened to seek the approval of the shareholders of the Company for the proposed settlement. For details, please refer to the Company’s announcements dated 5 April 2020, 16 June 2020 and 12 July 2020.
- (2) The Company had entered into a deed of settlement with the holders of the Group’s Non-Guaranteed Bond I (“**NGB I**”), Non-Guaranteed Bond II (“**NGB II**”) and Exchangeable Bond (“**EB**”) by way of issuance of up to 249,200,000 new shares in the capital of the Company and disposal of Angka Alamjaya Sdn. Bhd. (“**AASB**”), which is the subsidiary involved in the gold mining segment of the Group. An extraordinary general meeting will be convened to seek the approval of the shareholders of the Company for the proposed settlement. For details, please refer to the Company’s announcement on 29 April 2020.

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 2020	257,987	(102,649)	22	(150,192)	5,168
Loss for the financial period	-	-	-	(6,032)	(6,032)
Other comprehensive income for the financial period:					
Foreign currency translation differences	-	-	(32)	-	(32)
Total comprehensive income for the financial period	-	-	(32)	(6,032)	(6,064)
Transaction with owners:					
Issuance of new ordinary shares Pursuant to bonds extension	1,114	-	-	-	1,114
Total transactions with owners	1,114	-	-	-	1,114
Balance at 30 June 2020	259,101	(102,649)	(10)	(156,224)	218
(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 placements	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

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 2020	257,987	(148,000)	109,987
Loss for the financial year	-	(3,442)	(3,442)
Total comprehensive income for the financial period	-	(3,442)	(3,442)
Transaction with owners:			
Issuance of new ordinary shares Pursuant to bonds extension	1,114	-	1,114
Total transactions with owners	1,114	-	1,114
Balance at 30 June 2020	259,101	(151,442)	107,659
(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 placements	9,387	-	9,387
Total transactions with owners	9,387	-	9,387
Balance at 30 June 2019	257,987	(89,960)	168,027

- 1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, subdivision, consolidation, 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 2019	1,244,282,813	83,213	257,987
Issuance of new shares	75,680,000 ⁽¹⁾	363	1,114
As at 30 June 2020	1,319,962,813	83,576	259,101

Notes:

- (1) The Company had on 16 June 2020 issued 75,680,000 new ordinary shares in the Company pursuant to variation agreement dated 3 April 2020 to extend the repayment maturity date of GB II and GB III from 3 April 2020 to 3 October 2020.

As at 30 June 2020, the Company does not have any outstanding convertibles.

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

- (a) 128,500,000 free unlisted warrants expired on 3 May 2020, which can be converted into 128,500,000 new fully paid shares of the Company; and
- (b) EB in an aggregate principal amount of S\$2.0 million matured on 25 August 2019 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).

The Company does not have any treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019.

- 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 2020 (Unaudited)	Company As at 31 December 2019 (Audited)
Total number of issued shares	1,319,962,813	1,244,282,813
Treasury shares	-	-
Total number of issued shares, excluding treasury shares	1,319,962,813	1,244,282,813

The Company does not have any treasury shares as at 30 June 2020 and 31 December 2019.

- 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.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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.**

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 2019.

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 2020.

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

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 2020 RM'000 (Unaudited)	30 June 2019 RM'000 (Unaudited)
Loss attributable to owners of the Group (RM'000)	(6,032)	(7,290)
Weighted average number of ordinary shares	1,250,520,176	1,138,435,322
Basic loss per ordinary share:		
- RM sen	(0.48)	(0.64)
- S\$ cent ⁽¹⁾	(0.16)	(0.21)
Adjusted weighted average number of ordinary shares ⁽²⁾	1,250,520,176	1,138,435,322
Diluted loss per ordinary share:		
- RM sen	(0.48)	(0.64)
- S\$ cent ⁽¹⁾	(0.16)	(0.21)

Notes:

- (1) Translated at an exchange rate S\$1:RM3.0677 for 1H2020 and S\$1:RM3.0563 for 1H2019, respectively.
- (2) No adjustment was made as the Group was in a loss-making position for 1H2020 and 1H2019. As such, the potential ordinary shares to be converted arising from the outstanding convertibles as at 30 June 2019 were anti-dilutive. There are no outstanding convertibles as at 30 June 2020.

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 2020 (Unaudited)	31 December 2019 (Audited)	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Net asset value ⁽¹⁾ (RM'000)	218	5,168	107,659	109,987
Number of shares at the end of the period	1,319,962,813	1,244,282,813	1,319,962,813	1,244,282,813
Net asset value per share:				

- RM sen ⁽²⁾	0.02	0.42	8.16	8.84
- S\$ cent ⁽²⁾	0.01	0.14	2.66	2.91

Notes:

- (1) Net asset value represents total assets less total liabilities.
(2) Translated at an exchange rate of S\$1:RM3.0677 as at 30 June 2020 and S\$1:RM3.0412 as at 31 December 2019, 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 1H2020 as compared to 1H2019.

Revenue

The Group recorded revenue of RM0.05 million in 1H2020 as compared to revenue of RM1.96 million in 1H2019. Revenue decreased by RM1.91 million (97.49%) mainly due to no sales recorded for semi-processed gold concentrated ore by AASB. The tailing processing plant stopped operating due to scheduled maintenance and subsequently Movement Control Order (“MCO”) notice issued by Government of Malaysia due to the COVID-19 pandemic. GGTM Sdn. Bhd. (“GGTM”) recorded RM0.05 million in sales of granite to Indonesia. GGTM's granite sales also impacted due to travel restriction arising from COVID-19 and were minimal in 1H2020.

Other income

Other income comprised interest income on fixed deposit, administrative fee, government wages subsidy, insurance claim and royalty fee income to Great Aims Resources Sdn. Bhd. (“GAR”). The Group recorded other income of RM0.67 million for 1H2020, representing an increase of RM0.18 million (37.55%) from RM0.49 million for 1H2019. The increase was mainly due to the receipt of government wages subsidy in combating COVID-19 pandemic of RM0.09 million and insurance claim of RM0.09 million on a motor vehicle accident.

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 decreased by RM2.98 million (30.61%) to RM6.76 million in 1H2020 from RM9.74 million in 1H2019. The decrease in total operating expenses was mainly due to the following:

- Decreased raw materials and consumables used of RM0.10 million (31.00%) in 1H2020 as compared to 1H2019, arose from lower usage of chemical and raw material, as tailing processing operation stopped for schedule maintenance and the MCO.
- Increased inventories of Work In Progress (“WIP”) for semi-processed gold

concentrated ore of RM1.62 million in 1H2020 compared with RM0.55 million in 1H2019 as the tailing processing operation restarted from 13 May 2020 following approval by local authorities. The increase was offset by a decrease of granite blocks of RM0.04 million during 1H2020.

- Decreased contractor expenses of RM0.50 million in 1H2020 as compared to 1H2019, as no semi-processed gold concentrated ore were sold; and no production by GGTM as workers of Jianning County Huasheng Stone Co., Ltd. (“**Huasheng**”) were not able to return to Malaysia due to the COVID-19 travel restrictions by Malaysia government in 1H2020.
- Decreased royalty fee expense of RM0.07 million (14.89%) in 1H2020 as compared to 1H2019 was resulted from lower sales in granite and no semi-processed gold concentrated ore being sold in 1H2020
- Decreased employee benefits expenses of RM0.91 million (33.59%) in 1H2020 as compared to 1H2019 was mainly due to reduction of directors’ fee and remuneration.
- Decreased operating lease expenses of RM0.07 million (70.21%) in 1H2020 as compared to 1H2019 as GGTM had stopped rental of genset since December 2019.
- Increased other expenses of RM0.05 million (2.05%) in 1H2020 as compared to 1H2019 mainly due to the increase in professional fee and bond extension fee of RM0.60 million. The increased expenses were offsetted against: (i) decreased diesel usage of RM0.12 million for machinery used in gold mining and granite quarry sites, (ii) decreased utilities expenses of RM0.19 million from the gold mining site for tailing process, (iii) decreased freight and transportation expenses of RM0.06 million from low granite sales volume, (iv) decreased administrative expenses of RM0.07 million, and (v) decreased travelling expenses of RM0.15 million.
- Decreased finance costs of RM0.28 million (13.23%) in 1H2020 as compared to 1H2019 was mainly due to the partial redemption of GB II and GB III bonds in FY2019.

The Group incurred net loss of RM6.03 million and RM7.29 million in 1H2020 and 1H2019, 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 2020 as compared to 31 December 2019.

Assets

Property, plant and equipment (“**PPE**”) decreased by RM1.12 million from RM15.98 million as at 31 December 2019 to RM14.86 million as at 30 June 2020 due to depreciation of PPE in 1H2020.

Mine properties decreased by RM0.23 million from RM14.96 million as at 31 December 2019 to RM14.73 million as at 30 June 2020 due to amortisation of mine properties in 1H2020.

Inventories increased by RM1.47 million from RM0.65 million as at 31 December 2019 to RM2.12 million as at 30 June 2020 mainly as a result of increased WIP for semi-processed gold concentrated ore produced in 1H2020 and delivery to customer in July 2020.

Trade and other receivables increased by RM0.55 million from RM7.40 million as at 31

December 2019 to RM7.95 million as at 30 June 2020 mainly due to royalty fee income charged to GAR amounting to RM0.48 million.

Equity

As at 30 June 2020, total equity amounted to RM0.22 million, comprising share capital of RM259.10 million, negative merger reserve of RM102.65 million, negative translation reserve of RM0.01 million and accumulated losses of RM156.22 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 decreased by RM4.95 million mainly as a result of (i) increased accumulated losses of RM6.03 million and (ii) decreased translation reserve of RM0.03 million, offsetted by an increased share capital of RM1.11 million.

Liabilities

Total liabilities increased by RM5.72 million from RM35.72 million as at 31 December 2019 to RM41.44 million as at 30 June 2020. The increase in total liabilities was mainly due to the followings:

- a. Increase in borrowings of RM1.60 million mainly due to bonds interest incurred in 1H2020 of RM1.79 million and foreign exchange loss of RM0.22 million, which offset with repayment of RM0.41 million.
- b. net repayment of lease payables amounting to RM0.16 million;
- c. increase in trade and other payables of RM4.28 million mainly due to the followings:
 - i. Refundable deposit of S\$0.645 million (equivalent to RM1.98 million) received from Koh Ah Luan from the proposed disposal of AASB;
 - ii. Support loan from controlling shareholders Mr Lim Chiau Woei of RM0.59 million;
 - iii. Increase in other payables of RM0.45 million;
 - iv. Accrual of royalty expenses of RM0.42 million; and
 - v. Accrual of director remuneration of RM0.45 million.

Negative working capital

The Group had net current liabilities of RM23.80 million as at 30 June 2020 as compared to RM20.30 million as at 31 December 2019. The Group net current liabilities arose mainly as a result of bonds payable, consisting of GB II of S\$0.75 million (equivalent to RM2.30 million), GB III of S\$1.90 million (equivalent to RM5.83 million), NGB II of S\$1.03 million (equivalent to RM3.16 million) and EB of S\$2.97 million (equivalent to RM9.11 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, assuming on completion of the following:

- a. The holders of the Group's NGB I, NGB II and EB had entered into a deed of settlement by way of issuance of up to 249,200,000 new shares in the capital of the Company and disposal of Angka Alamjaya Sdn. Bhd. ("AASB"), which is the subsidiary involved in the gold mining segment of the Group. The disposal of AASB will allow the Group to dispose of its capital-intensive and loss-making gold mining business. An extraordinary general meeting will be convened to seek the approval of the shareholders of the Company for the proposed settlement. For details, please refer to the Company's announcements dated 29 April 2020;
- b. The Company had entered into deeds of variation and settlement on 12 July 2020 to settle the GB II by way of (i) cash payment; and/or (ii) the issuance of new shares in the

capital of the Company at an issue price of S\$0.0055 per Share. An extraordinary general meeting will be convened to seek the approval of the shareholders of the Company for the proposed settlement. For details, please refer to the Company's announcements dated 5 April 2020, 16 June 2020 and 12 July 2020;

- c. The maturity date of the Group's GB III for the amount of S\$1,903,000 has been further extended to 3 October 2020 and the Company is looking to raise additional funds to retire entire amount of GB III. For details, please refer to the Company's announcements dated 5 April 2020 and 16 June 2020;
- d. 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
- e. The Group plans to raise additional funds of RM10 million by assigning its concession right at Bukit Machang, Terengganu, held by GGTM. A Heads of Agreement has been signed, as announced on 5 June 2020, and this transaction is subject to the finalization and signing of a Definitive Agreement.

Cash flows

Net cash generated from operating activities

In 1H2020, the Group recorded a net cash inflow for operating activities of RM0.34 million. The net operating cash inflow was mainly due to operating losses before working capital changes of RM2.68 million and adjusted for working capital inflow of RM3.02 million. Working capital inflow is mainly attributable to the increase in trade and other payables of RM4.92 million and decrease in prepayment of RM0.05 million, offsetted with an increase in trade and other receivables by RM0.48 million and increase in inventories by RM1.47 million.

Net cash generated from investing activities

In 1H2020, the Group recorded a net cash inflow for investing activities of approximately RM4,000 from interest income arising from fixed deposits.

Net cash used in financing activities

In 1H2020, the Group recorded a net cash outflow from financing activities of RM0.19 million as a result of repaying lease liabilities of the same amount.

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

Due to COVID-19 pandemic, the Group's plans on increasing the tailing production by adding a second line of tailings processing plant in Lubuk Mandi Mine and expand its tailing business to Kelantan had been delayed. The expected underground hardrock production in year 2020 also does not have any material development(s) as the GAR workers were not being able to return to site due to the COVID-19 travel restrictions.

As the Group plans to transfer its AASB's shares to a group of bondholders as part of a settlement agreement for the bonds and exit the gold mining business, the expansion plans for gold mining business and underground hardrock production will no longer be part of the Group's strategy going forward.

- 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 Gold Mine

The Group planned to transfer AASB's shares to a group of bondholders as settlement of the amount outstanding under the respective bonds. In addition, the Company decided to dispose of its balance shareholding in AASB for a consideration of S\$645,000, and hence exit the gold mining business. The Company will continue to manage the AASB gold mining business on a transition period for a service fee of 4.5% on AASB's revenue for one (1) year commencing from the completion date of the bonds' settlement.

Bukit Chetai Granite Mine

The workers in GGTM's contractor for the mining operations are still currently unable to return to Malaysia due to the COVID-19 travel restriction by Malaysia government. As such, there will be no material development at the Bukit Chetai granite mine until the return of the workers.

The Package A of East Coast Rail Link ("**ECRL**") is expected to commence in 2H2020, after an approval to start construction works was granted to Malaysia Rail Link Sdn. Bhd., the project owner of ECRL, by the Malaysian Land Public Transport Agency on 14 May 2020. The Company is working with the site owner and ECRL site manager to prepare for tenders for the project; and the machineries and infrastructure to supply quarry aggregates of 20mm and ballast to the Pengkalan Berangan's ECRL stations in Terengganu.

The timeline to supply the quarry aggregates to Brunei's Pulau Muara Besar Refinery project was delayed due to COVID-19 pandemic as Brunei has imposed travel restrictions which has affected the workers from China working at the project site. The management have been continuously communicating with SIVLI Sdn. Bhd. in Brunei on the development of the Pulau Muara Besar Refinery project.

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 1H2020.

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

Not applicable. No dividend was declared or recommended for 1H2019.

- (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 1H2020 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 1H2020.

14. 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.

15. Change in the composition of the Group

Save as disclosed below, there were no other changes in the composition of the Group during the current financial period under review.

The Company had, on 27 February 2020 incorporated three (3) new wholly-owned subsidiary companies in Malaysia, known as ARS Consolidated Sdn. Bhd. ("ARSSB"), ARG Consolidated Sdn. Bhd. ("ARGSB") and AAKG Mining Sdn. Bhd. ("AAKG") with share capital and number of issued share of RM1.00, comprising 1 ordinary share, respectively.

Its intended principal activity is that of:

ARSSB	1) Trading of stone related products 2) Granite producer and sales of granite and related products 3) Investment holding
ARGSB	1) Trading of gold related products 2) Gold producer and sales of gold products 3) Investment holding
AAKG	1) Gold and related mineral mining 2) Consultant and contractor of natural resources 3) Investment holding

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 2020 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 Catalyst Listing Manual

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

For the quarter financial period from 1 April 2020 to 30 June 2020 (“**2Q2020**”), 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	24	22	2	
Royalty	-	210	(210)	(1)
General working capital	1,785	1,853	(68)	(2)
Total	1,809	2,085	(276)	

- (1) There was no royalty payment for current quarter, as discussion regarding repayment arrangement for royalty and contract is still on-going.
- (2) Actual payment of general working capital was RM1.79 million, slightly lower than the projected amount mainly due to Malaysia Government Employer COVID-19 Assistance Program which allowed the deferment of certain statutory contribution.

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 2020 to 30 September 2020 (“**3Q2020**”), 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	19
Royalty	210
General working capital	2,438
Total	2,667

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 3Q2020 as follows: -

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

- b. Royalty expenditure of RM0.21 million.
- c. General working capital of RM2.44 million which consists of expected payment of (i) RM0.25 million for professional fee on bonds settlement arrangement, and (ii) the remaining RM2.19 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.

18. Rule 705(7) 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;

Lubuk Mandi Gold Mine

During 2Q2020, Lubuk Mandi Mine resumed the operation on 13 May 2020 for semi-processed gold concentrate production from tailing materials as conditions of the MCO were relaxed by the Government. A total of 17,182 dry tonnes of tailings materials were being processed. Total gold concentrate ore produced was 375 tonnes approximately with an average of 37.5 gram of gold per tonnes of semi-processed gold concentrated ore.

Great Aims Resources Sdn. Bhd. ("GAR") was not able to conduct the underground exploration works in 2Q2020 due to the underground workers not being able to return to site due to the COVID-19 travel restrictions.

Bukit Chetai Granite Mine

The GGTM's contractor were not able to return to Malaysia due to the COVID-19 travel restrictions. Therefore, the Bukit Chetai Mine did not produce block, tiles and joggle pavers in 2Q2020.

By Order of the Board
ANCHOR RESOURCES LIMITED

Lim Chiau Woei
Managing Director

Chan Koon Mong
Executive Director

6 August 2020