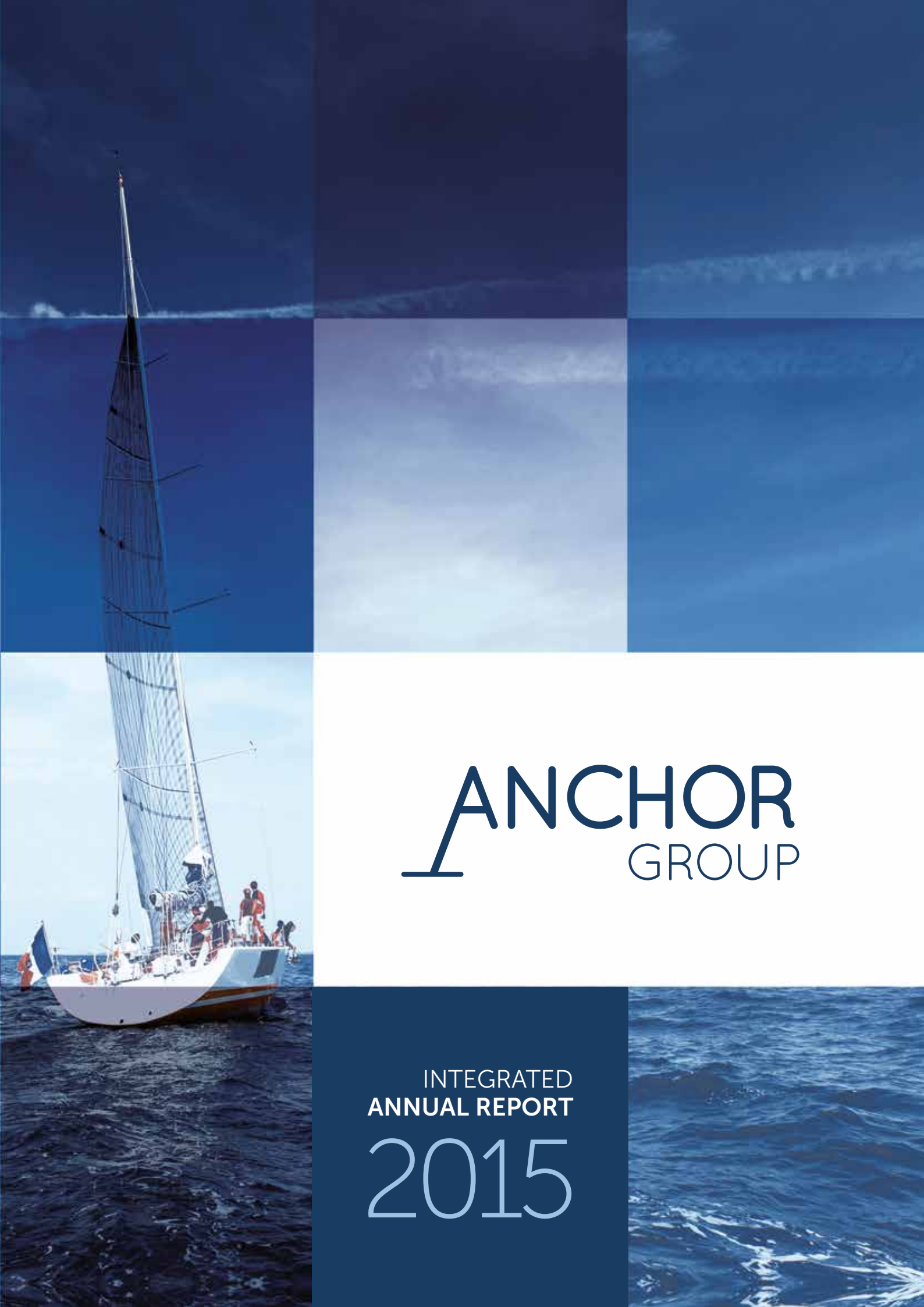

ANCHOR GROUP

INTEGRATED
ANNUAL REPORT
2015

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ANCHOR GROUP

01

GENERAL INFORMATION

Country of Incorporation and Domicile

South Africa

Nature of Business and Principal Activities

Asset and wealth management

Directors

MS Teke
Non-Executive Director (Chairman)

PG Armitage
Executive Director (Chief Executive Officer)

TE Kaplan
Executive Director (Chief Operations Officer)

DK Rosevear
Executive Director (Financial Director)

AJ Adams
Independent Non-Executive Director

AP Nkuna
Independent Non-Executive Director

N Dennis
Independent Non-Executive Director

K Bissessor
Independent Non-Executive Director

Registered Office

25 Culross Road
Bryanston
Sandton
2191

Business Address

25 Culross Road
Bryanston
Sandton
2191

Postal Address

PO Box 1337
Gallo Manor
2191

Bankers

Rand Merchant Bank, a division of FirstRand Bank Limited

Auditors

Grant Thornton
Chartered Accountants (S.A.)
Registered Auditors
A South African member of Grant Thornton International Limited

Secretary

Arbor Capital Company Secretarial Proprietary Limited

Company Registration Number

2009/005413/06

Level of Assurance

The group financial statements included in this report have been audited in compliance with the applicable requirements of the Companies Act 71 of South Africa 2008.

02
CHAIRMAN'S REPORT

Back in 2012 I approached Peter Armitage to assist with my personal investments. He had recently started Anchor Capital after an illustrious corporate career (21 times winner of best analyst awards) in asset management and stockbroking. I had no idea of the journey that I would be joining and would never have dreamed that I would be penning this report four years later as chairman and shareholder of JSE-listed Anchor Group.

In that period a fully-fledged global asset management business has been formed, assets under management and administration exceed R40 billion and investment performance has been the best in the country. The Group listed on the JSE Alt-X in September 2014 and the share price has risen from R2 to over R14 (the best on the stock market in 2015). In its fourth year in business, the income statement presented in this report shows comprehensive income of R84 million. It is worth reflecting on the ingredients that have combined to create what Anchor Group is today. I attribute the success to quality people working hard on an appropriate strategy and attractive business model, with high levels of energy and entrepreneurial spirit.
It would be difficult for me to identify a better management team than that at Anchor Group. The culture, modesty, integrity and success of Anchor has made it a desirable place to work and the Group has consistently been able to attract industry leaders to supplement a high quality group of entrepreneurs. The staff complement now numbers over 140.

The business model is an attractive one; industry operating margins are high, capital investment is low, a high proportion of the earnings are of an annuity nature, there is natural growth over time in investment markets and cash conversion of profits happens in a matter of days.
The aggressive growth strategy has been appropriate. From day one, the Group has invested confidently in people and processes in the belief that it would become a major player in SA asset management. This was a risky proposition in the early days as large investment and distribution teams needed to achieve early success to justify the expenditure. Early successes followed in investment performance and growth in assets under management. This has been maintained and the company now experiences steady and consistent inflows; averaging over R500 million per month in 2015.
What I am most proud of is the hard work, strong ethics and energy of the team. At the core of the business is an obsession with markets and investment performance. Added to this, the team has acted quickly in identifying and taking advantage of business opportunities and dealt with issues and challenges decisively. New ideas are encouraged and thrive, unencumbered by the corporate lethargy and hierarchies inherent in bigger competitors.

The challenge for the business is now to maintain the positive elements of what has driven the success, while introducing the processes and disciplines required for what is becoming a big business. Investment markets locally and globally also look like they could be challenging for the medium term and the team needs to show resilience when inevitable dips occur. Financial services regulation will see our industry evolve and this presents opportunities and challenges. I have every confidence the team will rise to these challenges and take advantage of the opportunities. Our Clients remain our priority.

I wish to thank the entire Anchor Group family for their commitment and hard work as well our Board of Directors for their commitment and support in creating a vibrant and strong Board. In 2015, we welcomed Mrs Kajal Bissessor, who joined our Board of Directors as Independent Non-Executive Director and Chairman of our Audit and Risk Committee.

We also welcome our new business partners who became part of the Group in 2015. With the major criteria being quality of the people, Anchor's new partners in 2015 were Portfolio Bureau and RCI, with Capricorn joining the fold in March 2016.
Anchor is at an exciting stage of a journey which will still take many years to reach maturity. The team that shareholders are backing will make it happen!

Whilst making our business work we will endeavour to contribute to the success of our country.

MIKE TEKE
Chairman
17 March 2016

03

CHIEF EXECUTIVE OFFICER'S REPORT

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 66% 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. Risk and rewards relating to 100% of the issued share capital was deemed to have transferred on the effective date of acquisition. 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:

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.
- 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, multimanagers 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-advisers" 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.

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.

PG ARMITAGE

17 March 2016

04 DIRECTORS

Executive Directors

PETER ARMITAGE
(47) (Chief Executive Officer) CA(SA)

Mr Armitage is a CA(SA), having served articles with Deloitte & Touche. Mr Armitage has 23 years' experience in global financial markets, having worked as an analyst, Head of Research and Chief Investment Officer. Peter also ran an internet media business in 2000 and 2001.

Mr Armitage has achieved a record number of No. 1 positions (21) in the annual Financial Mail investment analyst survey of institutional investors. In 1999 Mr Armitage was rated the Top Analyst in SA by Finance Week. He has worked at Merrill Lynch, Deutsche Bank, Nedbank and Investec Wealth & Investment. Mr Armitage is the CEO of JSE-listed Anchor Group, which he founded in 2011. He was named by the Financial Mail as one of the 10 top businessmen in South Africa for 2015.

TODD KAPLAN
(43) (Chief Operating Officer) BSc. Hons

Todd is the co-founder of Anchor Group and current CEO of the Anchor Group subsidiary Ripple Effect 4.

Todd brings over 17 years of corporate management experience with previous employers including MTN, Educor and AfriCam.

Todd is the Chief Operating Officer of Anchor Capital and Anchor Group. His varied responsibilities include oversight of Operational Finance and Accounts, Logistics, Head office management, Compliance, Human Resources, Employment Equity, The newly established BEE Skills Development Programme, Market Intelligence, Investor Campus, WildlifeCampus and IT.

Todd provides the executive representation on the Social & Ethics Committee.

DAVID ROSEVEAR
(60) (Financial Director) CA (SA)

David is a Chartered Accountant and a former Executive Director of The Bidvest Group Limited. He has over 38 years of experience in the operational, financial and corporate finance environment. He has held numerous directorships on boards of JSE listed companies as well as a London Stock Exchange directorship.

David sits on the Investment Committee.

Non-Executive Directors

MIKE TEKE
(51) (Non-Executive Chairman) BA(Ed), BA(Hons), MBA

Mike Teke was born in 1964 in Kwa Thema, Springs and has the following qualifications: BA (Ed), B.Ed (University of the North) 1985-1989; BA (Hons) (RAU) 1995-1996 and MBA (Unisa) 1999-2002. He started work as a school teacher and subsequently served in various HR roles at Unilever, Bayer, BHP Billiton and Impala Platinum until 2007. In 2008, Mike left Impala to be one of the founding members of Optimum Coal (he was appointed CEO) and was part of the listing of Optimum Coal on the JSE in March 2010. In September 2012, after Glencore purchased and delisted Optimum, Mike resigned as CEO and became Non-Executive Chairman until April 2015.

Since his days as an active CEO in the listed corporate world, Mike has contributed to various associations and educational bodies and has developed and grown his own business interests. He is Deputy Chairman of Council at the University of Johannesburg, was appointed VP of the Chamber of Mines in 2011/12 and on 5 November 2013 was appointed President of the Chamber of Mines. He was further appointed Chairman of the Richard's Bay Coal Terminal in 2012 and is currently serving in this role. Mike serves on the Board of Rolfes, a JSE-listed company and is the founder, Executive Chairman and controlling shareholder of Masimong, a diversified investment company which, among other investments, holds a material interest in Anchor Group. Among his other interests is Dedicoal, a service-based mining and beneficiation vehicle which is active in the South African mining sector.

ALASTAIR ADAMS
(36) (Independent Non-executive Director) BComm(Law), LLB

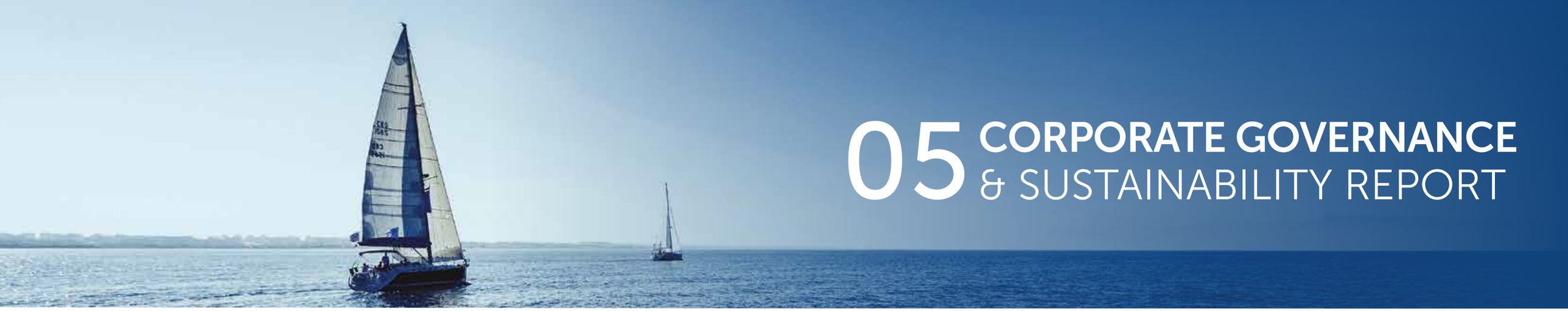
Following his studies at Rand Afrikaans University, Alastair completed his articles at Livingstone Crichton in 2004. He was admitted as an attorney of the High Court (Transvaal Provincial Division) in 2005. Having practiced as an attorney (post articles) for ten years he started his own practice in December 2009 named Adams Attorney, which practice has approximately 30 corporate clients whose annual turnover ranges from R3 million to R3 billion. Alastair has had extensive experience in high court litigation, commercial and corporate transactions and deceased estates. He also acts as director for a number of private companies and as a trustee for numerous family trusts (both as lead trustee and as independent trustee).

Alastair has been appointed as an Independent Non-executive Director of Anchor and served as a Chairman of the Audit Committee and a member of both the Social and Ethics Committee as well as the Remuneration and Investment Committees.

KAJAL BISSESSOR
(34) (Independent Non-executive Director) CA (SA)

Kajal Bissessor is a CA(SA) having served articles with KPMG subsequent to completing a B Acc, HDip Acc and the SAICA Board exams. During Kajal's articles, she gained international experience at KPMG Ireland (Dublin office) where she worked as audit senior for a period of four months. Post articles, Kajal worked as audit manager at KPMG (Johannesburg office) for a period of two years in the Consumer Markets division. Kajal joined Merafe Resources Limited as Financial Manager in 2009 and was promoted to Financial Director in January 2015.

Kajal was appointed as non-executive director and chairperson of Anchor Group Limited's Audit and Risk Committee in December 2015.



05 CORPORATE GOVERNANCE & SUSTAINABILITY REPORT

PAUL NKUNA
(64) (Independent Non-executive Director)

National Teacher's Qualification, Botshabelo Training Institution, Management Advanced Programme (MAP) Certificate, University of the Witwatersrand Business School, Effective Directorship. Certificate, Kagiso Leadership School and Gordon Institute of Business.

He joined the mining industry from 1977 to 1996 as a multi-skilled worker at East Rand Gold & Uranium. At the time of leaving ERGO he was shift foreman and at times acting as General Metallurgical Foreman. He joined the National Union of Mineworkers in 1984. Elected NUM Regional Secretary (Wits Region) 1984; Elected COSATU Regional Chairperson (Wits Region) 1985, Elected NUM National Treasurer 1987. He served as the Chairperson of the Executive Committee of the Brakpan Transitional Local Council 1994, He served as a member of the Executive Committee of the Gauteng Association of Local Authorities (GALA) and the South African Local Government Association (Salga) serving as a Chairperson of the Local Government Labour Relations Working Committee in both Associations.

He was the Executive Chairman of the Mineworkers Investment Company (Pty) Ltd from 1 April 1997 to 28 February 2000. He became Deputy CEO of the Mineworkers Investment Company (Pty) Ltd since March 2000 to March 2003. Paul was appointed CEO from 1April 2003 to 30 June 2012. His previous board participation in listed businesses includes: Chairman of Peermont, Primedia and Metrofile, Deputy Chairman of Optimum Coal and non-executive Director of Firstrand Group.

Paul has been appointed as an Independent Non-executive Director of Anchor and will serve as a member of the Audit & Risk Committee and Chairman of the Social and Ethics Committee.

NICK DENNIS
(69) (Independent Non-executive Director) BComm (Hons)

Nick started working in 1969 as a Marketing Trainee with Colgate-Palmolive and in 1976 was transferred to Colgate-Palmolive, United Kingdom. He later moved to Germany, where he held the position of Assistant Managing Director ColgatePalmolive, Germany. He returned to South Africa and joined Barlow Rand Limited in July 1982 and became a Director of Barlow Rand in 1993. In January 1990 he was transferred to ICS Holdings Limited where he held the position of Group Managing Director and Chief Executive Officer. ICS was the largest perishable food processing company in South Africa and listed on the Johannesburg Stock Exchange.

Prior to joining Colgate-Palmolive he obtained his Bachelor of Commerce (Honours) degree. Prior to co-founding Lodestone Brands, Nick was Chief Executive Officer of Tiger Brands Limited from 1994 to 2008. He was appointed to the Nedbank board as an Independent non-executive from November 2002 to December 2007 where he served on the Risk, Credit and Remuneration Committees.

Nick's other non executive directorship involvements include Childline Gauteng, and The African Children's Feeding Scheme. He also serves on the Finance Committee of St.Stithians College, which college he previously served as chairman of the board for 10 years". Nick serves as a member on the Audit & Risk and Remuneration Committees of Anchor. Nick sits on the Investment Committee.

The Company maintains a balanced approach to effective corporate governance. The board of directors recognises the need to conduct the affairs of the Company with integrity and in compliance with the King Code of Governance Principles, as set out in the King III Report ("King III"). The directors will ensure that the principles and best practice recommendations that are applicable to the Company are implemented and complied with.

Board of Directors

The board includes both executive and non-executive directors, in order to maintain a balance of power, ensure independent unbiased decisions and that no one individual has unfettered powers of decision-making.

As at 31 December 2015, the Company's board comprised three executive directors and five non-executive directors, of which four are independent. On 18 March 2015, Ivan Clark retired as non-executive director of the board and David Rosevear, an executive director and Nick Dennis, an independent non-executive director, were appointed to the board. The board also appointed Kajal Bissessor as an independent non-executive director on 14 December 2015.

The board is responsible for appointing the Chief Executive Officer. In addition, the roles of Chairman and Chief Executive Officer have been separated specifically. The non-executive directors are experienced professionals and have the necessary skills and integrity to provide insight and value at board meetings.

The board is responsible for effective control over the affairs of the Company and provides strategic direction to management, and approves the implementation of its strategy to create sustainable value for its stakeholders, which includes policy decision-making, financial control, risk management, communication with stakeholders and internal controls.

Although the audit and risk committee is tasked with identifying, analysing and reporting on risk during the financial year, this was nevertheless part of the everyday function of the directors and was managed at board level.

Board and Board Committee Meetings

The board meets a minimum of four times a year, with additional meetings as required. Material decisions may be taken between meetings. The non-executive directors are provided with comprehensive information necessary to discharge their responsibilities, individually and as a board and in certain instances, as board committee members. All directors have unhindered access to management, the Company Secretary and to any information pertaining to the Company.

The board has delegated authority to the Chief Executive Officer and executive management to run the day-to-day affairs of the Company. Accountability to stakeholders remains paramount in board decisions and this is balanced against the demands of the regulatory environment in which the Company operates together with the concerns of its stakeholders. To assist the board in discharging its collective responsibility for corporate governance, audit and risk, social and ethics, remuneration and investment committees have been established, to which certain of the boards responsibilities have been delegated. Although the board delegates certain functions to its committees, it retains ultimate responsibility for their activities.

Chairman and Chief Executive Officer

Mike Teke is the appointed non-executive Chairman and Peter Armitage the Chief Executive Officer. This division of responsibilities ensures a balance of power and authority. The Chairman is responsible for leading the board, ensuring its effectiveness and setting its agenda, whilst the Chief Executive Officer leads the executive team in running the business and coordinates proposals approved by the executive management for consideration by the board. The board has appointed Paul Nkuna as the lead independent director.

Non-executive Directors

All non-executive directors are subject to retirement by rotation and re-election by shareholders at least once every three years in accordance with the Memorandum of Incorporation. Alastair Adams has provided legal advice to the Company. However, the Company is not a material client of Alastair Adams and he is considered to be an independent director by the Company. In addition, he considers himself to be independent.

Executive Directors

The executive directors are mandated individually and are held accountable for:

- The implementation of the strategies and key policies determined by the board;
- Managing and monitoring the business and affairs of the Company in accordance with approved business plans; and
- Establishing the best management and operating practices.

Executive directors' remuneration is based on a cost to company, which includes salary, bonuses, share options and other benefits. The Company has entered into service contracts with all of its executive directors.

Delegation of Authority

In the delegation of authority, the executive directors confer authority on management and are accountable for doing so. The accountability of management is a reflection of the executive directors' authority.

Appointments to the Board

The board as a whole appoints directors by means of a transparent and formal procedure. A meeting of the directors shall have the power from time to time to appoint anyone as a director, either to fill a vacancy, or as an additional director. Any interim appointments are subject to approval at the Company's next general or annual general meeting.

Directors Holding Office

The directors in office at the year end and as at the date of this report together with their sub-committee responsibilities are set out below:

KEY ● Non-executive ● Independent non-executive
● Appointed as chairperson effective 18/12/2015 and AJ Adams remains as a member

Non-executive	Date appointed	Date resigned	Audit & Risk	Social & Ethics	Investment	Remuneration
● MS Teke	04/08/2014	n/a	n/a	n/a	chairman	member
● AJ Adams	31/07/2014	n/a	chairman	member	member	member
● AP Nkuna	01/08/2014	n/a	member	chairman	n/a	n/a
● N Dennis	18/03/2015	n/a	member	n/a	member	chairman
● K Bissessor	18/12/2015	n/a	● chairperson	n/a	n/a	n/a

Executive	Date appointed	Date resigned	Audit & Risk	Social & Ethics	Investment	Remuneration
PG Armitage (Chief Executive Officer)	01/11/2011	n/a	n/a	n/a	member	n/a
TE Kaplan (Chief Operating Officer)	01/08/2014	n/a	n/a	member	n/a	n/a
DK Rosevear (Chief Financial Officer)	18/3/2015	n/a	n/a	n/a	member	n/a

The attendance record of directors is shown in the table below:

KEY ● Retired 18 March 2015 ● Appointed 14 December 2015

Non-executive	12/03/2015	11/06/2015	06/08/2015	06/08/2015	12/10/2015	03/12/2015
MS Teke	✓	✓	✓	✓	✓	✓
PG Armitage	✓	✓	✓	✓	✓	✓
TE Kaplan	✓	✓	✓	✓	✓	✓
DK Rosevear	✓	✓	✓	✓	✓	✓
● IAJ Clark	✓	n/a	n/a	n/a	n/a	n/a
AJ Adams	✓	✓	✓	✓	✓	✓
AP Nkuna	✓	✓	✓	✓	✓	✓
N Dennis	✓	✓	✓	✓	✓	✓
● K Bissessor	n/a	n/a	n/a	n/a	n/a	n/a

Company Secretary

The Company has appointed Arbor Capital Company Secretarial Proprietary Limited to act as the Company Secretary. The board has assessed the on-going competency of the Company Secretary in compliance with section 3.84(i) of the JSE Listing Requirements and has considered and satisfied itself on the competence, qualifications and experience of the Company Secretary. In considering this assessment, the board considered the experience and qualifications of the Company Secretary as well as the employees of the Company Secretary. The directors are furthermore satisfied that the company secretary has an independent and arm's length relationship with the board.

This is based on the fact that as an external service provider, none of the directors or the employees of Arbor Capital Company Secretarial (Pty) Ltd sit on the Company's board, are directly employed by the group or are able to be unduly influenced by members of the board in fulfilling the duties of the company secretary.

Promotion of Gender Diversity

In terms of paragraph 3.84(k) of the JSE Listings Requirements, the Board is required to have a policy on the promotion of gender diversity at board level. At present a formal policy has not been established. However, the board recognises and embraces the need for gender diversification and has since appointed Kajal Bissessor to the board of Anchor. Kajal Bissessor has the relevant experience and skill as a Chartered Accountant and has been appointed as the chairperson of the Audit and Risk Committee. The board will continue to monitor future appointments and shareholders will be advised as soon as such appointments have been made.

Committee Structure

The board has delegated specific functions to committees to assist the board in meeting its responsibilities. The board committees are constituted with sufficient non-executive representation. The board committees are subject to regular evaluation by the board, so as to ascertain their level of performance and effectiveness.

06 AUDIT & RISK COMMITTEE REPORT

Members

Director	Designation	12/03/2015	11/06/2015	06/08/2015	03/12/2015
AJ Adams (Chairman)	Independent non-executive director	✓	✓	✓	✓
AP Nkuna (Member)	Independent non-executive director	✓	✓	✓	✓
N Dennis (Member) ●	Independent non-executive director	n/a	✓	✓	✓

KEY ● Appointed 18 March 2015

On 14 December 2015, Kajal Bissessor was appointed as Chairman of the Audit and Risk Committee. The Company's Designated Advisor, being Arbor Capital Sponsors Proprietary Limited attended all the meetings held by the Audit and Risk Committee during the year under review.

Role of the committee

The primary objective of the committee is to provide the board with additional assurance regarding the efficacy and reliability of the financial information used by the directors in order to assist them in discharging their duties. The committee is required to provide comfort to the board that adequate and appropriate financial and operating controls are in place, that significant business, financial and other risks have been identified and are being suitably managed, that the financial director has the appropriate expertise and experience and that satisfactory standards of governance, reporting and compliance are in operation.

Members of the Audit and Risk Committee

Director	Qualification
K Bissessor (Chairperson)	CA (SA)
AJ Adams	B Comm (Law) LLB
AP Nkuna	Management Advanced Programme
N Dennis	B Comm (Hons)

The group audit and risk committee of Anchor Group Limited, which acts as the audit and risk committee for all its subsidiaries, is a committee of the board of directors that serves in an advisory capacity to the board and assists the directors to discharge their duties relating to the safeguarding of assets, the operation of adequate systems, risk management and internal controls, the review of financial information and the preparation of the annual financial statements. This includes satisfying the board that adequate internal, operating and financial controls are in place and that material risks have been identified and are being effectively managed and monitored. In addition to the above, the audit and risk committee also has its own statutory responsibilities.

During the year K Bissessor was appointed as a member and elected chairperson of the audit committee. She is independent as required by the King Code and she is a non-executive director.

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 and Regulation 42 of the Companies Regulation, 2011.

Meetings Held by the Audit and Risk Committee

The audit and risk committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

Meetings of the committee will be held as frequently as the Committee considers appropriate, but will normally meet no fewer than twice a year. The Committee met four times this year, and the Financial Director, External Auditor and Sponsor attended by invitation only.

External Auditor

The designated auditors are Grant Thornton. The committee satisfied itself through enquiry that the external auditors Grant Thornton and Ms S Kock are independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided that internal governance processes within the firm support and demonstrate the claim to independence. The audit and risk committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

Consolidated Annual Financial Statements

The committee has reviewed the accounting policies and the group and company financial statements. The committee is satisfied that they are appropriate and comply with the International Financial Reporting Standards and the Companies Act 71 of 2008. In compliance with requirements of King Report on Governance for South Africa 2009 an integrated annual report has been compiled for 2015 financial year in addition to these annual financial statements.

Accounting Practices and Internal Control

The Board has ultimate responsibility for the internal, financial and operating systems of the company and for monitoring of their effectiveness. These systems are designed to provide reasonable assurance against material misstatement and loss.
The systems, which are monitored by the audit and risk committee on an ongoing basis in order to adopt to changing business circumstances are designed to provide reasonable safeguards regarding:

- Unauthorised disposal or use of company's assets
- Compliance with the relevant legislation and regulations
- The maintenance of proper accounting records.

Legal Requirements

The audit and risk committee has complied with all applicable legal, regulatory and other responsibilities for the financial year.

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Financial Director

As required by the JSE listing requirements, the committee confirms that the company's Financial Director Mr DK Rosevear, has the necessary expertise and experience to carry out his duties.

Going Concern

The committee has reviewed a documented assessment including key assumptions prepared by management of the going concern status of the group and company and has accordingly made recommendation to the board that the group and company are going concerns.

Internal Audit

Due to the size of the company no internal audit function has been established. The need for internal audit will be considered and assessed going forward.

Purpose

From an oversight perspective, the committee is primarily responsible for:

- Assessing the independence of and recommending the appointment of the external auditors;
- Evaluating the performance of the external auditors;
- Reviewing the scope and effectiveness of the external audit functions;
- Determining the fees paid to the auditors and the auditor's terms of reference;
- Agreeing to the timing and nature of reports from the external auditor;
- Considering any problems identified in the going concern or internal control statements;
- That adequate books and records have been maintained;
- Ensuring the integrity, reliability and efficiency of the company's risk management strategy/ policy and portfolios;
- Ensuring that the company adheres to the requirements of the relevant regulatory bodies including the financial
- Services board (FSB), JSE and others;
- Resolving and dealing with any complaints concerning the accounting policies, the content and audit of financial
- Statements of related matters;
- Ensuring the expertise and experience of the financial director are appropriate.
- Monitoring and approving of the nature and scope of non-assurance services provided by the auditor.

Annual Financial Statements

Following our review of the annual financial statements for the year ended 31 December 2015, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act of South Africa and International Financial Reporting Standards and that they fairly present the financial position at 31 December 2015 for Anchor Group Limited and the results of operations and cash flows for the year then ended. They were recommended to the board of directors for approval.

KAJAL BISSESSOR
Chairperson Audit Committee
17 March 2016

07

INVESTMENT COMMITTEE REPORT

Members

Director	Designation
MS Teke (Chairman)	Non-executive director
PG Armitage	Chief Executive officer
DK Rosevear	Chief Financial officer
N Dennis (Member)	Independent non-executive director
AJ Adams (Member)	Independent non-executive director

Role of Committee

The investment committee considers investments proposed by management regarding the Company and makes recommendations to the board as it deems necessary. The primary purpose of the investment committee is to consider projects and mergers and/or acquisitions in accordance with the Company's overall strategy. The committee meets during the course of this year as necessary.

MIKE TEKE
Chairman Investment Committee
17 March 2016

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REMUNERATION COMMITTEE REPORT

Members

Director	Designation	05/05/2015
N Dennis (Chairman)	Independent non-executive director	✓
M Teke (Member)	Non-executive director	✓
AJ Adams (Member)	Independent non-executive director	✓

Role of Committee

The Company's remuneration strategy aims to create sustainable stakeholder value by motivating and retaining competent leaders. The Company aims to attract knowledgeable, skilful and dynamic people who are able to add value to the Company's business and investment processes.

Primary objectives include the need to have credible remuneration policies that enhance key business goals and drive performance. The committee was constituted formally during 2015 and meets as and when necessary.

The committee ensures that the optimal remuneration structures are in place, to approve the Company's remuneration philosophy, processes and ensures that directors and employees are appropriately rewarded. This is by way salaries, short term and long-term incentives.

Members of the Committee

The committee has three members and is chaired by Nick Dennis. The chief executive officer is invited to attend as required.

Remuneration Strategy and Policy

The committee has met on numerous occassions to develop the remuneration philosophy and strategy, This is available to shareholders.

Anchor Group remunerates employees in line with the dynamics of the market and the context in which we operate. It will at all times align with the strategic direction of Anchor Group. As such, remuneration will play a critical role in attracting and retaining high performing individuals. We acknowledge that remuneration will never be a stand-alone management process, but will be fully integrated into other management processes such as performance management system and overall human resources policies.

In summary, the remuneration policy has the following purposes;

- It harmonises all the remuneration policies and practices for Anchor Group;
- It reflects the dynamics of the market and the context in which Anchor Group operates;
- It is aligned with the strategic direction of Anchor Group;
- It aims to attract, retain and motivate superior performance;
- It provides clarity and understanding on remuneration issues at Anchor Group.

The guiding principles cover all categories of employment i.e. all levels of employees. The policy applies to all permanent employees who work for Anchor Group.

NICK DENNIS
Chairman
Remuneration Committee
17 March 2016

09 KING III COMPLIANCE REPORT

The board endorses the principles contained in the King III Report on Corporate Governance and confirms its commitment to those principles where, in the view of the board, they apply to the business. Compliance is monitored regularly and the board has undertaken an internal review process in determining compliance, the results of which are listed below. Where areas of non-compliance or partial compliance have been identified with the reasons therefore have been provided.

In terms of the recent update to the JSE Listings Requirements in Service Issue 19, companies listed on the Alternative Exchange are only required to report on the extent of compliance with Chapter 2 of King III.

KING III REF	KING III PRINCIPLE	COMPLY/ PARTIALLY COMPLY/ DO NOT COMPLY	COMMENTARY
Principle 2.1	The Board acts as the focal point for and custodian of corporate governance.	Comply	The Board ensures that the Company applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices through the Group's governance structures, systems, processes and procedures.
Principle 2.2	The Board appreciates that strategy, risk, performance and sustainability are inseparable.	Comply	The Board, as a whole and through its Committees, approves and monitors the implementation of the strategy and business plan of the Company, sets objectives, reviews key risks and evaluates performance against the background of economic, environmental and social issues relevant to the Company and global economic conditions.
Principle 2.3	The Board provides effective leadership based on an ethical foundation.	Comply	An IT Governance Framework, including processes, procedures and structures, has been adopted by the Board.
Principle 2.4	The Board ensures that the Company is and is seen to be as a responsible corporate citizen.	Comply	The social and ethics committee which reports to the board and shareholder reflects and effects Global's commitment to responsible corporate citizenship. In addition to compliance with King III the group has also adopted the principles of the Global Reporting Initiative (GRI) which guide it in its corporate responsibility.
Principle 2.5	The Board ensures that the Company's ethics are managed effectively	Comply	Through the Code of Conduct, the Board is responsible for ensuring that the Company protects, enhances and contributes to the well-being of the economy, society and natural environment.
Principle 2.6	The Board has ensured that the Company has an effective and independent audit committee.	Comply	The Board appointed an Audit and Risk Committee ahead of its listing and has subsequently established Terms of Reference. The board considers that it has an effective and independent Audit and Risk Committee. The effectiveness of the Committee is evaluated annually by the Directors. The group has an audit committee comprising four independent non-executive directors and is thus considered independent.

KING III REF	KING III PRINCIPLE	COMPLY/ PARTIALLY COMPLY/ DO NOT COMPLY	COMMENTARY
Principle 2.7	The Board has ensured that the Company has an effective and independent audit committee.	Comply	The Board is responsible for the governance of risk and the Audit and Risk Committee assists the Board with this responsibility.
Principle 2.8	The Board is responsible for information technology (IT) governance.	Comply	An IT Governance Framework, including processes, procedures and structures, has not been adopted by the Board. This will be considered in due course.
Principle 2.9	The Board ensures that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Comply	The Audit and Risk committee, together with the Social and Ethics Committee and Company Secretary, reviews the adequacy and effectiveness of the Group's procedures on an on-going basis to ensure compliance with legal and regulatory responsibilities.
Principle 2.10	The Board should ensure that there is an effective risk-based internal audit.	Do not comply	The Company currently does not have an internal audit function as it is not deemed necessary by the Audit and Risk Committee due to the size and nature of the Company and the fact that it is highly regulated as a Financial Services group. The need for this function is reviewed annually.
Principle 2.11	The Board should appreciate that stakeholder perceptions affect a Company's reputation.	Comply	The Company engages with its stakeholders on multiple levels and this allows the Company to manage issues effectively and timeously and reduces the likelihood of reputational risks.
Principle 2.12	The Board should ensure the integrity of the Company's integrated report.	Comply	The board is responsible for the integrity of the integrated report.
Principle 2.13	The Board reports on the effectiveness of the Company's internal controls.	Comply	See Principles 2.10 and 2.12 above.
Principle 2.14	The Board and its directors should act in the best interests of the Company.	Comply	Directors are mindful of their fiduciary duties and their duty to act in accordance with applicable legislation. Records of Directors' financial interests are kept and updated on an on-going basis. The Board as a whole acts as a steward of the Company and each Director acts with independence of mind in the best interests of the Company and its stakeholders. In its deliberations, decisions and actions, the Board is sensitive to the legitimate interests and expectations of the Company's stakeholders.

KING III REF	KING III PRINCIPLE	COMPLY/ PARTIALLY COMPLY/ DO NOT COMPLY	COMMENTARY
Principle 2.15	The Board will/has consider/ed business rescue proceedings or other turnaround mechanisms as soon as the company has been/may be financially distressed as defined in the Companies Act, 71 of 2008.	Comply	The Board is aware of the requirements of the Companies Act regarding business rescue. The Company is establishing a risk management process that evaluates controllable and non-controllable risks continuously, as well as threats and opportunities to ensure that the Company is operating optimally and is not in distress. In connection with the issuance of the Interim and Provisional Results management tables a solvency and liquidity memorandum whose content is considered and confirmed by the Board on a regular basis.
Principle 2.16	The Board has elected a chairman of the board who is an independent non-executive director. The CEO of the company does not also fulfil the role of chairman of the Board.	Comply	The Chairman of Anchor is a non-executive director. The roles of the Chairman and Chief Executive Officer are separate and clearly defined. As the Chairman is not considered independent, a lead independent director has been appointed.
Principle 2.17	The Board has appointed the Chief Executive Officer and has established a framework for the delegation of authority.	Comply	While retaining overall accountability and subject to matters reserved to itself, the Board has delegated authority to the Chief Executive Officer and other Executive Directors to run the day-to-day affairs of the Company. Mr P Armitage is appointed as CEO. An approval framework has been tabled, including a delegation of authority document, which has been approved by the Board.
Principle 2.18	The Board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent.	Comply	The board has a majority of non-executive directors. There are five non-executive directors, of which four are independent, and three executive directors. However, the non-executive Chairman is of the view that he conduct himself in an independent manner and the board supports this view.
Principle 2.19	Directors are appointed through a formal process.	Comply	To ensure a transparent process, any new appointment of a Director is considered by the Board as a whole. The selection process involves considering the existing balance of skills and experience on the Board, the need for gender diversity and a continual process of assessing the needs of the Company. Directors are appointed in terms of the Company's MOI and these interim appointments are confirmed at the next Annual General Meeting.

KING III REF	KING III PRINCIPLE	COMPLY/ PARTIALLY COMPLY/ DO NOT COMPLY	COMMENTARY
Principle 2.20	The induction of and on-going training, as well as the development of directors is conducted through a formal process.	Comply	New appointees to the board are familiarised with the company appropriately through an induction pack and on-going training will be provided when needed.
Principle 2.21	The Board is assisted by a competent, suitably qualified and experienced Company Secretary.	Comply	The Company Secretary is appointed by the Board in accordance with the Companies Act and the JSE Listings Requirements and is evaluated annually. The Board is satisfied that the Company Secretary is independent and is properly qualified and experienced to competently carry out the duties and responsibilities of Company Secretary.
Principle 2.22	The evaluation of the Board, its committees and individual directors is performed every year.	Comply	The performance of the Board as a whole and the Board Committees individually is not evaluated on an annual basis currently. This will be addressed during 2016.
Principle 2.23	The Board delegates certain functions to well-structured committees without abdicating its own responsibilities.	Comply	The board has delegated certain functions without abdicating its own responsibilities to the following committees: • Audit and Risk committee; • Remuneration committee; • Investment committee; and • Social and Ethics committee.
Principle 2.24	A governance framework has been agreed between the Group and its Subsidiaries' boards.	Comply	The governance framework between the Company and each of its subsidiaries that is not wholly-owned is set out in shareholders' agreements, where applicable, and related agreements. The governance of wholly-owned Subsidiaries is handled by Board and Board Committee resolutions.
Principle 2.25	The Company remunerates its directors and executives fairly and responsibly.	Comply	The Board, with the assistance of the Remuneration committee, oversees the remuneration of Directors and Senior Executives and makes the determination taking into account market conditions, expert advice from remuneration specialists and in accordance with the Remuneration policy. Non-executive Directors' fees are submitted annually to shareholders for approval at the Annual General Meeting.
Principle 2.26	The Company has disclosed the remuneration of each individual director and prescribed officer	Comply	The remuneration of Directors and Prescribed Officers is included in the Annual Financial Statements.
Principle 2.26	The shareholders have approved the Company's remuneration policy.	Comply	The Company's Remuneration Policy, approved by the Board, is tabled for a non-binding advisory vote at each Annual General Meeting of shareholders.

RISK MATRIX

Outlined below are the major types of risks facing the business, along with relevant mitigating controls which have been implemented.

RISK	DESCRIPTION	MIGRATION/RISK CONTROLS
Investment Performance Risk	The risk that the value of the Company's client positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices, resulting in poor investment performance relative to benchmarks	• The Company manages market risk through its structured investment process. Investments are measured continually via market to market valuations, sensitivity, concentration and scenario analyses where applicable. • A strict investment philosophy and process are followed by the investment tram in the analysis of potential investments that incorporates appropriate asset allocation, effective diversification value investing and scenario planning.
Reputational Risk	The risk that an action, event or transaction may compromise the Company's brand	• The Company operates with a philosophy that seeks to protect and enhance the brand, its reputation and its ability to conduct business with the highest ethical standards. • The Company recognises the importance of its reputation and devotes considerable effort to managing all aspects of that reputation.
New Business Risk	The risk associated with new business ventures, products and acquisitions	• The Company launches new innovative products to meet the changing needs of investors. • All product development commences with detailed research to assess viability, followed by an exhaustive and strict internal authorisation and approval process. • Acquisitions are carefully considered, detailed due diligence exercises are undertaken and profit warranties secured, where appropriate. Key personnel are evaluated and appropriately incentivised
Employee Risk	The risk of key staff departures	• Employees are involved in the decisions affecting their business and are incentivised by reward. • Interests are aligned through performance bonuses linked directly to the profit performance of each business and through a share scheme. • Employees are provided with applicable and relevant training and mentoring.

10 SOCIAL & ETHICS COMMITTEE REPORT

Members

Director	Designation	11 June 2015	03 Dec 2015
AP Nkuna (Chairman)	Independent non-executive director	✓	✓
AJ Adams (Member)	Independent non-executive director	✓	✓
T E Kaplan (Member)	Executive director	✓	✓

Role of Committee

The Company subscribes to the highest ethical standards and behaviour in the conduct of its business and related activities. In line with the Company's vision and corporate governance requirements, the objectives of the committee are to ensure that the high ethical standards are applied in all areas of the business, as well as to review and approve the policy, strategy and structure for managing transformation and social issues. The committee met twice during the year under review and had adopted terms of reference to give effect to its responsibilities.

The attendance record of members at the meeting is shown below:

Attendance Meetings	11 June 2015	03 Dec 2015
AP Nkuna	✓	✓
AJ Adams	✓	✓
TE Kaplan	✓	✓

SEC Initiatives

The SEC was tasked with addressing the following issues:

- Adherence to the Employment Equity Act
- Initiate a BEE Skills Development Programme
- Develop a BEE Scorecard
- Consider a whistle-blowing mechanism
- Corporate Social Investment

Anchor Capital, having surpassed the 50 employee threshold was required to register with the Department of Labour and submit an Employment Equity Report. Under the auspices and direction of the SEC; Anchor Capital formed an Employment Equity Committee. This committee completed the requisite Employment Equity Reports (EEA2 and EEA4) and submitted both together with 2016 and 2017 employment equity targets as required by the Act. This committee has also embarked on identifying any barriers to entry for EE candidates in conjunction with recruitment, hiring and staff induction protocols. The committee is assisting with the development of the BEE Scorecard.

This committee has also initiated a BEE Skills Development Programme. The EE Committee has proposed a two pronged approach to develop two business divisions:

1) The bringing on of EE junior advisors into the Anchor Financial Planning division. These junior advisors, may be allocated clients (currently under management) to provide immediate revenue streams with the objective of developing these individuals into self-sustaining wealth managers, targeting a market segment largely absent from the current client base.

2) A bursary programme targeted at EE BComm. Students in their 2nd year onwards that brings them into Anchor directly from tertiary institutions. These potential recruits would be developed in the Analyst and Portfolio Management roles. The committee is engaging with a CSR consultant on this initiative.

The above initiatives will require funding and the EE Committee proposes that this is the most appropriate allocation for the Anchor Group's Corporate Social Investment.

A whistle-blowing mechanism has been produced and is under consideration by the Anchor Executive.

In addition to the above, Anchor has continued to support the development of an Owned and Managed, Empowered, Asset Management Company. Investment in this company has been ongoing since Oct 2013 with a capital expenditure of R 3 Million.

PAUL NKUNA
Chairman
Social & Ethics Committee
17 March 2016

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DIRECTORS' RESPONSIBILITIES & APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the Companies Act 71 of 2008. The external auditors are engaged to express an independent opinion on the consolidated financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards and the Companies Act 71 of 2008 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 December 2016 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on page 31.

The consolidated annual financial statements set out on pages 32 to 70, which have been prepared on the going concern basis, were approved by the board on 17 March 2016 and were signed on its behalf by:

PG ARMITAGE

17 March 2016

DK ROSEVEAR

17 March 2016

12
GROUP SECRETARY'S CERTIFICATION

Declaration by the Group Secretary in Respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the group has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date in respect of the financial year reported on.

ARBOR CAPITAL COMPANY
Secretarial Proprietary Limited
Company Secretary
17 March 2016

13 INDEPENDENT AUDITOR'S REPORT

We have audited the consolidated financial statements of Anchor Group Limited set out on pages 37 to 70, which comprise the statements of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements
The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Anchor Group Limited as at 31 December 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act
As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2015, we have read the Directors' Report, Audit Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Reports on other legal regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 04 December 2015, we report that Grant Thornton Johannesburg Partnership has been the auditor of Anchor Group Limited for two years.

Grant Thornton

GRANT THORNTON JOHANNESBURG PARTNERSHIP
Registered Auditors

S J Kock
Partner
Registered Auditor
Chartered Accountant (SA)
17 March 2016

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

14 DIRECTORS REPORT

The directors have pleasure in submitting their report on the consolidated annual financial statements of Anchor Group Limited ("Anchor") for the year ended 31 December 2015.

Nature of Business

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 R8.1 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.

The group has the following subsidiaries, associates and investments:

- Anchor Capital Proprietary Limited – 100% owned, and offers asset management products with superior performance and great client service.
- Anchor Capital Cape Town – 100% owned, provides asset management service to private clients in Cape Town.
- Anchor Capital (Mauritius) Limited – 100% owned, provides asset management service to offshore clients.
- Ripple Effect 4 Proprietary Limited – 65% owned, and provides financial services education and research, primarily to Anchor Capital.
- Methwold Investments Proprietary Limited – 66% owned, primarily Robert Cowen Investments Proprietary Limited, provides asset management products suitable to family needs and has a long top-performing track record. Acquired on 01 June 2015
- Portfolio Bureau Proprietary Limited – 50% owned, provides independent financial advice based on integrity and trust, and great client service. Acquired on 01 November 2015.
- Corion Capital Proprietary Limited – 30% owned, multi-managed Investment services asset management company.
- Southridge Global Capital – 25% owned, offshore asset management company.
- Anchor Securities Proprietary Limited – 22% owned, provides trading and portfolio management services to private clients in Johannesburg and KwaZulu- Natal.
- Anchor Financial Services Proprietary Limited – 20% owned, offer institutional products and distribution of these funds.
- Cartesian Capital Proprietary Limited – 19% owned, majority black-owned, asset management business.
- Arengo 203 Proprietary Limited – 50% owned, property management company.

Review of Financial Results and Activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

Anchor, its subsidiaries and associates ("the group") experienced an excellent 2015 and reported headline earnings per share approximately double that forecast in the September 2014 listing prospectus (27.65c). Over 87% of the growth in earnings per share was organic, with Robert Cowen Investments ("RCI") contributing 9% for seven months and Portfolio Bureau 4% 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 Dec 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 asset under management 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 completed and future 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 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, but will contribute meaningfully in 2016.
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.

Share Capital

140.3 million Shares were in issue on 01 January 2015. To align economic and growth aspirations, 1.9 million shares were issued to the senior management and previous owners of Methwold Investments Proprietary Limited. Thereafter, due to the rapid increase in share price and strong investor support, the board elected to raise additional share capital to facilitate planned acquisitions and placed 21.5 million shares at 1250 cents per share. In addition to cash a further 2.5 million shares were used to subscribe to the shares in Portfolio Bureau group in compliance with the Group's growth strategies.

Dividends

Anchor endeavours to distribute at least 50% of after-tax cash profit. After assessing any projected future cash requirements, a final gross dividend of 16 cents per share has been declared for the year ended 31 December 2015, resulting in a final net dividend of 13.6 cents per share for shareholders subject to Dividends Withholding Tax. Together with the interim gross dividend of 11 cents per share, this amounts to a total gross dividend of 27 cents per share for the year.

Directors

The directors in office at the date of this report are as follows:

Director	Designation		Directors in Office
MS Teke	Chairman	Non-Executive	
PG Armitage	Chief Executive Officer	Executive	
TE Kaplan	Chief Operating Officer	Executive	
DK Rosevear	Financial Director	Executive	Appointed 18 March 2015
AJ Adams		Non-Executive/ Independent	
AP Nkuna		Non-Executive/ Independent	
IAJ Clark		Non-Executive	Resigned 18 March 2015
N Dennis		Non-Executive/ Independent	Appointed 18 March 2015
K Bissessor		Non-Executive/ Independent	Appointed 14 December 2015

Directors' Interests in Shares

As at 31 December 2015, the directors of the company held direct and indirect beneficial interests of 20.90% (2014: 26.60%) of its issued ordinary shares, as set out below.

Directors	2015 Direct	2015 Indirect	2015 Total	2014 Direct	2014 Indirect	2014 Total
Figures in R'000						
MS Teke	-	9 256	9 256	-	9 256	9 256
PG Armitage	6 043	8 678	14 721	5 734	8 740	14 474
TE Kaplan	2 777	-	2 777	2 700	-	2 700
DK Rosevear	250	-	250	-	-	-
AJ Adams	200	-	200	200	-	200
N Dennis	698	-	698	-	-	-
IAJ Clark	-	6 988	6 988	-	10 750	10 750
	9 968	24 922	34 890	8 634	28 746	37 380

Interest in Options

Directors	2015 Direct	2014 Direct
Number of Options R'000		
PG Armitage	**1 719**	1 851
TE Kaplan	**507**	463
DK Rosevear	**2 750**	-
	4 976	2 314

The register of interests of directors and others in shares of the group is available to the shareholders on request. There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

Directors' Interests in Contracts

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group.

Interests in Associates

Details of material interests in associates is presented in the consolidated annual financial statements in notes 7.
The interest of the group in the profits and losses of its associates for the year ended 31 December 2015 are as follows:

Associates	2015	2014
Figures in R'000		
Total share of equity accounted profits	**596**	478

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 (Pty) Ltd ("CFM South Africa") and 47.41% of the issued share capital of CFM Malta Limited (together The CFM Group). The CFM Group has over R8 billion of assets under management.

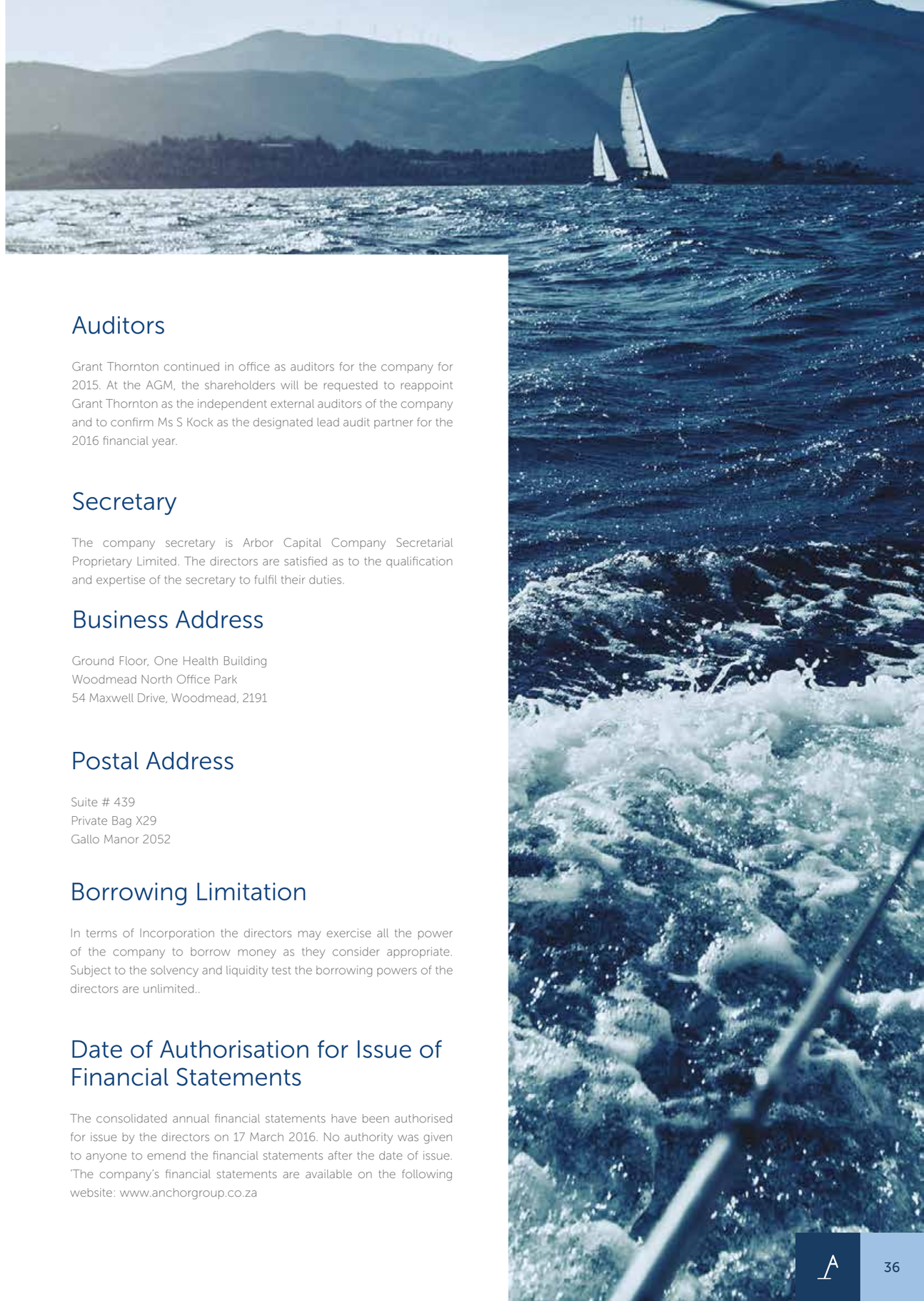
The purchase consideration is an amount of R348.4 million.
Anchor is entitled to its pro-rata share of profit after tax for the period 1 July 2015 to 29 February 2016.

The aggregated purchase consideration was settled as follows:

- R256 million in cash from Anchor resources; and
- The balance of R92.4 million through the issue of 7 698 782 Anchor shares at R12.00 per share to the sellers (the "Anchor shares').

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
- A maximum amount of R34.2 million to be recovered by Anchor.



Auditors

Grant Thornton continued in office as auditors for the company for 2015. At the AGM, the shareholders will be requested to reappoint Grant Thornton as the independent external auditors of the company and to confirm Ms S Kock as the designated lead audit partner for the 2016 financial year.

Secretary

The company secretary is Arbor Capital Company Secretarial Proprietary Limited. The directors are satisfied as to the qualification and expertise of the secretary to fulfil their duties.

Business Address

Ground Floor, One Health Building
Woodmead North Office Park
54 Maxwell Drive, Woodmead, 2191

Postal Address

Suite # 439
Private Bag X29
Gallo Manor 2052

Borrowing Limitation

In terms of Incorporation the directors may exercise all the power of the company to borrow money as they consider appropriate. Subject to the solvency and liquidity test the borrowing powers of the directors are unlimited..

Date of Authorisation for Issue of Financial Statements

The consolidated annual financial statements have been authorised for issue by the directors on 17 March 2016. No authority was given to anyone to emend the financial statements after the date of issue. 'The company's financial statements are available on the following website: www.anchorgroup.co.za

16 STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

Assets			
Figures in R'000	Notes	2015	2014
Non-Current Assets			
Equipment	4	3 847	1 837
Goodwill	5	273 140	24 401
Intangible Assets	6	32 402	6 612
Investments in Associates	7	30 716	9 907
Other financial assets	8	796	796
Deferred tax	9	48	526
		340 949	**44 079**
Current Assets			
Cash and cash equivalents	10	314 487	303 108
Other financial assets	8	115 341	8 615
Trade and other receivables	11	43 237	21 895
Current tax receivable		4 093	-
		477 158	**333 618**
Total Assets		**818 107**	**377 697**

Equity and Liabilities			
Figures in R'000	Notes	2015	2014
Equity			
Share Capital	12	635 945	317 164
Reserves		4 588	15 389
Retained income		70 673	20 536
Equity Attributable to Equity Holders of Parent		711 206	353 089
Non-controling interest		2 423	-
		713 629	**353 089**

Liabilities			
Figures in R'000	Notes	2015	2014
Non-current liabilities			
Other Financial liabilities	13	35 094	-
Deferred tax	9	9 216	847
		44 310	**847**
Current Liabilities			
Trade and other payables	14	45 690	18 057
Other financial liabilities	13	2 816	4 001
Current tax payable		11 662	1 703
		60 168	**23 761**
Total liabilities		**104 478**	**24 608**
Total Equity and Liabilities		**818 107**	**377 697**

17 STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

Comprehensive Income			
Figures in R'000	Notes	2015	2014
Revenue	15	226 347	82 367
Operating expenses		(145 991)	(53 732)
Operating profit	16	**80 356**	**28 635**
Other income	17	36 527	1 322
Accounting gain on acquisition of former investment		-	3 888
Share of profits from associates		596	478
Finance costs	18	(984)	(441)
Profit before taxation		**116 495**	**33 882**
Taxation	19	(32 253)	(9 627)
Profit for the year		**84 242**	**24 255**
Other comprehensive income:			
Net foreign currency translation differences for foreign operation		8	-
Other comprehensive income for the year net of taxation		8	-
Total comprehensive income for the year		**84 250**	**24 255**
Total comprehensive income attributable to:			
Owners of the parent		82 036	24 255
Non-controlling interest - Continuing operations		2 214	-
		84 250	**24 255**
Earnings per share			
Per share information			
Earnings per share (c)	20	55.10	32.00
Diluted earnings per share (c)	20	54.50	31.00

18 STATEMENT OF CHANGES IN EQUITY

Changes In Equity

Figures in R'000	Share capital/ stated capital	Foreign currency translation reserve	Shares to be issued reserve Shares to be issued reserve 2015	Equity reserve due to change in control of interest 2014	Share based payment reserve	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Balance at 01 January 2014	**1**	**-**	**-**	**-**	**-**	**-**	**5 944**	**5 945**	**2 089**	**8 034**
Profit for the year	-	-	-	-	-	-	**24 255**	**24 255**	-	**24 255**
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**24 255**	**24 255**	**-**	**24 255**
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 payment	-	-	-	-	629	629	--	629	-	629
Dividends	-	-	-	-	629	-	(2 778)	(2 778)	-	(2 778)
Total contributions by and distributions to owners of company recognised directly in equity	**317 163**	**-**	**14 760**	**-**	**-**	**15 389**	**(9 663)**	**322 889**	**(2 089)**	**320 800**
Balance at 01 January 2015	**317 164**	**-**	**-**	**-**	**-**	**15 389**	**20 536**	**353 089**	**-**	**353 089**
Profit for the year	-	-	-	-	-	-	82 028	82 028	2 214	84 242
Other comprehensive income	-	8	-	-	-	8	-	-	-	8
Total comprehensive income for the year	**-**	**8**	**-**	**-**	**-**	**8**	**82 028**	**82 036**	**2 214**	**84 250**
Issue of shares	304 022	-	-	-	-	-	-	304 022	-	304 022
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)
Total contributions by and distributions to owners of company recognised directly in equity	**318 782**	**-**	**(14 760)**	**-**	**3 951**	**(10 809)**	**(31 891)**	**276 082**	**209**	**276 291**
Balance at 31 December 2015	**635 946**	**8**	**-**	**-**	**4 580**	**4 588**	**70 673**	**711 207**	**2 423**	**713 630**
Note	12									

19 STATEMENT OF CASH FLOWS

Cash Flows			
Cash flows from operating activities			
Figures in R'000	Notes	2015	2014
Cash generated from operations	21	102 131	25 916
Interest income		7 939	1 322
Finance costs		(984)	(441)
Tax paid	22	(24 487)	(10 718)
Net cash from operating activities		**84 599**	**16 079**
Cash flows from investing activities			
Figures in R'000	Notes	2015	2014
Purchase of equipment	4	(2 762)	(1 661)
Intangible asset acquired through business combination	25	(18 746)	(3 800)
Expenditure on intangible asset	6	(1 328)	(1 565)
Cash acquired on acquisition of Subsidiary	25	6 611	339
Acquisition of subsidiaries	25	(166 160)	-
Net movement in financial assets		(105 739)	(6 071)
Increase in investments in associates		(20 549)	(9 907)
Net cash utilised from investing activities		**(308 673)**	**(22 665)**
Cash flows from financing activities			
Figures in R'000	Notes	2015	2014
Increase in stated capital/share capital	12	269 418	308 398
Decrease of other financial liabilities		(1 185)	(2 924)
Dividends paid	23	(33 141)	(2 778)
Net cash from financing activities		**235 092**	**302 696**
Total cash and cash equivalents movement for the year		**11 018**	**296 110**
Cash and cash equivalents at the beginning of the year		303 110	7000
Effect of exchange rate movement on cash balances		359	-
Total cash and cash equivalents at end of the year	10	**314 487**	**303 110**

20 ACCOUNTING POLICIES

1. Presentation of Consolidated Annual Financial Statements

The consolidated financial statements for the year ended 31 December 2015 include the group's interest in associates. The financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act, 71 of 2008 and the JSE Listing Requirements, SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

1.1 Basis of Preparation

The group annual financial statements are prepared on the historical cost basis adjusted for certain financial instruments measured at fair value, and incorporate the following principal accounting policies, which conform with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, Financial reporting pronouncement as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the South African Companies Act and the JSE Listings Requirements.

These policies have been consistently applied except for the adoption of new standards and interpretations which became effective in the current year. Refer to note 2.1

1.2 Consolidation

Basis of consolidation

The Group financial statements incorporate all the assets, liabilities and results of the company and all entities that are controlled by the company.

The company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

The results of consolidated entities are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal. Where necessary, adjustments are made to the financial statements of consolidated entities in order to align their accounting policies with those of the Group. Non-controlling interests in the net assets of consolidated entities are identified and recognised separately within equity. All intra-Group transactions, balances, income and expenses are eliminated in full upon consolidation.

Non-controlling interests in the net assets of consolidated entities are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non- controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Business combinations

Business combinations are accounted for by applying the Acquisition method. On acquisition date, the assets and liabilities and contingent liabilities of the acquiree are measured at their fair values. Any excess of consideration transferred over fair value of the identifiable net assets acquired, is recognised as goodwill. Any shortfall in the acquisition cost below the fair value of the identifiable net assets acquired (i.e. gain on bargain purchase), is recognised in profit and loss in the period of acquisition.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date, and subsequently carried at amortised cost. Subsequent changes to the fair value of the contingent consideration, which is deemed to be a liability, is recognised in accordance with IAS 39 in profit or loss.

Based on the significant judgments and assumptions disclosed in note 25, Management have adopted an accounting policy to account for the forward obligation to acquire the remaining non-controlling interest shares as the acquisition of 100% beneficial interest and accordingly have applied an "anticipated acquisition" approach to such business combinations, whereby the full 100% beneficial ownership is recognised on the effective date of the business combination. This is considered to result in a more fair presentation of the substance of the business combination.

Investment in associates
An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee, but is not control or joint control. Investment in associates are accounted for using the equity method.

1.3 Equipment

Equipment is initially measured at cost, and subsequently measured at cost less accumulated depreciation and impairment losses. Equipment are depreciated over its useful life, on the straight line basis to its estimated residual value as follows:

Item	Average useful life
Furniture and fixtures	5 years
Motor vehicles	5 years
IT Equipment	3 years
Office equipment	5 years

Estimated useful lives and residual values are reassessed annually, any change which is accounted for as a change in accounting policy.

1.4 Intangible Assets

Intangible assets are initially recognised at cost, and are subsequently measured at cost less accumulated amortisation and impairment losses. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual value as follows:

Item	Average useful life
Computer software	2 years
Website development costs	-
Acquired Customer list	10 years
Web based software	2 years

Internally generated customer list and items of a similar nature in substance are not recognised as an intangible asset.

Intangible asset useful lives and residual values are assessed annually, any change in which is accounted for as a change in estimate in terms of IAS 8.

1.5 Financial Instruments

Classification and initial recognition
Financial instruments are initially recognised when the company becomes party to the contractual terms of the instruments and are measured at cost, which is the fair value of the consideration given (financial asset) or received (financial liability or equity instrument). Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement on initial recognition. Transaction costs are included in the initial measurement of the financial instrument other than for financial instruments recognised at fair value through profit or loss. Subsequent to initial recognition these instruments are measured as follows:

1.5.1 Financial assets

The Groups financial assets consist of the following:

Trade and other receivables
Trade and other receivables are stated at amortised cost, using the effective interest rate method, less allowance for impairment. An allowance for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the transaction. The impairment allowance is determined as the difference between the assets' carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. Bad debts are written off, against the allowance, during the year in which they are identified and subsequent recoveries of amounts previously written off are credited to profit or loss.

Amounts owing by associate companies
Amounts owing by associate companies are stated at amortised cost using the effective interest rate method less accumulated impairment losses.

Cash and cash equivalents
The carrying amount of these instruments approximates their fair value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the company unless otherwise stated. Cash and cash equivalents are subsequently stated at fair value.

Listed Investments
Listed investments are subsequently carried at fair value through profit and loss.

Unlisted Investments
Unlisted investments are subsequently carried at fair value through profit or loss.

1.5.2 Other financial Liabilities

Other financial liabilities consist of trade and other payables, deferred purchase consideration relating to the prior year acquisition of Anchor Capital Cape Town which is carried at amortised cost using the effective interest rate method and 34% share purchase obligation which is carried at fair value through profit and loss,

1.5.3 Derecognition

Financial assets (or a portion thereof) are derecognised when the group realises the rights to the benefits specified in the contract, the rights expire or the company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. In derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that have been reported as other comprehensive income are included in profit or loss.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and amount paid for it are included in the statement of comprehensive income.

1.5.4 Fair value methods & assumptions

The fair value of financial instruments traded in an active financial market is the quoted market price at year end. The fair value of financial instruments not traded in an active financial market, is determined using a variety of methods and assumptions that are based on market conditions and risk existing at reporting date, including independent appraisals and discounted cash flow methods. The fair value determined is adjusted for any transaction costs necessary to realise the assets or settle the liabilities. The carrying amounts of financial assets and liabilities with a maturity of less than 1 year are assumed to approximate their fair value as the effects of the time value of money are considered to be immaterial.

1.5.5 Set-off

Where a legally enforceable right to set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are set-off in the financial statements.

1.6 Tax

Current taxation and deferred taxation
Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.
Deferred taxation
Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Current enacted or substantively enacted taxation laws and rates are used to calculate deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is not probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit or loss nor the accounting profit or loss.

1.7 Leases

The group is party only to leases which meet the criteria to be classified as operating leases. Operating lease payments are recognised as an expense over the lease term on the straight line basis. The difference between the actual rental paid and straight line rental presented is recognised as an operating lease liability and is unwound over the remaining lease term. Contingent rentals are expensed as and when they are incurred

1.8 Employee Benefits

Short-term employee benefits
The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employees' entitlements to wages, salaries, annual and sick leave represent the amount which the company has a present obligation to pay as a result of the employees' services provided to the reporting date.

Retirement benefits
The group provides retirement benefits for employees by payments to independent defined contribution funds and contributions are charged against income as incurred. The group has no liability towards any pension or provident fund, apart from normal recurring monthly contributions deducted from employees to be paid to relevant funds.

Equity share-based payment transactions
The award date fair value of share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service, ownership and performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service, ownership and performance conditions at the vesting date.

The fair value of the share based payment awards is measured using the Black-Scholes formula. Measurement inputs includes the share price on the measurement date, the exercise price of the instrument, expected share price volatility, term of the instrument, dividends and the risk free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Once the fair value of equity settled share based payments are determined at grant date, they are not subsequently re-measured.

1.9 Revenue

Revenue comprises of asset management fees and income earned from the sale of course material. Revenue is measured at the fair value of the consideration received or receivable. Revenue from fees and services are recognised using the stage of completion method over the period during which the services are provided and once the risk and reward associated with ownership has been transferred in the case of sale of course material Asset management fees comprises of management fees, services fees, and performance fees. Performance fee income is included in management fee income and is recognised as and when the group is unconditionally entitled to the revenue and no contingency with respect to future performance exists. Revenue is measured at the fair value of the consideration received or receivable. Revenue from sale of course material is recognised on transfer to the buyer of all significant risk and rewards of ownership of the course material.

1.10 Other Income

Realised and unrealised profits and losses on listed and other financial assets designated to be carried at fair value through profit and loss,interest income and exchange rate gains.

1.11 Translation of Foreign Currencies

Foreign currency transactions
Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting are translated to Rand at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation, realisation or settlement are recognised in profit or loss for differences arising on the retranslation of available-for-sale equity instruments recognised in other comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Rand at foreign exchange rates ruling at the dates the fair value was determined.

Financial Statements of foreign operations.
The assets and liabilities of foreign operations, including goodwill arising on consolidation are translated to Rand at foreign exchange rates ruling at the reporting date.

The income and expenses of foreign operations are translated to Rand at rates approximating foreign exchange rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised directly in the foreign currency translation reserve in other comprehensive income. This reserve is reclassified to profit or loss when foreign operations are disposed of.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised on the same basis as the foreign operation.

Net investment in foreign operations
Foreign exchange differences arising from the translation of the net investment in foreign operations are taken to a foreign currency translation reserve. They are reclassified into profit or loss upon disposal.

1.12 Management's Significant Judgements and Estimates

Significant judgements and assumption applied by management have been detailed in the notes to the relevant financial statement items.

21 NOTES TO THE CONSOLIDATED AFS

2 Segmental Information

The key line items of the Statement of Financial Position and the Statement of Comprehensive Income of the group companies involved in asset management, non asset management and Ripple Effect 4 are the reportable segments which represent the structure used by the executive committee to make key operating decisions and assess performance. An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components.

An operating segment's operating results are reviewed regularly by the executive committee in order to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the executive committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segmental revenue and results

Figures in R'000	2015				
	Anchor Group Limited and non asset management associates	Anchor Capital Proprietary Limited and other asset management businesses	Ripple Effect 4 Proprietary Limited	Inter-company Eliminations	Total
Revenue	21 464	220 090	4 690	(19 897)	226 347
Operating expenses	(11 736)	(151 316)	(2 836)	19 897	(145 991)
Operating profit	9 728	68 774	1 854	-	80 356
Other income	19 594	16 929	4	-	36 527
Share of profit from associates	335	261	-	-	596
Finance costs	(708)	(272)	(4)	-	(984)
Profit before tax	**28 949**	**85 692**	**1 854**	**-**	**116 495**

Figures in R'000	2014				
	Anchor Group Limited and non asset management associates	Anchor Capital Proprietary Limited and other asset management businesses	Ripple Effect 4 Proprietary Limited	Inter-company Eliminations	Total
Revenue	2 415	78 125	3 564	(1737)	82 367
Operating expenses	(2 912)	(49 305)	(3 254)	1737	(53 734)
Operating profit	(497)	28 820	310	-	28 633
Other income	-	3 888	-	-	3 888
Interest income	1 033	289	-	-	1 322
Share of profits from associates	340	138	-	-	478
Finance costs	(396)	(45)	-	-	(441)
Profit before tax	**480**	**33 090**	**310**	**-**	**33 880**

Segment assets and liabilities

Figures in R'000	2015				
	Anchor Group Limited and non asset management associates	Anchor Capital Proprietary Limited and other asset management businesses	Ripple Effect 4 Proprietary Limited	Inter-company Eliminations	Total
Non current assets	337 807	5 938	207	(3 003)	340 949
Current assets	320 663	153 848)	2 487	160	477 158
Assets	658 470	159 786	2 694	(2 843)	818 107
Non current liabilities	(37 820)	(5 090)	-	(1 400)	(44 310)
Current liabilities	(3 842)	(55 566)	(600)	(160)	(60 168)
Liabilities	(41 662)	(60 656)	(600)	(1 560)	(104 478)
Equity	**616 808**	**99 130**	**2 094**	**(4 403)**	**713 629**

Figures in R'000	2014				
	Anchor Group Limited and non asset management associates	Anchor Capital Proprietary Limited and other asset management businesses	Ripple Effect 4 Proprietary Limited	Inter-company Eliminations	Total
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
Assets	319 579	91 891	3 857	(37 629)	377 698
Non-current liabilities	215	43 992	-	(43 360)	847
Current liabilities	318	20 251	4 704	(1 510)	23 763
Equity	**319 046**	**27 648**	**(847)**	**7 241**	**353 088**

3 New Standards and Interpretations Effective and Adopted in the Current Year

The following new standards and interpretation were issued in the current year and are not effective. The directors have not yet assessed the impact of these to the annual financial statements.

Standard	Details of amendments	Annual periods beginning of after
IFRS 7 Financial Instruments: Disclosures	Annual Improvements 2012 – 2014 Cycle: The amendments provide additional guidance to help entities identify the circumstances under which a servicing contract is considered to be 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E - 42H of IFRS 7. Such circumstances commonly arise when, for example, the servicing fee is dependent on the amount or turning of the cash flows collected from the transferred financial asset or when a fixed fee is not paid in full due to non- performance of that asset.	1 July 2016
	Annual Improvements 2012 – 2014 Cycle: These amendments clarify that the additional disclosure required by the recent amendments to IFRS 7 Disclosure--Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34 Interim Financial Reporting when its inclusion would be necessary in order to meet the general principles of IAS 34.	1 July 2016
IFRS 9 Financial Instruments	IFRS 9 'Financial Instruments (2014)' replaces IAS 39 'Financial Instruments: Recognition and Measurement'	1 January 2018
IFRS 10 Consolidated Financial Statements	Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 'Consolidated Financial Statements' and those in IAS 28 (2011) 'Investments in Associates' in dealing with the sale or contribution of a subsidiary	1 January 2016
	Amendments confirming that the IFRS 10.4(a) consolidation exemption is also available to parent entities which are subsidiaries of investment entities where the investment entity measures its investments at fair value in terms of IFRS 10.31	1 January 2016
	Amendments modifying IFRS 10.32 to state that the consolidation requirement only applies to subsidiaries who are not themselves investment entities and whose main purpose is to provide services which relate to the investment entity's investment activities.	1 January 2016
	Amendments providing relief to non-investment entity investors in associates or joint ventures that are investment entities by allowing the non- investment entity investor to retain, when applying the equity method, the fair value measurement applied by the investment entity associates or joint ventures to their interests in subsidiaries.	1 January 2016
IFRS 15 Revenue from Contracts with Customers	New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.	1 January 2018

Standard	Details of amendments	Annual periods beginning of after
IFRS 16 Leases	IFRS 16 will require lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset and a lease liability. IFRS 16 also: - Changes the definition of a lease - Sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods Provides exemptions for short-term leases and leases of low value asset Changes the accounting for sale and leaseback arrangements - Largely retains IAS 17's approach to lessor accounting - Introduces new disclosure requirements.	1 January 2019
IAS 1 Presentation of Financial Statements	Amendments clarifying IAS 1's specified line items on the statement(s) of profit and loss and other comprehensive income and the statement of financial position can be disaggregated.	1 January 2016
	Additional requirements of how entities should present subtotals in the statement(s) of profit or loss and other comprehensive income and the statement of financial position.	1 January 2016
	Clarification that entities have flexibility as to the order in which they present their notes to the financial statements, but also emphasising the need to consider fundamental principles of comparability and understandability in determining the order.	1 January 2016
IAS 16 Property, Plant and Equipment	Amendments to prohibit the use of a revenue- based depreciation method for property, plant and equipment, as well as guidance in the application of the diminishing balance method for property, plant and equipment.	1 January 2016
	Amendments specifying that because the operation of bearer plants is similar in nature to manufacturing, they should be accounted for under IAS 16 rather than IAS 41. The produce growing on the bearer plants will continue to be within the scope of IAS 41.	1 January 2016
IAS 27 Consolidated and Separate Financial Statements	Amendments to introducing a third option which allows entities to account for investments in subsidiaries, joint ventures and associates under the equity method in their separate financial statements.	1 January 2016
IAS 28 Investments in Associates	Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 'Consolidated Financial Statements' and those in IAS 28 (2011) 'Investments in Associates' in dealing with the sale or contribution of a subsidiary. In addition IAS 28 (2011) has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.	1 January 2016
IAS 38 Intangible Assets	Amendments present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate except in two limited circumstances, as well as provide guidance in the application of the diminishing balance method for intangible assets.	1 January 2016

4 Equipment

Equipment						
Figures in R'000	2015			2014		
	Cost/Valuation	Accumulated Depreciation	Carrying Value	Cost/Valuation	Accumulated Depreciation	Carrying Value
Furniture and Fixtures	3 722	(1 176)	2 546	1 604	(302)	1 302
Motor Vehicles	583	(65)	498	-	-	-
Office Equipment	1 935	(1 227)	708	833	(298)	535
IT Equipment	797	(702)	95	-	-	-
Total	**7 017**	**(3 170)**	**3 847**	2 437	(600)	1 837

Reconciliation of equipment - 2015						
Figures in R'000	Opening Balance	Additions	Additions through Business Combinations	Other Changes, Movements	Depreciation	Total
Furniture and Fixtures	1 302	1 679	55	-	(490)	2 546
Motor Vehicles	-	531	4	-	(37)	498
Office Equipment	535	479	29	(48)	(287)	708
IT Equipment	-	73	32	47	(58)	95
Leasehold Improvements	-	-	108	-	(108)	-
	1 837	**2 762**	**228**	**-**	**(980)**	**3 847**

Reconciliation of equipment - 2014					
Figures in R'000	Opening Balance	Additions	Additions through Business Combinations	Depreciation	Total
Furniture and Fixtures	287	1 281	-	(266)	1 302
Office Equipment	230	372	84	(151)	535
	517	1 653	84	(417)	1 837

5 Goodwill

Goodwill						
Figures in R'000	2015			2014		
	Cost/Valuation	Accumulated Impairment	Carrying Value	Cost	Accumulated Impairment	Carrying Value
Goodwill	273 140	-	273 140	24 401	-	24 401

Recon of Goodwill 2015			
Figures in R'000	Opening Balance	Additions through Business Combinations	Total
Goodwill	24 401	248 739	273 140

Recon of Goodwill 2016			
Figures in R'000	Opening Balance	Additions through Business Combinations	Total
Goodwill	3 119	21 282	24 401

Allocation of Goodwill		
Figures in R'000		
Anchor Capital Proprietary Limited	856	856
Ripple Effect 4 Proprietary Limited	2 263	2 263
Anchor Capital Cape Town Proprietary Limited	21 282	21 282
Methwold Investments Proprietary Limited	124 272	-
Portfolio Bureau Proprietary Limited	124 467	-
	273 140	**24 401**

The value in use of all the subsidiaries which are CGUs (Cash Generating Units) were determined by comparing the forward Price Earnings (PE) to the historic PE paid. The forward PE was calculated based on the director's approved budgets for the 2016 year. Key assumptions used in the budgets were Asset Under Management (AUM) inflows based on prior year, market performance based on historic performance, and costs to increase with inflation. The forward (PE) was lower than the historic PE paid, and management is comfortable that no indicators of impairments exist.

6 Intangible Assets

Intangible assets						
Figures in R'000	2015			2014		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	787	(502)	285	686	(143)	543
Website development costs	300	(28)	272	-	-	-
Acquired customer list	30 972	(1 334)	29 638	5 278	(88)	5 190
Web-based software	2 207	-	2 207	879	-	879
Total	**34 266**	**(1 864)**	**32 402**	6 843	(231)	6 612

Reconciliation of intangible assets - 2015				
Figures in R'000	Opening balance	Additions	Amortisation	Total
Computer software	543	101	(376)	285
Website development costs	-	300	(28)	272
Customer list	5 190	25 694	(1 246)	29 638
Web-based software	879	1 328	-	2 207
	6 612	**27 423**	**(1 650)**	**32 402**

Reconciliation of intangible assets - 2014					
Figures in R'000	Opening balance	Additions through business combinations	Internally generated	Amortisation	Total
Computer software	448	-	238	(143)	543
Customer list	-	5 278	-	(88)	5 190
Web-based software	-	-	879	-	879
	448	**5 278**	**1 117**	**(231)**	**6 612**

Web-based software is still in development phase and is not yet available for use therefore no amortisation was provided. There was no indication of impairment at the reporting date.

7 Investments in Associates

The following table lists all of the associates in the group:

Investments in associates					
The following table lists all of the associates in the group: Figures in R'000					
Name of company	Held by	% ownership interest 2015	% ownership interest 2014	Carrying amount 2015	Carrying amount 2014
Arengo 203 Proprietary Limited	Anchor Group Limited	50.00%	33.33%	11 714	7407
Corion Capital Proprietary Limited	Anchor Group Limited	30.00%	- %	4 818	-
Southridge Global Capital Proprietary Limited	Anchor Group Limited	25.00%	- %	1 797	-
Anchor Financial Services Proprietary Limited	Anchor Group Limited	20.00%	- %	6 689	-
Anchor Securities Proprietary Limited	Anchor Capital Proprietary Limited	22.00%	25.00%	5 698	2500
				30 716	9907

- The additional investment in Arengo 203 Proprietary Limited was acquired at a cost of R3.2 million.
- The investment in Anchor Securities Proprietary Limited during the year had a rights issue which Anchor Capital did not participate in. Due to this Anchor Capital's share was diluted to 22%.
- The investment in Anchor Financial Services Proprietary Limited was acquired during the year at a cost of R5 million.
- The investment in Corion Capital Proprietary Limited was acquired during the year at a cost of R4.8 million
- The investment in Southridge Capital Proprietary Limited was acquired during the year at a cost of R1.8 million .

Summarised financial information of associates						
Figures in R'000	2015					
Summarised statement of comprehensive income	Revenue	Other expenses	Taxation	Share of associates profit	Non Controlling Interest	Total Comprehensive income
Corion Capital Proprietary Limited	8 646	(8 430)	(120)	112	-	208
Southridge Global Capital Proprietary Limited	978	(1 784)	226	-	-	(580)
Anchor Financial Services Proprietary Limited	1 566	(7 410)	1 636	-	(249)	(4 457)
Arengo 203 Proprietary Limited	15 436	(11 265)	(1 168)	-	-	3 003
Anchor Securities Proprietary Limited	24 481	(25 842)	(641))	-	(2 652)	(1 584)
	51 107	**(54 731)**	**(67)**	**112**	**(2 901)**	**(3 410)**

Summarised financial information of associates						
Summarised statement of financial position	Non current assets	Current assets	Non current liabilities	Current liabilities	Non Controlling Interest	Total net assets
Figures in R'000						
Corion Capital Proprietary Limited	7 568	9 710	**(2 900)**	**(1 181)**	**-**	**13 197**
Southridge Global Capital Proprietary Limited	237	2 271	-	(1 219)	-	1 288
Anchor Financial Services Proprietary Limited	3 509	2 235	(146)	(4 306)	(249)	1 044
Arengo 203 Proprietary Limited	66 777	11 664	(64 530)	(4 095)	-	9 816
Anchor Securities Proprietary Limited	4 652	12 692	(13 829)	(4 536)	(2 652)	(3 672)
	82 743	**38 572**	**(81 405)**	**(18 238)**	**(2 901)**	**21 673**

Reconciliation of net assets to equity accounted investments in associates	Total net Assets
Figures in R'000	
Corion Capital Proprietary Limited	13 197
Southridge Global Capital Proprietary Limited	1 288
Anchor Financial Services Proprietary Limited	1 044
Arengo 203 Proprietary Limited	9 816
Anchor Securities Proprietary Limited	(3 672)
	21 673

Reconciliation of investments in associates	Investment at cost	Share of profit from associates	Loan to associates	Total
Figures in R'000				
Corion Capital Proprietary Limited	4 795	23	-	4 818
Southridge Global Capital Proprietary Limited	1 869	(65)	(7)	1 797
Anchor Financial Services Proprietary Limited	5 000	(792)	2 481	6 689
Arengo 203 Proprietary Limited	10 620	1 094	-	11 714
Anchor Securities Proprietary Limited	-	373	5 325	5 698
	22 284	**633**	**7 799**	**30 716**

Figures in R'000	2014			
Summarised statement of comprehensive income	Revenue	Other expenses	Taxation	Total comprehensive income
Arengo 203 Proprietary Limited	8 954	(8 183)	(220)	551
Anchor Securities Proprietary Limited	10 800	(9 781)	-	1 019
	19 754	**(17 964)**	**(220)**	**1 570**

Figures in R'000					
Summarised statement of financial position	Non current assets	Current assets	Non current liabilities	Current liabilities	Total net assets
Arengo 203 Proprietary Limited	326	6 889	6 130	523	562
Anchor Securities Proprietary Limited	65 852	6 514	29 175	34 893	8 298
	66 178	**13 403**	**35 305**	**35 416**	**8 860**

Figures in R'000				
Reconciliation of investments in associates	Investment at cost	Share of profits from associates	Loan to associate	Total
Arengo 203 Proprietary Limited	7 067	340	-	7 407
Anchor Securities Proprietary Limited	-	138	2 362	2 500
	7 067	**478**	**2 362**	**9 907**

8 Other Financial Assets

Other financial assets		
At fair value through profit or loss - designated - Non Current		
Figures in R'000		
Investments in listed instruments	112 914	7 377
Cartesian Capital Proprietary Limited	796	796
	113 710	**8 173**
Loans and receivables - Current		
Anchor Consulting Proprietary Limited	1 947	376
Anchor Financial Services Proprietary Limited	-	243
Cartesian Capital Proprietary Limited	480	560
Other loan receivable	-	
These loans are unsecured, interest free and have no fixed terms of repayment.		
	2 427	**1 238**
Total other financial assets	**116 137**	**9 411**

Non-current assets		
Figures in R'000		
Designated as at fair value through profit or loss	796	796

Current assets		
Designated as at fair value through profit or loss	112 914	7 377
Loans and receivables at amortised cost	2 427	1 238
	115 341	**8 615**
	116 137	**9 411**

Fair value information

Loans and receivables are recognised at amortised cost using the effective Interest rate. Amortised cost approximates the fair value.

Fair value hierarchy of financial assets at fair value through profit or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

- Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.
- Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).
- Level 3 applies inputs which are not based on observable market data.

Figures in R'000	2015	2014
Level 1 Listed investments	112 914	7 377
Level 3 Unlisted investments	796	796
	113 710	8 173

Listed investment's fair value is the exchange traded price at year end.

Unlisted investment's valuation was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the cash flows that were projected and a 5 year forecast. Cash flows beyond this were extrapolated using a constant growth rate of 8%, which does not exceed the long term average growth rate of the industry. The cash flows are discounted using a rate of 18%, which represent the rate of Weighted Average Cost of Capital.

Reconciliation of financial assets at fair value through profit or loss				
Figures in R'000	Fair Value as at 31 December 2015	Fair Value as at 31 December 2014	Fair Value gain 2015	Fair Value gain 2014
Other financial assets	113 710	8 173	27 258	1 468

9 Deferred tax

Deferred tax		
Figures in R'000	2015	2014
Deferred tax liability		
Originating from Temporary differences	(4 954)	(632)
Unrealised gain in investments	(4 262)	(215)
Total deferred tax liability	(9 216)	(847)
Deferred tax (liability) asset		
Tax losses available for set off against future taxable income	48	526
Deferred tax liability	(9 216)	(847)
Deferred tax asset	48	526
Total net deferred tax asset (liability)	(9 168)	(321)
Reconciliation of net deferred tax liability		
At beginning of year	(321)	809
Originating from provisions and accruals	5 640	2 316
Originating from temporary difference on straight lining of operating leases	35	32
Originating from fair value gain on acquisition of further investment	(1 089)	(1 089)
Originating from temporary difference on intangible asset	(7 133)	(1 478)
Reversal of prior year deferred tax	-	(395)
Originating from assessed tax losses	-	526
Originating from unrealised gain in investments	(6 300)	(1 042)
	(9 168)	**(321)**

10 Cash and Cash Equivalents

Cash and cash equivalents		
Figures in R'000	2015	2014
Cash and cash equivalents consist of:		
Bank balances	265 710	281 005
Cash balances in investments	48 777	20 944
Investments in liquid investments	-	1159
	314 487	**303 108**

11 Trade and Other Receivables

Trade and other receivables		
Figures in R'000	2015	2014
Trade receivables	37 966	19 572
VAT	158	222
Other receivables	2 023	1 332
Staff loans	3 090	769
	43 237	**21 895**

12 Share Capital

Share capital		
Figures in R'000	2015	2014
Authorised		
1 000 000 000 Ordinary shares of no par value	1 000 000	1 000 000
Reconciliation of number of shares issued:		
Reported as at 01 January 2014	-	1
Shares issue prior to sub-division	-	1
Share split 100 000:1	-	62 599
Issue of new shares	-	40 300
Issue of new shares - Listing - 6 September 2014	-	30 014
Issue of shares to Anchor Capital Cape Town Proprietary Limited	-	7 380
Reported as at 31 December 2014	140 295	-
Issue of shares to acquire subsidiary Methwold Investment Proprietary Limited	1 865	-
Issue of shares to acquire subsidiary Portfolio Bureau Proprietary Limited	2 500	-
Issue of new shares	21 503	-
	166 163	**140 295**
Reconciliation of value of shares issued		
Opening balance as at 01 January 2015	317 164	
Issue of shares to acquire subsidiary - Methwold Investment Proprietary Limited	18 640	
Issue of new shares and share incentive scheme	269 418	
Issue of shares to subsidiary - Portfolio Bureau	30 723	
	635 945	

13 Other Financial Liabilities

Other financial liabilities		
Figures in R'000	2015	2014
At fair value through profit or loss		
Contingent Purchase Consideration - Methwold Investments Proprietary Limited ("Methwold")	33 550	-

Anchor will acquire the remaining 34% of Methwold in three (3) annual tranches based on a price earnings ratio of 8 times audited profit after taxation commencing from the year ending 31 December 2016. The purchase consideration for the remaining 34% has been capped at a maximum of the initial purchase consideration. The contingent liability is carried at fair value through profit and loss.

Held at amortised cost		
Purchase consideration - Anchor Capital Cape Town	2 816	2 680

The contingent purchase consideration requires the group to pay previous owners of Anchor Capital Cape Town Proprietary Limited shares to the value of R2 952 000. The contingency is subject to a profit warranty for R3m and other administrative warranties. The contingent consideration is carried at amortised cost and was initially recognised at fair value.

Loans with shareholders	-	889
Loan payable	-	432
The above mentioned loans are unsecured, interest free and have no fixed terms of repayment.		
	2 816	4 001
	36 366	4 001

14 Trade and Other Payables

Trade and other payables		
Figures in R'000	2015	2014
Trade payables	18 155	2 922
VAT	3 848	2 731
Other payables	6 732	141
Shareholders for dividends	-	186
Accruals	16 955	12 077
	45 690	18 057

The carrying amounts approximate fair value.

15 Revenue

Revenue		
Figures in R'000	2015	2014
Sale of course materials	3 273	1 436
Fees earned from asset management services	223 074	80 931
	226 347	82 367

16 Operating Profit

Operating profit		
Operating profit for the year is stated after accounting for the following: Figures in R'000		
Operating lease charges	2015	2014
Premises		
Lease rentals	8 304	2 924
Amortisation on intangible assets	1 650	231
Depreciation on plant and equipment	980	417
Employee costs	80 130	33 595
Research and development costs	1 535	1 823
Share based payment expense	3 951	629

17 Other Income

Other Income		
Other Income and Interest Income		
Figures in R'000	2015	2014
Interest received	7 939	1 322
Other Income	1 330	-
Fair value gain on investments	27 258	-
	36 527	1 322

18 Finance Costs

Finance costs		
Figures in R'000	2015	2014
Interest paid	984	441

19 Taxation

Taxation		
Figures in R'000	2015	2014
Major components of the tax expense		
Current		
Local income tax - current period	30 353	9 976
Deferred		
Deferred tax	1 900	(349)
	32 253	9 627
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	116 495	33 882
Tax at the applicable tax rate of 28% (2014: 28%)	32 619	9 487
Tax effect of adjustments on taxable income		
Non deductible expenses	(366)	360
Tax losses carried forward	-	(220)
	32 253	**9 627**

20 Earnings Per Share

Earnings per share		
	2015	2014
Earnings per share (cents)	55.1	32.0
Diluted earnings per share (cents)	54.5	31.0
Headline earnings per share (cents)	55.1	28.3
Diluted headline earnings per share (cents)	54.4	27.4
Adjusted headline earnings per share (cents)	55.1	30.1
Diluted adjusted headline earnings per share (cents)	54.5	29.2
Figures in R'000	2015	2014
Earnings and headline earnings per share		
Earnings attributable to shareholders	**84 242**	**24 253**
Non-controlling interest	(2 214)	-
Earning attributable to ordinary shareholders	**82 028**	**24 253**
Accounting gain on acquisition of former investment	-	(3 888)
Related tax on sale of investment	**-**	1 089
Headline earnings attributable to ordinary shareholders	**82 028**	**21 454**
Share based payment obligation settlement	-	1 391
Adjusted headline earnings attributable to ordinary shareholders	**82 028**	**22 845**
Number of shares in issue	166 163	140 295
Weighted average number of shares in issue	148 967	75 888
Contingent purchase consideraton (Note 13)	393	513
Employee share incentive scheme (Note 24)	1 211	1 954
Diluted weighted average number of shares in issue	**150 571**	**78 354**

21 Cash Generated From Operations

Cash generated from operations		
Figures in R'000	2015	2014
Cash generated from operations		
Profit before taxation	116 495	33 882
Adjustments for:		
Depreciation and amortisation	2 628	649
Net profit on disposal of property, plant and equipment	-	3 888
Income from equity accounted investments	(596)	(478)
Interest received - investment	(7 939)	(1 322)
Finance costs	984	441
)Share option Costs	3 951	(16)
Impairment of receivables	(1 099)	-
Fair value gain	(15 312)	-
Changes in working capital:		
Trade and other receivables(	(15 118)	(15 567)
Trade and other payables	18 137	12 215
	102 131	**25 916**

22 Tax Paid

Tax paid		
Figures in R'000	2015	2014
Balance at beginning of the year	(1 703)	(1 367)
Current tax for the year recognised in profit or loss	(30 353)	(9 976)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	-	(1 078)
Balance at end of the year	7 569	1 703
	(24 487)	**(10 718)**

23 Dividends Paid

Dividends paid		
Figures in R'000	2015	2014
Dividends	(33 141)	(2 778)

24 Shared Based Payments

Share based payments				
Figures in R'000				
Employee share option				
Grant date and number of options granted	01 January 2015	4 779	01 September 2014	9 256
	30 June 2015	977		
	01 May 2015	787		
Vested period	3 years		3 years	
Vesting conditions	In the employ of the Company		In the employ of the Company	
Expiry date	5 years		5 years	
Weighted average share price	R2 - R10.80		R2	
Expected Volatility	24% - 30%		30%	
Exercise share price	R1.40 - R10		R1.40	
Expected dividend yield	6%-9%		9%	
Risk-free interest rate	5.29%		5.29%	
Remaining vesting period	3 years		3 years	

Figures in R'000		
Reconciliation of share options	Number of share options outstanding	Number of share options outstanding
Opening balance	**9 256**	-
Number of options granted during the year	6 543	9 256
Number of options exercised	(3 500)	-
Number of options lapsed	(364)	-
Number of options at year end	**11 935**	**9 256**

The weighted average share price at the date of exercise was R14.3.

Figures in R'000				
Directors and Key Staff Options	Number of share options issued 2014	Number of share options issued 2015	Number of share options exercised 2015	Total Outstanding Options
PG Armitage	1 851	485	(617)	1 719
TE Kaplan	463	198	(154)	507
DK Rosevear	-	3 000	(250)	2 750
Key staff members	1 250	1 037	(417)	1 870
	3 564	**4 720**	**(1 438)**	**6 846**

25 Business Combinations

Portfolio Bureau Proprietary Limited and Portfolio Bureau Investments Proprietary Limited

Anchor through a subscription of ordinary shares, acquired 50% of Portfolio Bureau Proprietary Limited ("Portfolio Bureau") and 50% of Portfolio Bureau Investments Proprietary Limited ("Pbi"). Control was obtained as Anchor's nominated directors have the casting vote in relation to any decision of the board.

Portfolio Bureau is an independent and authorised financial services provider and has been active in the financial services industry since 1994, with a substantial presence in Cape Town. Portfolio Bureau offers a diverse range of financial products and services.

Portfolio Bureau Investments is a newly established business holding a Category II licence in terms of the Financial Advisory and Intermediary Services Act and will act as an investment manager in respect of certain Collective Investment Schemes and other portfolios. The acquisition is in line with Anchor's strategy to invest in high quality, successful businesses with a similar culture and strong management.

The Goodwill of 124 551 arising from the acquisition consists largely of meaningful synergies, inter alia, in unit trust and offshore investments, and trusted market name.

Provisional fair value of assets acquired and liabilities assumed		
Figures in R'000	2015	2014
Equipment	108	-
Intangible assets	1 031	-
Trade and other receivables	1 594	-
Cash and cash equivalents	4 641	-
Long term liabilities	(6)	-
Trade and other payables	(4 387)	-
Total identifiable net assets	2 981	-
Non-controlling interest	(1449)	-
Goodwill acquired	(1000)	-
Goodwill	124 468	-
	125 000	-

Acquisition date fair value of consideration paid		
Figures in R'000	2015	2014
Cash	(93 750)	-
2,5m Shares issued at R12,5	(31 250)	-
	(125 000)	-

Methwold Investments Proprietary Limited

On 1 June 2015, Anchor acquired 100% of the voting equity interest of Methwold Investments Proprietary Limited ("Methwold")

Methwold is an investment holding company which holds 100% in Robert Cowen Investments (Pty) Limited ("RCI") which is a niche asset management business that manages segregated portfolios for private clients and institutions and holds 100% in Apollo Trustees (Pty) Limited ("Apollo") which provides trust management services.

The Acquisition is in line with Anchor's strategic objectives at the time of listing to expand and grow its business through acquisition of quality businesses and attracting key talent and expertise to complement the Anchor Group.

The Goodwill of 124 272 arising from the acquisition consists largely of meaningful synergies, inter alia, in research, unit trust and offshore investments, and trusted market name.

Provisional fair value of assets acquired and liabilities assumed		
Figures in R'000	2015	2014
Equipment	120	-
Trade and other receivables	4 630	-
Cash and cash equivalents	1 970	-
Trade and other payables	(5 109)	-
Total identifiable net assets	1 611	-
Goodwill acquired	(838)	-
Goodwill	124 272	-
	125 045	-

Acquisition date fair value of consideration paid		
Figures in R'000	2015	2014
Cash	(72 825)	-
1,864m Shares issued at R10	(18 640)	-
Contingent consideration arrangement	(33 580)	-
	(125 045)	-

Contingent consideration arrangements

Anchor will acquire the remaining 34% of Methwold in three annual tranches based on a price earnings ratio of 8 times audited profit after taxation commencing from the year ending 31 December 2016. The purchase consideration for the remaining 34% has been capped at a maximum of the initial purchase consideration. The previous owners have limited risk, and Anchor has the risk and rewards of the benefits from Methwold Investment Proprietary Limited.

Acquisition of customer list

The group acquired a book of assets which qualify as a business combination.

Book Purchases			
	Financial Advisors	Deferred Tax - Financial Advisors	Total
24/07/2015	4 000	1 120	5 120
11/09/2015	1 200	336	1 536
22/09/2015	10 000	2 800	12 800
30/09/2015	457	128	585
13/10/2015	2988	837	3 825
08/12/2015	101	28	129
	18 746	**5 249**	**23 995**

26 Auditor's Remuneration

Auditors' remuneration		
Figures in R'000	2015	2014
Fees	692	410

27 Related Parties

Related parties	
Relationships	
Subsidiaries	Anchor Capital Proprietary Limited Ripple Effect 4 Proprietary Limited Methwold Investments Proprietary Limited Portfolio Bureau Proprietary Limited Anchor Capital (Mauritius) Limited
Associates	Arengo 203 Proprietary Limited Anchor Financial Services Proprietary Limited Corion Capital Proprietary Limited Southridge Capital Proprietary Limited
Members of key management (Refer to note 21)	PG Armitage (Chief Executive Officer) TE Kaplan (Chief Operations Officer) DK Rosevear (Chief Financial Officer)
Non-Executive Directors (Refer to note 21)	K Bissessor (Independent Non-Executive Director) MS Teke (Non-Executive Director) AJ Adams (Independent Non-Executive Director) AP Nkuna (Independent Non-Executive Director) N Dennis ((Independent Non-Executive Director)

Related party balances		
Loan accounts - Owing (to) by related parties		
Figures in R'000	2015	2014
Anchor Securities Proprietary Limited	5 325	2 362
T Kaplan	-	(99)
P Armitage	-	(789)
Anchor Financial Services Proprietary Limited	2 480	-
Southridge Captial Proprietary Limited	(7)	-

Related party transactions		
Interest paid to (received from) related parties		
Figures in R'000	2015	2014
Interest on shareholders loans	-	396
Anchor Securities Proprietary Limited	(319)	(124)
Rent paid to (received from) related parties		
Anchor Securities Proprietary Limited	(1 053)	(434)
Arengo 203 Proprietary Limited	5 090	2 037

28 Directors' Emoluments

Executive Directors and Key Staff				
Anchor Capital Proprietary Limited				
2015 (Figures in R'000)	Emoluments	Bonus and performance related payments	Surplus on Share Options exercised	Total
PG Armitage	1 451	3 750	7 959	13 160
TE Kaplan	984	1 000	1 987	3 971
DK Rosevear	1 475	1 000	2 325	4 800
Total	**3 910**	**5 750**	**12 271**	**21 931**
Key staff members	2 964	7 400	5 379	15 743
	6 874	**13 150**	**17 650**	**37 674**

2014 (Figures in R'000)	Emoluments	Bonus and performance related payments	Total
PG Armitage	1 375	2 200	3 575
TE Kaplan	617	737	1 354
	1 992	**2 937**	**4 929**

2015 (Figures in R'000)	Number of share options issued 2014	Number of share options issued 2015	Number of share options exercised 2015	Total Outstanding Options
PG Armitage	1 851	485	(617)	1 719
TE Kaplan	463	198	(154)	507
DK Rosevear	-	3 000	(350)	2 650
	2314	**3 683**	**(1 021)**	**4 876**

Non-executive			
Anchor Group Limited	2015 Directors' fees	2014 Directors' fees	Total
MS Teke	230	31	261
AJ Adams	40	300	340
AP Nkuna	209	100	309
IAJ Clark	35	100	135
N Dennis	185	-	185
	699	**531**	**1 230**

29 Categories of Financial Instruments

Categories of financial instruments						
(Figures in R'000)	2015					
	Designated at fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	Non Financial assets and liabilities	Carrying amount	Fair value
Financial assets	116 137	-	-	-	116 137	116 137
Non financial assets	-	-	-	340 153	340 153	-
Trade and other receivables	-	37 966	-	9 364	47 330	37 966
Cash and cash equivalents	314 487	-	-	-	314 487	314 487
Total assets	**430 624**	**37 966**	**-**	**349 517**	**818 107**	**468 590**
Other financial liabilities	(35 094)	-	-	-	(35 094)	(35 094)
Non financial liabilities	-	-	-	(9 216)	(9 216)	-
Trade and other payables	-	(18 155)	-	(42 013)	(60 169)	(18 155)
Total liabilities	**(35 094)**	**(18 155)**	**-**	**(51 229)**	**(104 479)**	**(53 249)**

Categories of financial instruments					
(Figures in R'000)	2014				
	Designated at fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	Carrying amount	Fair value
Financial assets	8 173	1 238	-	9 411	9 411
Trade and other receivables	-	21 674	-	21 674	21 674
Cash and cash equivalents	-	303 108	-	303 108	303 108
Total assets	**8 173**	**326 020**	**-**	**334 193**	**334 193**
Other financial liabilities	-	-	3 568	3 568	-
Trade and other payables	-	-	5 879	5 879	-
Total liabilities	**-**	**-**	**9 447**	**343 640**	**334 193**

30 Risk Management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The group comprises of financial services providers and are subject to the financial services regulations. The Financial Services Board (FSB) has prescribed minimum capital requirements for financial service entities operating in South Africa. As such the group ensures ongoing compliance with these requirements.

There have been no material changes in the group's management of capital during the period. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk, price risk and interest rate risk through a combination of the nature of its operations, the financial instruments of which it is a party and the location of its operations. This note represents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 December 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
(Figures in R'000)			
Other financial liabilities	2 952	27 571	16 055
Current tax payable	11 662	-	-
Trade and other payables	48 507	-	-

Interest rate risk

The cash and cash equivalent's balance is exposed to interest rate risk, however due to the short term nature of the balance, and the constant movement, this is considered to be not significant. The group's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a limited customer base with high quality credit standings. Management evaluated credit risk relating to customers on an ongoing basis.

Market risk

The company is exposed to market risk through its investments which is carried at fair value. The fair value of the investments primarily determined by reference to the listed share prices. Movements in the listed price will impact the fair value movements of the investments.

22 ANALYSIS OF SHAREHOLDERS

Shareholders of more than 5% of total issued share capital		
Shareholder	Number of shares	% of issued capital
RMB Securities	16 673 703	10.00%
Masimong Group Holdings (Pty) Ltd	9 256 000	5.57%
	25 929 703	**15.57%**

Categories of shareholders			
Shareholder Type	Number of shares	Number of shares	% of issued capital
Non-public	4 745	137 486 950	82.74%
Public			
- Directors*	7	28 676 091	17.25%
Total shareholders	**4 752**	**166 163 041**	**100.00%**

Categories of shareholders			
Shareholder Type	Number of shares	Number of shares	% of issued capital
Individuals	3 918	57 896 519	34.84%
Nominees and Trusts	384	22 711 310	13.67%
Other Corporate Bodies	408	45 217 815	27.21%
Banks	4	1 085 728	0.65%
Pension Funds and Medical Aid Societies	12	1 346 116	0.81%
Collective Investment Schemes and Mutual Funds	16	37 905 553	22.81%
Total ordinary shareholders	**4 752**	**166 163 041**	**100.00%**

Registered shareholder spread			
Shareholder Spread	Number of holders	Number of shares	% of issued capital
1 - 5 000	3 304	5 138 103	3.09%
5 001 - 10 000	621	4 744 094	2.86%
10 001 - 50 000	596	13 035 482	7.84%
50 001 - 100 000	84	6 164 583	3.71%
100 001 – 1 000 000	110	33 295 280	20.04%
1 000 001 shares and over	37	103 785 499	62.46%
Total	**4 752**	**166 163 041**	**100.00%**

(Prepared based on the share register dated 29 December 2015)

23 NOTICE OF AGM & PROXY FORM

DIRECTORS:

M S Teke (Chairman) ●
P G Armitage (Chief Executive Director)
T E Kaplan (Chief Operating Officer)
D K Rosevear (Chief Financial Officer)
A J Adams ● ●
A P Nkuna ● ●
N Dennis (Snr) ● ●
K Bissessor ● ●
Non-executive ● | Independent ●

Notice of Annual General Meeting of the Shareholders of the Company

Notice is hereby given that the Annual General Meeting ("AGM") of shareholders of the Company will be held at 10:00 on Thursday, 9 June 2016 at 25 Culross Road, Bryanston to consider, and if deemed fit, to pass, with or without modifications, the resolutions set out below.

Record Date to Attend and Vote at the AGM

The board of directors of the Company has determined that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of this annual general meeting is Friday, 6 May 2016 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Friday, 3 June 2016. Accordingly, only shareholders who are registered in the register of members of the Company on Friday, 27 May 2016 will be entitled to participate in and vote at the annual general meeting.

Who May Attend

1. **If you are the registered holder of certificated shares or you hold dematerialised shares with "own name" registration:**
   a. You may attend the AGM in person; or
   b. You may appoint a proxy to represent you at the AGM by completing the attached form of proxy in accordance with the instructions contained therein and by returning it to the transfer secretaries to be received no later than 10:00 on Tuesday, 7 June 2016.
   c. A proxy need not be a shareholder of the Company.

Proxy forms must be forwarded to reach the Company's transfer secretaries, Link Market Services South Africa Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, or posted to the transfer secretaries at PO Box 4844, Johannesburg, 2000, to be received by them by no later than 10;00 on Tuesday, 7 June 2016. Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares and registered them in their own name.

2. **If you hold dematerialised shares which are not registered in your name:**
   a. and you wish to attend the AGM in person, you must obtain the necessary letter of representation from your Central Securities Depository Participant (CSDP) or broker or nominee (as the case may be); or
   b. If you do not wish to attend the AGM but would like your vote to be recorded at the meeting, you should contact your CSDP or broker or nominee (as the case may be) and furnish them with your voting instructions; and
   c. You must not complete the attached proxy form.

Electronic Participation at the AGM

In accordance with the provisions of section 61(10) of the Companies Act, the Company intends to make provision for shareholders and their proxies may participate in the AGM by way of telephone conference call. Shareholders wishing to do so:

- Must contact the Company at +27 11 591 3800 by not later than 10:00 on Tuesday, 7 June 2016, to obtain a pin number and dial-in details for the conference call;
- Will be required to provide reasonably satisfactory identification;
- Will be billed separately by their own telephone service providers for the telephone call to participate in the meeting; and
- Must submit their voting proxies to the transfer secretaries, Link Market Services South Africa Proprietary Limited, Rennie House, 13th
- Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 10:00 on Tuesday,
- 7 June 2016. No changes to voting instructions after this time and date can be accepted unless the Chairman of the meeting is satisfied
- As to the identification of the electronic participant.

Purpose of the Meeting

The purpose of the meeting is to present to the shareholders of the Company:

- The group audited financial statements for the year ended 31 December 2015;
- The directors' report;
- The report of the Audit Committee;
- The report of the Social & Ethics Committee; and
- To deal with any other business that may lawfully be dealt with at the AGM, and to consider and, if deemed fit, to pass, with or without
- Modification, the resolutions set out below:

Ordinary Resolutions

1. Ordinary resolution number 1 – Presentation and Acceptance of Annual financial statements

"RESOLVED THAT the consolidated annual financial statements for the year ended 31 December 2015, including the directors' report, the independent auditors' report, the audit committee report thereon and the Social and Ethics Committee report, be and are hereby received and accepted."

Explanatory Note:
Ordinary resolution 1 is proposed to receive and accept the group audited annual financial statements for the year ended 31 December 2015, including the directors' report, the independent auditors' report, the audit committee report thereon and the Social and Ethics Committee report.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

2. Ordinary resolution number 2 – Appointment of director – K Bissessor

"RESOLVED THAT: the appointment of Ms. K Bissessor as a non-executive director of the company with effect from 14 December 2015 be and is hereby approved".

Ms. Bissessor's curriculum vitae is set out on page 10 of this integrated annual report.

Explanatory note for ordinary resolution 2:
In terms of article 26.1.2 of the Company's Memorandum of Incorporation ("MOI"), all directors appointed to fill a casual vacancy or an interim appointment shall be elected by an ordinary resolution of the shareholders at the next general or annual general meeting of the company.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

3. Ordinary resolution number 3 – Director retirement and re-election – M S Teke

"RESOLVED THAT Mr M S Teke, which director retires in terms of the Company's MOI and, being eligible, offers himself for re-election as a director of the Company be and is hereby approved."

Mr Teke's curriculum vitae is set out on page 10 of this integrated annual report.

4. Ordinary resolution number 4 – Director retirement and re-election – A J Adams

"RESOLVED THAT Mr A J Adams, which director retires in terms of the Company's MOI and, being eligible, offers himself for re-election as a director of the Company be and is hereby approved."

Mr Adams' curriculum vitae is set out on page 10 of this integrated annual report.

Explanatory note for ordinary resolutions 3 and 4:
In accordance with the MOI of the Company, one-third of the non-executive directors for the time being are required to retire at each meeting and may offer themselves for re-election.

In order for these resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolutions is required.

Ordinary Resolutions (Continued)

5. Ordinary resolution number 5 – Re-appointment and remuneration of auditors

"RESOLVED THAT Grant Thornton be appointed as the external auditor of the company and of the group, with Ms Soné Kock as the individual registered auditor, for the financial year ending 31 December 2016 and to remain in office until the conclusion of the next AGM and that its remuneration for the financial year ending 31 December 2016 be determined by the audit committee."

Explanatory Note:
Ordinary resolution 5 is proposed to approve the appointment of Grant Thornton as the external auditor of the company and the group for the financial year ending 31 December 2016 and to remain in office until the conclusion of the next AGM, and to authorise the audit committee to determine its remuneration.

Subject to the passing of the resolution, Ms Soné Kock will be the individual registered auditor who will undertake the audit for the financial year ending 31 December 2016.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

6. Ordinary resolution number 6 – Appointment of Audit and Risk Committee member – K Bissessor

"RESOLVED THAT Ms. K Bissessor be and is hereby elected as a chairperson of the Audit and Risk Committee and to hold office until the next AGM in terms of section 94(2) of the Companies Act."

Ms. Bissessor's curriculum vitae is set out on page 10 of this integrated annual report.

7. Ordinary resolution number 7 – Appointment of Audit and Risk Committee member – A J Adams

"RESOLVED THAT Mr A J Adams be and is hereby re-elected as a member of the Audit and Risk Committee and to hold office until the next AGM in terms of section 94(2) of the Companies Act."

Mr Adam's curriculum vitae is set out on page 10 of this integrated annual report.

8. Ordinary resolution number 8 – Appointment of Audit and Risk Committee member – M S Teke

"RESOLVED THAT Mr M S Teke be and is hereby re-elected as a member of the Audit and Risk Committee and to hold office until the next AGM in terms of section 94(2) of the Companies Act."

Mr Teke's curriculum vitae is set out on page 10 of this integrated annual report.

9. Ordinary resolution number 9 – Appointment of Audit and Risk Committee member – N Dennis

"RESOLVED THAT Mr N Dennis be and is hereby re-elected as a member of the Audit and Risk Committee and to hold office until the next AGM in terms of section 94(2) of the Companies Act."

Mr Dennis' curriculum vitae is set out on page 11 of this integrated annual report.

Explanatory Note for ordinary resolutions number 6 to 9:
Ordinary resolutions 6 to 8 are proposed to elect an audit committee in terms of section 94(2) of the Companies Act and the King Report on Corporate Governance for South Africa ("King III").

Section 94 of the Companies Act requires that, at each AGM, shareholders of the company must elect an audit committee comprising at least three members to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and in King III and to perform such other duties and responsibilities as may from time to time be delegated to it by the board.

The board is also satisfied that the proposed members meet the requirements of section 94(4) of the Companies Act and that they possess the required qualifications and experience as prescribed in Regulation 42 of the Companies Act Regulations, 2011, which requires that at least one third of the members of a company's audit committee at any particular time must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

Ordinary Resolutions (Continued)

10. Ordinary resolution number 10 – Approval of Remuneration Policy

"RESOLVED THAT the Remuneration Policy, a summary of which has been set out below, be and is hereby endorsed by way of a non-binding advisory vote."

Remuneration Policy
The remuneration policy in place is to remunerate executive directors primarily on an incentive basis through profit share by way of a bonus pool and/or options. Where monthly remuneration is paid, this is market related.

Anchor strives to be the industry leader in the provision of asset management services. This requires a remuneration strategy that is attractive, within reason, to attract individuals with the required skills to make the Company a success.

Executive director's remuneration currently comprises of the following elements:

- Basic salary
- Additional fees
- Benefits – Incentive Bonus Scheme
- Bonuses
- Share options
- Other benefits

Basic Salary is subject to annual reviews by the board and increases are dependent on Company performance.

Bonuses are a discretionary payment and paid annually in December, based on performance.

Share Options are available for a period of five years from the end of each financial year. There are a limited on the number of share options and these will lapse after a period of 5 years from date on which the option is granted.

Other benefits will be considered by the Remuneration Committee and recommended to the board for approval, where necessary. These will include fringe benefits payable to directors.

Non-executive directors receive a quarterly retainer fee and a further fee per meeting attended.

Explanatory Note:
The board is responsible for determining the remuneration of executive directors in accordance with the remuneration policy of the company. The remuneration committee assists the board in its responsibility for setting and administering remuneration policies in the company's long-term interests. The remuneration committee considers and recommends remuneration for all levels in the company, including the remuneration of senior executives and executive directors, and advises on the remuneration of non-executive directors. King III recommends that every year the company's remuneration policy should be tabled to shareholders for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. The remuneration committee prepared, and the board considered and accepted, the remuneration policy, as set out in the remuneration report in this integrated report, and shareholders are required to vote on it.

This ordinary resolution is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However the board will take the outcome of the vote into consideration when considering the Company's remuneration policy.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

Special Resolutions (Next Page)

Special Resolutions

11. Special resolution number 1 – General authority to allot and issue shares for cash

"RESOLVED THAT, subject to the provisions of the Companies Act, the Listings Requirements of the JSE and the company's memorandum of incorporation, as a general authority valid until the next Annual General Meeting of the company and provided that it shall not extend past 15 months from the date of this Annual General Meeting, the authorised but unissued ordinary shares of the company be and are hereby placed under the control of the directors who are hereby authorised to allot, issue, grant options over or otherwise deal with or dispose of these shares to such persons at such times and on such terms and conditions and for such consideration whether payable in cash or otherwise, as the directors may think fit, provided that:

- The shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- This authority shall not endure beyond the next Annual General Meeting of the company nor shall it endure beyond 15 months from the date of this meeting;
- The shares must be issued only to public shareholders (as defined in the Listings Requirements of the JSE) and not to related parties (as defined in the Listings Requirements of the JSE);
- Upon any issue of shares which, together with prior issues during any financial year, will constitute 5% or more of the number of shares of the class in issue, the company shall by way of an announcement on Stock Exchange News Service ("SENS"), give full details thereof, including the effect on the net asset value of the company and earnings per share;
- The number of ordinary shares issued for cash shall not, in the current financial year, in aggregate, exceed 50% or 83 081 520 of the Company's issued ordinary shares (including securities which are compulsorily convertible into shares of that class); and
- The maximum discount at which shares may be issued is 10% of the weighted average traded price of the company's shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company."

Explanatory Note:
An ordinary resolution is required in terms of the Listings Requirements of the JSE in order for shareholders to place the authority to issue shares for cash under the control of the directors. The controlling shareholder and the designated advisor are permitted to vote on this resolution in respect of any shares held by them in accordance with the recent amendments to the JSE Listings Requirements. A special resolution is required in terms of the Companies Act to issue more than 30% new shares. Accordingly, this resolution is proposed as a special resolution.

The proposed resolution to issue up to 83 081 520 ordinary shares represents approximately 50% of the issued share capital of the Company at the date of this notice. The Company is listed on the Alternative Exchange and is entitled to issue up to 50% of its ordinary shares under this general authority.

In order for this resolution to be adopted, it must be approved by 75% of the voting rights exercised on special resolution 1 by shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

12. Special resolution number 2 – Non-Executive Directors' remuneration

"RESOLVED THAT the fees payable to the non-executive directors for their services to the board and committees of the board, effective from 1 January 2016, be approved as follows:

	Annual Remuneration	Remuneration per meeting attendance
Chairman: Remuneration	R80 000	R12 000
Board: Remuneration	R66 000	R12 000
Committee Meetings: Remuneration	RNil	R12 000

Special Resolutions (Continued)

12. Explanatory Note:
Section 66(8) (read with section 66(9)) of the Companies Act provides that, to the extent permitted in the company's memorandum of incorporation, the company may pay remuneration to its directors for their services as directors provided that such remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous two years. The Company's memorandum of incorporation does not limit, restrict or qualify the power of the Company to pay remuneration to its directors for their service as directors in accordance with section 66(9) of the Companies Act. The remuneration committee has considered the remuneration for non-executive directors and the board has accepted the recommendations of the remuneration committee.

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

13. Special resolution number 3 – General authority to enter into funding agreements, provide loans or other financial assistance

"RESOLVED THAT the directors of the Company be and are hereby authorised, in accordance with section 45 of the Companies Act, to authorise the Company to provide direct or indirect financial assistance to any company, including a subsidiary of the Company incorporated in or outside the Republic of South Africa which is related or inter-related to the Company."

Explanatory Note:
Section 45 of the Companies Act provides, among other things, that, except to the extent that the memorandum of incorporation of a company provides otherwise, the board may authorise the Company to provide direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation and securing any debt or obligation) to a related or inter- related company or corporation, including a subsidiary of the company incorporated in or outside of the Republic of South Africa, provided that such authorisation shall be made pursuant to a special resolution of the shareholders adopted within the previous two years, which approved such assistance either for the specific recipient or generally for a category of potential recipients and the specific recipient falls within that category.

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

14. Special resolution number 4: General authority to acquire ("repurchase") shares

"RESOLVED THAT, the Company and any subsidiary of the Company be and are hereby authorised, subject to the provisions of the Companies Act, the Listings Requirements of the JSE and the company's memorandum of incorporation, to acquire, as a general repurchase, up to 5% of the ordinary shares issued by the Company; provided that the company and any subsidiary may only make such general repurchase subject to the following:

- Any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter-party;
- Authorisation thereto being given by the Company's memorandum of incorporation;
- The approval shall be valid only until the next AGM or for 15 months from the date of this resolution, whichever period is shorter;
- Repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;
- At any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;
- A resolution is passed by the board authorising the repurchase and confirming that the Company has passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Group;
- An announcement will be published as soon as the Company or any of its subsidiaries have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- Acquisitions of shares in aggregate in any one financial year may not exceed 5% of the Company's ordinary issued share capital, as the case may be, as at the date of passing of this special resolution;
- The Company and/or its subsidiaries may not acquire any shares during a prohibited period, as defined in the Listings Requirements of the JSE unless a repurchase programme is in place, where the dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over the SENS prior to the commencement of the prohibited period.

Explanatory Note:
Special resolution 4 is proposed to authorise the acquisition by the Company, and any subsidiary of the company, of up to 5% of the ordinary shares issued by the Company.

Special Resolutions (Continued)

14. Explanatory Note:

The board's intention is for the shareholders to pass a special resolution granting the Company and its subsidiaries a general authority to acquire ordinary shares issued by the Company in order to enable the Company and its subsidiaries, subject to the requirements of the Companies Act, the Listings Requirements of the JSE and the Company's memorandum of incorporation, to acquire ordinary shares issued by the Company, should the board consider that it would be in the interest of the Company and/or its subsidiaries to acquire ordinary shares issued by the Company while the general authority exists.

The board's intention is to request the shareholders to pass a special resolution granting the Company and its subsidiaries a general authority to acquire ordinary shares issued by the Company in order to enable the Company and its subsidiaries, subject to the requirements of the Companies Act, the Listings Requirements of the JSE and the Company's memorandum of incorporation to acquire shares issued by the Company should the opportunity present itself. The directors have no specific intention, at present, for the Company or any of its subsidiaries to acquire any of the Company's shares, but are of the opinion that it is in the best interest of the Company and its shareholders to have such a general authority in place so as to enable the Company or any of its subsidiaries to acquire shares issued by the Company should the market conditions, tax dispensation and price justify such an action.

In the event that shareholders grant the requested authority to repurchase shares, any decision by the directors to authorise the Company or any of its subsidiaries to use the general authority to acquire shares of the Company will be taken with regard to the prevailing market conditions and other factors and will be subject to the proviso that, after such acquisition, the directors are of the opinion that:

- The Company and the Group will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of notice issued in respect of the AGM;
- The assets of the Company and the Group would be in excess of the liabilities of the Company and the Group. For this purpose, the assets and liabilities would be recognised and measured in accordance with the accounting policies used in the latest audited annual group annual financial statements;
- The ordinary capital and reserves of the Company and the Group will be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting; and
- The working capital of the Company and the Group will be adequate for a period of 12 months after the date of notice issue in respect of the AGM. The Company will ensure that its designated advisor/sponsor will provide the necessary letter on the adequacy of the working capital in terms of the Listings Requirements of the JSE, prior to the commencement of any purchase of the Company's shares on the open market.

The JSE Listings Requirements require, in terms of section 11.26, the following disclosures, which appear in this annual report:

- Major shareholders – refer to page 71 of this annual report.
- Share capital of the Company – refer to page 55 of this annual report.

Directors' responsibility statement
The directors, whose names appear on page 09 of this annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the JSE Listings Requirements.

Material changes
Other than the facts and developments reported on in this annual report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of the notice of AGM.

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

Voting Rights
Each shareholder, whether present in person or represented by proxy, is entitled to attend and vote at the annual general meeting. On a show of hands every shareholder who is present in person or by proxy shall have one vote, and, on a poll, every shareholder present in person or by proxy shall have one vote for each share held by him/her.

By order of the Board

Arbor Capital Company Secretarial (Pty) Ltd
(Registration Number 1998/025284/07)
Company Secretary
06 May 2016

Form of Proxy
(for use by certificated and own name dematerialised shareholders only)

For use by certificated and "own name" registered dematerialised shareholders of the Company ("shareholders") at the Annual General Meeting of Anchor to be held at 10:00 on Thursday, 9 June 2016 at 25 Culross Road, Bryanston ("the annual general meeting").

I/We (please print) _____

of (address) _____

being the holder/s of _____ ordinary shares of No Par Value in Anchor, appoint (see note 1):

1. _____ or failing him,

2. _____ or failing him,

3. the chairperson of the annual general meeting,

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	NUMBER OF VOTES		
	FOR	AGAINST	ABSTAIN
Ordinary Resolution Number 1: Presentation and acceptance of annual financial statements			
Ordinary Resolution Number 2: Appointment of director – K Bissessor			
Ordinary Resolution Number 3: Director retirement and re-election – M S Teke			
Ordinary Resolution Number 4: Director retirement and re-election – A J Adams			
Ordinary Resolution Number 5: Auditors' appointment and remuneration – Grant Thornton			
Ordinary Resolution Number 6: Appointment of Audit and Risk Committee member – K Bissessor			
Ordinary Resolution Number 7: Appointment of Audit and Risk Committee member – A J Adams			

	NUMBER OF VOTES		
	FOR	AGAINST	ABSTAIN
Ordinary Resolution Number 8: Appointment of Audit and Risk Committee member – M S Teke			
Ordinary Resolution Number 9: Appointment of Audit Committee member – N Dennis			
Ordinary Resolution Number 10: Approval of Remuneration Policy			
Special Resolution Number 1: General authority to allot and issue shares for cash			
Special Resolution Number 2: Non-Executive Directors' remuneration			
Special Resolution Number 3:General authority to enter into funding agreements, provide loans or other financial assistance			
Special Resolution Number 4: General authority to acquire (repurchase) shares			

Signed at _____ on _____ 2016

Signature _____

Assisted by me (where applicable) _____

Name _____ Capacity _____

Signature _____

1. **Certificated shareholders and dematerialised shareholders with "own name" registration**
   If you are a certificated shareholder or have dematerialised your shares with "own name" registration and you are unable to attend the annual general meeting of Anchor shareholders to be held on 10:00 on Thursday, 9 June 2016 at the registered office of the Company at 25 Culross Road, Bryanston and wish to be represented thereat, you must complete and return this form of proxy in accordance with the instructions contained herein and lodge it with, or post it to, the transfer secretaries, namely Link Market Services South Africa Proprietary Limited at Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2000 (P O Box 4844, Johannesburg, 2000), so as to be received by them no later than 10h00 on Tuesday, 7 June 2016.

2. **Dematerialised shareholders other than those with "own name" registration**
   If you hold dematerialised shares in Anchor through a CSDP or broker other than with an "own name" registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the annual general meeting or be represented by proxy thereat, in order for your CSDP or broker to provide you with the necessary authorisation to do so, or should you not wish to attend the annual general meeting in person, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the annual general meeting.

Notes

1. This form is for use by certificated shareholders and dematerialised shareholders with "own-name" registration whose shares are registered in their own names on the record date and who wish to appoint another person to represent them at the meeting. If duly authorised, companies and other corporate bodies who are shareholders having shares registered in their own names may appoint a proxy using this form, or may appoint a representative in accordance with the last paragraph below.

   Other shareholders should not use this form. All beneficial holders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, and do not have their shares registered in their own name, must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial owner and the CSDP or broker.

2. This proxy form will not be effective at the meeting unless received by the transfer secretaries of the Company, Link Market Services South Africa Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), not later than 10h00 on Tuesday, 7 June 2016.

3. This proxy shall apply to all the ordinary shares registered in the name of shareholders at the record date unless a lesser number of shares are inserted.

4. A shareholder may appoint one person as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the Company. If the name of the proxy is not inserted, the chairman of the meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this proxy form may delegate the authority given to him in this proxy by delivering to the Company, in the manner required by these instructions, a further proxy form which has been completed in a manner consistent with the authority given to the proxy of this proxy form.

5. Unless revoked, the appointment of proxy in terms of this proxy form remains valid until the end of the meeting even if the meeting or a part thereof is postponed or adjourned.

6. If:
   - 6.1. a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
   - 6.2. the shareholder gives contrary instructions in relation to any matter; or
   - 6.3. any additional resolution/s which are properly put before the meeting; or
   - 6.4. any resolution listed in the proxy form is modified or amended,

   the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the proxy shall comply with those instructions.

7. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this proxy form will not be effective unless:
   - 7.1. it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
   - 7.2. the Company has already received a certified copy of that authority.

8. The chairman of the meeting may, at his discretion, accept or reject any proxy form or other written appointment of a proxy which is received by the chairman prior to the time when the meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.

9. Any alterations made in this form of proxy must be initialled by the authorised signatory/ies.

10. This proxy form is revoked if the shareholder who granted the proxy:
    - 10.1. delivers a copy of the revocation instrument to the Company and to the proxy or proxies concerned, so that it is received by the Company by not later than 10h00 on Tuesday, 7 June 2016; or
    - 10.2. appoints a later, inconsistent appointment of proxy for the meeting; or
    - 10.3. attends the meeting in person.

11. If duly authorised, companies and other corporate bodies who are shareholders of the Company having shares registered in their own name may, instead of completing this proxy form, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received by the transfer secretaries of the Company, Link Market Services South Africa Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), not later than 10h00 on Tuesday, 7 June 2016.

Summary of rights established by section 58 of the Companies Act, 71 of 2008 ("Companies Act"), as required in terms of subsection 58(8)(b)(i)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).

2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (section 58(2)).

3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).

4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).

5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the memorandum of incorporation ("MOI") of the Company at least 48 hours before the meeting commences.

6. Irrespective of the form of instrument used to appoint a proxy:
   - 6.1. the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58)4)(a));
   - 6.2. the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
   - 6.3. if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).

7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).

8. If the proxy instrument has been delivered to a Company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b)).

9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).

10. If a Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:
    - 10.1. the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));
    - 10.2. the invitation or form of proxy instrument supplied by the Company must:
      - 10.1..1. bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));
      - 10.1..2. contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and
      - 10.1..3. provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));
    - 10.3. the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
    - 10.4. the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).