



**ANCHOR GROUP LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 2009/005413/06)

("Anchor" or "the Company")

ISIN Code: ZAE000193389

JSE Code: ACG

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**ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015 AND DECLARATION OF DIVIDEND NUMBER 4**

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**HIGHLIGHTS**

- Adjusted HEPS up 83% to 55.1 cents per share (30.1 cents to 31 December 2014).
- Adjusted Headline Earnings up 259% to R82.0 million (R22.8 million to 31 December 2014).
- Assets under management and advice grew by 297% to R34.1 billion (R8.6 billion at 31 December 2014).
- Material acquisitions of Methwold Investments ("RCI") and The Portfolio Bureau (Portfolio Bureau"), with remaining cash and cash equivalents and short term investments balance of R430 million.
- Declaration of final dividend of 16 cents per share (12 cents in 2014).
- Total dividends for the year of 27 cents per share (15 cents in 2014).

**COMMENTARY**

Anchor began managing assets in 2012 and has grown rapidly to reach group-wide assets at 31 December 2015 of R34.1 billion, up from R8.6 billion on 31 December 2014. These are primarily private client and retail assets, with recent growth in the corporate and institutional markets.

The asset management subsidiary Anchor Capital Proprietary Limited ("Anchor Capital"), which is the primary business in the group, runs segregated portfolios (both locally and internationally) and has a series of funds in both the Collective Investment Scheme ("CIS") and hedge categories. The long term strategy of Anchor is to become a major player in South African asset management, with an increasing focus on offshore investment. This will be achieved by both organic and acquisitive growth.

**RESULTS**

Anchor, its subsidiaries and associates ("the group") experienced an excellent 2015 and reported headline earnings per share approximately double the forecast in the September 2014 listing prospectus (27.65 cents). Over 87% of the growth in earnings per share was organic. RCI contributed 9% for seven months and Portfolio Bureau 3% for two months.

The turnover of the group grew by 175% to R226.3 million (2014: R82.3 million) for the year ended 31 December 2015. This was driven by growth in group-wide assets under management and advice, which ended the period at R34.1 billion. This R25.5 billion increase represents 297% growth on the assets under management of R8.6 billion at 31 December 2014. Of this increase, over 60% was organic growth and just under 40% was by way of acquisition. The assets are comprised of assets under management of R22.5 billion (31 December 2014: R7.3 billion) and assets under advice of R11.6 billion (31 December 2014: R1.3 billion).

Anchor does not own 100% of all of its subsidiaries. If one only includes Anchor's attributable share of assets under management the R22.5 billion reduces to R20.9 billion. The yield on average assets (R18.8 billion) for the period was 1.2% (2014: 1.6%), due to a change in the asset mix. Anchor continued to attract organic net inflows in excess of R500 million per month.

Costs grew by 172% to R146 million (2014: R54 million) which is primarily as a result of:

1. Variable costs growing in line with turnover;
2. The consolidation of the costs of newly acquired businesses;
3. A step-up in the cost base of the business related to its increase in size and particularly the costs of being listed;
4. New distribution staff and partnerships throughout the country to accelerate future growth;
5. Operations, compliance and system costs to enhance the client experience; and
6. Corporate finance and legal costs relating to acquisitions.

Turnover grew slightly faster than costs, resulting in an operating margin of 35.5% (2014: 34.8%). We believe the future sustainable operating margin is higher than that achieved in 2015.

Operating profits grew by 181% to R80.4 million (2014: R28.6 million).

The share of profits from equity accounted associates was R0.6 million (2014: R0.5 million). Anchor Securities (Pty) Ltd ("Anchor Securities"), a 22% associate, with a presence in Johannesburg and Durban, now has over R3.8 billion (2014: R2.7 billion) of discretionary and non-discretionary assets. This business incurred development expenses in its new Durban operation.

Comprehensive Income grew by 247% to R84.3 million (2014: R24.3 million).

Adjusted headline earnings per share grew 83% to 55.1 cents (2014: 30.1 cents). Adjusted headline earnings are calculated by the group in order to reflect the sustainable earnings of the group.

The business is highly cash generative and 93% of profits were generated in cash. The sharp increase in turnover saw an increase in working capital, although the nature of the business is such that trade debtors are generally paid within 10 days of month end.

Shareholders' equity grew to R714 million (2014: R353 million), as a result of the profit generated and the issue of new shares. The net asset value per share is 429 cents. Cash and other liquid instruments were R430 million at 31 December 2015.

## **OPERATIONAL REVIEW**

### **Asset management**

Anchor is proceeding well, with the growth in assets previously outlined. The business welcomed a record number of new clients and private client inflows remain strong. We are particularly pleased with growth from two new segments:

- Anchor Capital began marketing to pension funds and other institutional clients and the initial signs are positive. A number of institutional mandates were awarded.
- We received encouraging support from the financial advisor community and investments in Anchor-branded CIS (unit trust) assets increased by 255% to over R3.39 billion from R838 million at 31 December 2014.

Group marketing initiatives are proving effective and Anchor has achieved net inflows of over R500 million per month in 2015. The profile created by the listing of the business has had a material positive impact on the number of new clients joining Anchor Capital every day.

The investment performance of the Group has been excellent since inception and it is ahead of stipulated benchmarks across all investment mandates, both locally and offshore. The majority of assets are managed in segregated portfolios where the average client performance has been excellent. The Group's flagship CIS, the Anchor BCI Equity Fund, was the top performing unit trust in its category (out of +/-200) for the 12 months to 31 December 2015, with a return of 28% compared to a peer average of 1.6%. This is the second consecutive year that this fund achieved first place.

The Anchor product suite was expanded during the period under review and now includes the following:

- In the local CIS category; Anchor BCI Equity, Anchor BCI SA Equity, Anchor BCI Managed, Anchor BCI Worldwide Flexible, Anchor BCI Flexible Income, Anchor BCI Property, Anchor BCI Africa Flexible Income and the Anchor BCI Bond fund.
- Foreign CIS's on the Sanlam Ireland platform: Anchor Global Equity and Anchor Global Capital Plus. Both of these have local feeder funds.

Anchor has a long term strategy of being a meaningful South African asset management company and places a great deal of emphasis on fundamental research. Accordingly it has constructed a large investment team relative to its size. The group has 12 CA(SA)'s and 14 CFA charter holders/CFA-candidates among its 20-strong investment team.

### **Acquisitions**

With effect from 1 June 2015, Anchor acquired 100% of the issued share capital of RCI. For the initial 66% shareholding, R92 million was settled by means of a cash amount of R73 million and the balance of R19 million through the issue of 1.9 million shares at R10 per share. The remaining 34% will be paid for in four tranches based on a price earnings ratio of 8 times audited profit after taxation commencing from the year ending 31 December 2016. The risk and rewards for the 100% has passed to Anchor. The provisional Net Asset Value acquired was R1.6m. Only seven months of earnings are included in these results.

With effect from 1 November 2015, Anchor acquired 50% of Portfolio Bureau, for an aggregate subscription price of R125 million, which was settled through a cash payment of R93.75 million and the issue of 2.5 million Anchor shares at an issue price of R12.50 per Anchor share. The provisional Net Asset Value acquired was R2.9 million. Only two months of earnings are consolidated in these results.

### **ISSUE OF SHARES FOR CASH**

During August 2015, Anchor issued 20.4 million shares for cash at a price of R12.50, raising R255 million. These shares were listed on 31 August 2015. This cash was raised in order to ensure that Anchor had sufficient cash to fund its planned acquisition strategy.

## STRATEGY AND NEW INITIATIVES

Anchor is in its fifth year of existence and continues to make excellent progress. Anchor is a young and dynamic asset management business, which maintains its focus on quality and investment excellence, but also aims to do things differently and challenge the status quo. The private client market in South Africa has shown a strong appetite to support a new player, but to penetrate other segments of the market, longer track records are often required. The company now has a four year track record in its current form and some of its CIS products are close to a three year track record. As the track record lengthens and the asset base grows, we become a viable asset management alternative for bigger pools of assets. This is an industry where size begets size and we are encouraged by the early successes in winning mandates with bigger clients. Our critical mass has enabled us to conclude deals with South Africa's major LISP's, which increases access to a broader set of potential investors.

Anchor Capital has taken a non-traditional approach to building an asset management business by investing heavily in marketing and distribution capabilities from inception, which is bearing fruit through the growth of assets under management, and consequent financial leverage.

The Anchor Group's strategy is as follows:

### **1. To build a world-class investment product range across asset classes and geographies:**

- This is now close to complete and Anchor now has a CIS product range which will service all investment needs, managed by a now well-established, extremely competent and strongly performing investment process.
- Anchor hired a fixed income team in 2015 and has built further capacity and capability in the hedge and offshore categories, both organically and acquisitively. The focus now is to leverage off this product offering by increasing assets under management.
- There is a strong focus on offshore, both for funds which are Rand-based and for funds which have been externalised.

### **2. To build distribution capacity and capability to generate growth in assets under management. This will be achieved in two ways:**

- Marketing to traditional channels who outsource the asset management function to third party asset managers. This includes financial advisors, institutional investors, multi-managers and fund-of-funds. We continue to add high quality personnel to this pursuit.
- Marketing directly to clients, primarily in the private client space. We continue to employ individuals who can attract assets and have over 25 high quality individuals who sign on clients. We will also pursue partnerships and acquisitions of businesses which have a distribution capability and existing client base. This strategy will prevail into 2016.

Aside from initiatives already mentioned, current and planned initiatives and achievements include:

- **Anchor Financial Services:** This business has been formed with a focus on building assets under management for Anchor Capital. In line with evolving regulations, distribution and asset management are best practiced in separate entities. Anchor Financial Services is spearheading the Group's thrust into the institutional and financial advisory markets through a combination of organic growth and strategic acquisitions and partnerships.

- **Utilising information technology:** The Group has been appointed as the asset manager to Bizank, a new internet-based investment offering, targeting the 25 to 35 year-old category. It aims to be first to market in this category in South Africa. The proliferation of so-called “robo-advisors” is a global phenomenon and Bizank is set to be a major player in this space in South Africa. Bizank will launch imminently.
- **Expanding geographies:** Anchor is expanding its sales and portfolio management capabilities geographically. We have critical mass in Johannesburg, but aim to add professionals in our Cape Town, Durban and Pretoria offices. The sales force more than doubled over the course of 2015 and will expand further in 2016.

## PROSPECTS

The prospects for 2016 are positive.

The key driver for the business is assets under management, which averaged R18.8 billion for the 2015 financial year. The 2016 financial year began with R34.1 billion of assets under management. Assets under management and advice were in excess of R40 billion on 1 March 2016 due to new inflows and the acquisition of 47.4% of Capricorn Fund Managers. The results for the forthcoming year will also be influenced by:

- The performance of local and global markets and Anchor's relative performance;
- The inclusion of RCI for a full year, compared to seven months in 2015;
- The inclusion of Portfolio Bureau for a full year, compared to two months in 2015;
- The inclusion of Capricorn Fund Managers for 10 months in 2016;
- The impact on assets under management from a significantly larger distribution force and the progress of Anchor Financial Services;
- The exchange rate between the Rand and other currencies (we estimate across the business, including Capricorn Fund Managers, that the Rand hedge component is approximately 60%), and
- An increase in shares in issue. The average shares in issue for 2015 were 148.9 million and the starting shares in issue at 1 January 2016 are 166.2 million.

A presentation on the results under review is available on [www.anchorgroup.co.za](http://www.anchorgroup.co.za).

## CHANGES TO THE BOARD OF DIRECTORS

During the 2015 year, the following director changes occurred:

- Mr Ivan Clark retired;
- Ms Kajal Bissessor was appointed as an independent non-executive director, and as the Chair of the Audit and Risk Committee;
- Mr David Rosevear was appointed as the new Financial Director;
- Mr Nick Dennis was appointed as an independent non-executive director; and
- Mr Todd Kaplan changed his role from Financial Director to Chief Operating Officer;

There were no other changes to the Board of Directors during the period under review.

## Abridged Condensed consolidated statement of comprehensive income

Figures in R'000	% change	Audited 31-Dec-15	Audited 31-Dec-14
<b>Revenue</b>	<b>175%</b>	<b>226 347</b>	<b>82 367</b>
Operating Expenses	172%	(145 991)	(53 732)
<b>Operating profit</b>	<b>181%</b>	<b>80 356</b>	<b>28 635</b>
Other Income	2663%	36 527	1 322
Accounting gain on acquisition of former Investment	0%	-	3 888
Finance Costs	123%	(984)	(441)
Share of profits from associates	25%	596	478
<b>Profit before taxation</b>	<b>244%</b>	<b>116 495</b>	<b>33 882</b>
Taxation expense	235%	(32 253)	(9 627)
<b>Profit for the period</b>	<b>247%</b>	<b>84 242</b>	<b>24 255</b>
Other Comprehensive Income		8	
<b>Total Comprehensive Income</b>	<b>247%</b>	<b>84 250</b>	<b>24 255</b>
<b>Profit for the period attributable to:</b>			
Owners of the parent	238%	82 028	24 255
Non-controlling interest		2 214	-
	<b>247%</b>	<b>84 242</b>	<b>24 255</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	238%	82 036	24 255
Non-controlling interest		2 214	-
	<b>247%</b>	<b>84 250</b>	<b>24 255</b>
<b>Earnings and headline earnings per share information:</b>			
Earnings per share (cents)	72%	55.1	32.0
Diluted earnings per share (cents)	76%	54.5	31.0
Headline earnings per share (cents)	95%	55.1	28.3
Diluted headline earnings per share (cents)	99%	54.5	27.4
Adjusted headline earnings per share (cents)	83%	55.1	30.1
Diluted adjusted headline earnings per share (cents)	87%	54.5	29.2
<b>Earnings attributable to shareholders</b>	<b>247%</b>	<b>84 242</b>	<b>24 255</b>
Non-controlling interest		2 214	-
<b>Earnings attributable to ordinary shareholders</b>	<b>238%</b>	<b>82 028</b>	<b>24 255</b>
Accounting gain on acquisition of former Investment		-	(3 888)
Related Tax on sale of Investment		-	1 089
<b>Headline earnings attributable to ordinary shareholders</b>	<b>282%</b>	<b>82 028</b>	<b>21 454</b>
Share based payment to settle obligation		-	1 391
<b>Adjusted headline earnings attributable to ordinary shareholders</b>	<b>259%</b>	<b>82 028</b>	<b>22 845</b>
Number of shares in issue	18%	166 163	140 295
<b>Weighted average number of shares in issue</b>	<b>96%</b>	<b>148 967</b>	<b>75 888</b>
Contingent purchase consideration	-23%	393	513
Employee share incentive scheme	-38%	1 211	1 954
<b>Diluted weighted average number of shares in issue</b>	<b>92%</b>	<b>150 571</b>	<b>78 354</b>

**Abridged Condensed consolidated statement of financial position**

Figures in R'000	% Change	Audited 31-Dec-15	Audited 31-Dec-14
<b>Assets</b>			
<b>Non-current Assets</b>			
Equipment	109%	3 847	1 837
Goodwill	1019%	273 140	24 401
Intangible assets	390%	32 402	6 612
Investments in associates	210%	30 716	9 907
Other financial assets	0%	796	796
Deferred tax	-91%	48	526
	<b>673%</b>	<b>340 949</b>	<b>44 079</b>
<b>Current Assets</b>			
Cash and cash equivalents	4%	314 487	303 108
Other financial assets	1239%	115 341	8 615
Trade and other receivables	97%	43 237	21 896
Current tax receivable		4 093	-
	<b>43%</b>	<b>477 158</b>	<b>333 618</b>
<b>Total Assets</b>	<b>117%</b>	<b>818 107</b>	<b>377 697</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	101%	635 945	317 164
Reserves	-70%	4 588	15 389
Retained income	244%	70 673	20 535
<b>Equity Attributable to Equity Holders of Parent</b>	<b>101%</b>	<b>711 206</b>	<b>353 088</b>
Non-controlling interest		2 423	-
<b>Total Equity</b>	<b>102%</b>	<b>713 630</b>	<b>353 088</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Other financial liabilities		35 094	-
Deferred Tax	988%	9 216	847
	<b>5133%</b>	<b>44 310</b>	<b>847</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	-30%	2 816	4 001
Trade and other payables	153%	45 690	18 058
Current tax payable	585%	11 662	1 703
	<b>153%</b>	<b>60 168</b>	<b>23 762</b>
<b>Total Liabilities</b>	<b>325%</b>	<b>104 478</b>	<b>24 609</b>
<b>Total Equity and Liabilities</b>	<b>107%</b>	<b>818 107</b>	<b>377 697</b>
Net asset value per share (cents)		429	252
Net tangible asset value per share (cents)		246	230

**Abridged Condensed consolidated statement of cash flows**

Figures in R'000	<b>Audited 31-Dec-15</b>	<b>Audited 31-Dec-14</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	102 131	25 916
Interest income	7 939	1 322
Finance costs	(984)	(441)
Tax paid	(24 487)	(10 718)
<b>Net cash from operating activities</b>	<b>84 599</b>	<b>16 079</b>
<b>Cash flows from in investing activities</b>		
Purchase of equipment	(2 762)	(1 661)
Intangible assets acquired through business combination	(18 746)	(3 800)
Expenditure on intangible asset	(1 328)	(1 565)
Cash acquired on acquisition of Subsidiary	6 611	339
Acquisition of Subsidiaries	(166 160)	-
Net movement in financial assets	(105 739)	(6 071)
Increase in investments in associates	(20 549)	(9 907)
<b>Net cash utilised in investing activities</b>	<b>(308 673)</b>	<b>(22 665)</b>
<b>Cash flows from financing activities</b>		
Increase in stated capital	269 418	308 398
Proceeds from / (Repayment of) other financial liabilities	(1 185)	(2 924)
Dividends paid	(33 141)	(2 778)
<b>Net cash from financing activities</b>	<b>235 092</b>	<b>302 696</b>
<b>Total cash and cash equivalents movement for the year</b>	<b>11 018</b>	<b>296 110</b>
Cash and cash equivalents at the beginning of the year	303 110	7 000
Effect of exchange rate movement on cash balances	359	-
<b>Total cash and cash equivalents at end of the year</b>	<b>314 487</b>	<b>303 110</b>

## Abridged Condensed consolidated statement of changes in equity

Figures in R'000	Share Capital	Foreign currency translation Reserve	Shares to be issued reserve	Equity reserve due to change in control of interest	Share based payment reserve	Total reserves	Retained Income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
<b>Balance at 01 January 2014</b>	<b>1</b>	-	-	-	-	-	<b>5 944</b>	<b>5 945</b>	<b>2 089</b>	<b>8 034</b>
Profit for the year	-	-	-	-	-	-	24 254	24 254	-	24 254
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 254</b>	<b>24 254</b>	<b>-</b>	<b>24 254</b>
Issue of shares	308 398	-	-	-	-	-	-	308 398	-	308 398
Buy back of shares	(1 600)	-	-	-	-	-	-	(1 600)	-	(1 600)
Issue of shares	1 391	-	-	-	-	-	-	1 391	-	1 391
Movement in reserves	-	-	-	3 099	-	3 099	(3 099)	-	-	-
Issue of shares to acquire non-controlling interest	8 974	-	-	(3 099)	-	(3 099)	(3 786)	2 089	(2 089)	-
Shares to be issued	-	-	14 760	-	-	14 760	-	14 760	-	14 760
Share based payments	-	-	-	-	629	629	-	629	-	629
Dividends	-	-	-	-	-	-	(2 778)	(2 778)	-	(2 778)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>317 163</b>	<b>-</b>	<b>14 760</b>	<b>-</b>	<b>629</b>	<b>15 389</b>	<b>(9 663)</b>	<b>322 889</b>	<b>(2 089)</b>	<b>320 800</b>
<b>Balance at 01 January 2015</b>	<b>317 164</b>	<b>-</b>	<b>14 760</b>	<b>-</b>	<b>629</b>	<b>15 389</b>	<b>20 535</b>	<b>353 088</b>	<b>-</b>	<b>353 088</b>
Profit for the year	-	-	-	-	-	-	82 028	82 028	2 214	84 242
Other comprehensive income	-	8	-	-	-	8	-	8	-	8
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>82 028</b>	<b>82 036</b>	<b>2 214</b>	<b>84 250</b>
Issue of shares	303 974	-	-	-	-	-	-	303 974	-	303 974
Acquisition of subsidiary Portfolio Bureau	-	-	-	-	-	-	-	-	1 459	1 459
Shares to be issued	14 760	-	(14 760)	-	-	(14 760)	-	-	-	-
Share based payments	-	-	-	-	3 951	3 951	-	3 951	-	3 951
Dividends	-	-	-	-	-	-	(31 891)	(31 891)	(1 250)	(33 141)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>318 734</b>	<b>-</b>	<b>(14 760)</b>	<b>-</b>	<b>3 951</b>	<b>(10 809)</b>	<b>(31 891)</b>	<b>276 034</b>	<b>209</b>	<b>276 243</b>
<b>Balance at 31 December 2015</b>	<b>635 898</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>4 580</b>	<b>4 588</b>	<b>70 672</b>	<b>711 158</b>	<b>2 423</b>	<b>713 581</b>

Condensed consolidated segmental information (R' 000)

	<b>Anchor Group Limited and non-asset management associates</b>	<b>Anchor Capital and other asset management businesses</b>	<b>Ripple Effect 4</b>	<b>Eliminations</b>	<b>Total</b>
<b>31 December 2015</b>					
Revenue	21 464	220 090	4 690	(19 897)	226 347
Operating expenses	(11 736)	(151 316)	(2 836)	19 897	(145 991)
<b>Operating profit</b>	<b>9 728</b>	<b>68 744</b>	<b>1 854</b>	-	<b>80 356</b>
Other Income	19 594	16 929	4	-	36 527
Share of profits from associates	335	261	-	-	596
Finance Costs	(708)	(272)	(4)	-	(984)
<b>Profit before tax</b>	<b>28 949</b>	<b>85 692</b>	<b>1 854</b>	-	<b>116 495</b>

	<b>Anchor Group Limited and non-asset management associates</b>	<b>Anchor Capital and other asset management businesses</b>	<b>Ripple Effect 4</b>	<b>Eliminations</b>	<b>Total</b>
<b>31 December 2014</b>					
Revenue	2 415	78 125	3 564	(1 737)	82 367
Operating expenses	(2 912)	(49 305)	(3 254)	1 737	(53 734)
<b>Operating profit</b>	<b>(497)</b>	<b>28 820</b>	<b>310</b>	-	<b>28 633</b>
Other Income	-	3 888	-	-	3 888
Interest Income	1 034	288	-	-	1 322
Share of profits from associates	340	137	-	-	478
Finance Costs	(396)	(45)	-	-	(441)
<b>Profit before tax</b>	<b>480</b>	<b>33 088</b>	<b>310</b>	-	<b>33 880</b>

<b>31 December 2015</b>	<b>Anchor Group Limited and non-asset management associates</b>	<b>Anchor Capital and other asset management businesses</b>	<b>Ripple Effect 4</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>	<b>658 470</b>	<b>159 786</b>	<b>2 694</b>	<b>(2 843)</b>	<b>818 107</b>
Non-Current Assets	337 807	5 938	207	(3 003)	340 949
Current Assets	320 663	153 848	2 487	160	477 158
<b>Liabilities</b>	<b>(41 662)</b>	<b>(60 656)</b>	<b>(600)</b>	<b>(1 560)</b>	<b>(104 478)</b>
Non-Current Liabilities	(37 820)	(5 090)	-	(1400)	(44 310)
Current Liabilities	(3 842)	(55 566)	(600)	(160)	(60 168)
<b>Equity</b>	<b>616 808</b>	<b>99 130</b>	<b>2 094</b>	<b>(4 403)</b>	<b>713 629</b>

<b>31 December 2014</b>	<b>Anchor Group Limited and non-asset management associates</b>	<b>Anchor Capital and other asset management businesses</b>	<b>Ripple Effect 4</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>	<b>319 579</b>	<b>91 891</b>	<b>3 857</b>	<b>(37 629)</b>	<b>377 698</b>
Non-Current Assets	19 644	26 910	1 079	(3 554)	44 079
Current Assets	299 935	64 981	2 778	(34 075)	333 619
<b>Liabilities</b>	<b>(533)</b>	<b>(64 243)</b>	<b>(4 704)</b>	<b>44 870</b>	<b>24 609</b>
Non-Current Liabilities	(215)	(43 992)	-	43 360	847
Current Liabilities	(318)	(20 251)	(4 704)	1 510	23 763
<b>Equity</b>	<b>319 046</b>	<b>27 648</b>	<b>(847)</b>	<b>7 241</b>	<b>353 088</b>

#### **BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The accounting policies and method of measurement and recognition applied in the preparation of these condensed consolidated financial results are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the previous year ended 31 December 2014 except for the adoption of new standards and interpretations which became effective in the current year.

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The condensed consolidated financial results have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in terms of the minimum disclosure requirements set out in International Accounting Standards ("IAS") 34 – Interim Financial Reporting, as well the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The Financial Manager, Omair Khan CA(SA), was responsible for the preparation of the condensed consolidated financial results, which process was overseen by the Financial Director, Mr David Rosevear CA(SA).

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the group's external auditors.

These condensed consolidated financial statements for the year ended 31 December 2015 have been audited by Grant Thornton, who expressed an unmodified conclusion. A copy of the auditor's report is available for inspection at the company's registered office.

These summary audited consolidated financial statements have been derived from the Anchor Group's annual financial statements. The contents of this announcement are extracted from audited information, although the announcement is not itself audited. The directors take full responsibility for the preparation of the provisional report and the financial information has been correctly extracted from the underlying annual financial statements.

The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office.

## **EVENTS AFTER THE REPORTING PERIOD**

Anchor has acquired with effect from 29 February 2016, 47.41% of the issued share capital of Capricorn Fund Managers South Africa ("CFM SA") and 47.41% of the issued share capital of Capricorn Fund Managers Malta ("CFM Malta") (together "CFM Group"). The CFM group has over R8 billion of assets under management, and net asset value is R15 million. The purchase consideration is an amount of R348.4 million ("the purchase consideration"). The purchase consideration will be reduced by Anchor's pro-rata share of profit after tax for the period 1 July 2015 to 29 February 2016.

The aggregated purchase consideration was settled as follows:

- R256 million in cash from Anchor resources and dividends received from the CFM group for the 1 July 2015 to 29 February 2016 period; and
- the balance of R92.4 million through the issue of 7 698 782 Anchor shares at R12.00 per share to the sellers.

There is provision for a price adjustment which will take into account various factors over a period of 24 months until 30 June 2017, which has been derived and agreed upon, subject to:

- a maximum additional payment in cash of R59.6 million may be made to the sellers; alternatively; and
- a maximum amount of R34.2 million to be recovered by Anchor.

## **DIVIDEND**

As stated, the company has an intention of paying out approximately half of its earnings as a dividend going forward as a listed business.

For the first six month period ended 30 June 2015 the company declared an interim gross dividend (Number 3) of 11 cents per share (2014: 3 cents). The dividend was declared out of income reserves.

For the year ended 31 December 2015, the company has declared a gross dividend (Number 4) of 16 cents per share (2014: 12 cents). The dividend was declared out of income reserves. Thus the total dividend declared for the year amounts to 27 cents (2014: 15 cents).

The dividend will be subject to a dividend withholding tax rate of 15% or 2.4 cents per ordinary share.

Anchor's tax reference number is 9527/450/16/8. There are 176 357 973 ordinary shares in issue at the declaration date.

The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Friday, 6 May 2016
Shares commence trading 'ex' dividend	Monday, 9 May 2016
Record date (date shareholders recorded in share register)	Friday, 13 May 2016
Payment date	Monday, 16 May 2016

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 9 May 2016 and Friday, 13 May 2016, both dates inclusive.

For and on behalf of the Board

**Peter Armitage**  
Chief Executive Officer  
17 March 2016

**Mike Teke**  
Chairman

#### **DIRECTORS**

Executive Directors: Peter Armitage (Chief Executive Officer), Todd Kaplan (Chief Operating Officer), David Rosevear (Financial Director)

Non-executive directors: Mike Teke (Chairman), Paul Nkuna (Lead independent), Alastair Adams (Independent), Nick Dennis (Independent), Kajal Bissessor (Independent)

#### **DESIGNATED ADVISOR**

Arbor Capital Sponsors Proprietary Limited

#### **TRANSFER SECRETARIES**

Link Market Services South Africa Proprietary Limited  
(Registration number 2000/007239/07)  
11 Diagonal Street, Johannesburg, 2001  
(PO Box 4844, Johannesburg, 2000)

#### **REGISTERED OFFICE**

25 Culross Road, Bryanston, Sandton, 2191

#### **POSTAL ADDRESS**

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