

**ANCHOR GROUP LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 2009/005413/06)  
("Anchor" or "the Company" or "the Group")  
Share code: ACG      ISIN: ZAE000193389

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## **PROVISIONAL REVIEWED CONDENSED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019 AND DECLARATION OF DIVIDEND NUMBER 11**

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### **HIGHLIGHTS**

- Assets under management and advice increased by 17% during 2019 to R57.4 billion (31 December 2018: R49.0 billion).
- Adjusted Headline Earnings from continuing operations down 9% at R69.4 million (R76.6 million to 31 December 2018).
- HEPS from continuing operations up 28% at 37.5 cents per share (29.4 cents to 31 December 2018).
- Adjusted HEPS from continuing operations down 12% at 33.9 cents per share (38.4 cents to 31 December 2018).
- Operating cash flow of R159 million (R139 million to 31 December 2018).
- Final dividend of 7 cents per share; total dividend of 16 cents per share for 2019 (20 cents per share in 2018).

### **COMMENTARY**

Anchor began managing assets in 2012 and has grown to reach group-wide assets under management and advice at 31 December 2019 of R57.4 billion, up 17% from R49.0 billion at 31 December 2018.

Anchor has three primary divisions – Private Clients, Asset Management and Stockbroking. The long-term strategy of Anchor is to become a major player in South African asset and wealth management, with an increasing focus on offshore investment. This will be achieved by both organic and acquisitive growth.

Anchor's 2019 statement of comprehensive income is not directly comparable to the prior year due primarily to the deconsolidation of Anchor Stockbroking (Pty) Ltd, goodwill impairments in 2018 and the termination of the Astoria Investments Limited ("Astoria") investment management agreement, which resulted in a gross receipt of R70.4 million ("Astoria termination fee"). As at 1 March 2020, close to R50 million of these proceeds had been successfully deployed into new investments.

We are currently experiencing the most difficult investment environment in decades, with confidence levels in the economy and markets at low levels. This has been exacerbated by the Covid-19 crisis in the new year. Anchor has reacted proactively with effective marketing and a focus on meeting the needs of clients. The result in 2019 was strong inflows in assets under management, which is the most important metric for our business. Net assets under management and administration grew by a net R8.47 billion, after taking into account the R2 billion Astoria contract termination.

The investment environment has seen the demand for fixed income grow at the expense of equities. Anchor has benefited from this trend and had record fixed income inflows in 2019, although earning lower margins than those earned on equities. Equity market brokerage volumes have declined significantly and the impact of this was material for Anchor. While annuity management fees grew, this growth was more than offset by the Astoria termination and declining brokerage revenues.

The combination of the above factors saw the Anchor operating margin, excluding the Astoria termination fee, decline from 22% to 16%; although this includes some once-off and non-cash costs that are excluded from core earnings. The operating cash margin was down from 30% to 26.2%.

## **RESULTS**

### **Continuing Operations:**

*The results for the period are impacted by the deconsolidation of Anchor Stockbroking (Pty) Ltd, and the consolidation of Erudite Financial Services (Pty) Ltd. Like for like numbers remove these impacts.*

The turnover of the Group increased to R466 million (2018: R464 million). Like for like, turnover decreased by 9%, with average assets of R54.1 billion for the year (2018: R50.6 billion). The yield on average assets, excluding the Astoria termination fee, for the period decreased to 0.72% (2018: 0.92%). This was lower due to reduced brokerage levels and a change in asset mix. Anchor earned a once-off gross termination fee of R70.4 million relating to the Astoria investment management agreement which is included as part of revenue. The net impact of this fee has been excluded from adjusted headline earnings as it is once-off in nature.

Operating costs were down 2% at R352 million (2018: R360 million). Like for like costs increased by 8%.

Other income grew by 34% to R22.8 million (2018: R17.1 million). Other income was positively impacted by the return on balance sheet assets and interest income.

Finance costs increased by 31% to R2.7 million, (2018: R2.1 million). The increase is due to the adoption of IFRS 16, offset by the repayment of debt.

Adjusted headline earnings per share of 33.9 cents, is down 12% on 2018. Adjusted headline earnings are calculated by the Group in order to reflect core, and sustainable, cash-flow earnings of the Group. This number is used as the basis to determine the dividend cover of the Group.

The business is highly cash generative with more than 100% of continuing profits generated in cash.

Shareholders' equity increased to R921 million (31 December 2018: R851 million), as a result of the profit for the period. The net asset value per share is 446 cents (31 December 2018: 422 cents). Cash and other liquid instruments are R122 million at 31 December 2019 (31 December 2018: R144 million), which represents 58 cents per share (31 December 2018: 70 cents per share).

### **Discontinued Operations:**

There were no discontinued operations for the period.

## **OPERATIONAL REVIEW**

### **Private Clients and Asset Management**

Assets under management at the period end were R35.4 billion (+4%, 31 Dec 2018: R33.9 billion) and assets under advice R22 billion (+46%, 31 Dec 2018: R15.1 billion).

The business welcomed over 2,000 new clients in 2019 and Group net inflows remain strong. We are pleased with the following:

- Anchor Capital (Pty) Ltd ("Anchor Capital") has a strong institutional and private client pipeline of mandates which will positively impact assets under management in 2020.
- Offshore managed assets are R16 billion.
- Anchor's fixed income business was launched late in 2015 and has grown meaningfully with a strong pipeline, backed by top quartile investment performance.

The investment performance of the Group has been strong since inception. The majority of assets are managed in segregated portfolios. Anchor Capital is relatively new to the Collective Investment Scheme ("CIS") space, with two of its Anchor-branded funds now having a five-year track record. This includes the Anchor BCI Equity Fund, which since inception has averaged a compounded growth rate of 10.4% per annum against a peer group average of 6.4% (source: MoneyMate).

Anchor has a long-term strategy of being a meaningful South African asset and wealth management company and places a great deal of emphasis on fundamental research. Accordingly, it has built a large investment team relative to its size. The Group has 18 CA(SA)s, 17 CFA charter holders and an 18 strong investment team.

### **CAPITAL ALLOCATION AND CORPORATE ACTIVITY**

Anchor repurchased 1.3 million shares, held as treasury shares, during the period and the share repurchase is expected to continue in 2020.

Anchor purchased 100% of Erudite Financial Services (Pty) Ltd ("EFS") on 1 January 2019. EFS is a financial advisory business advising a book of 1,300 clients, with assets under advice of R1.3 billion.

Anchor has a stated, long-term intention of paying half of adjusted headline earnings as a dividend. The final dividend of 7 cents per share is declared, resulting in a total dividend of 16 cents per share for 2019 (20 cents per share in 2018).

### **STRATEGY AND NEW INITIATIVES**

Anchor is in its ninth year of existence and continues to grow. Anchor is a young and dynamic asset management business, which maintains its focus on quality and investment excellence, but which 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 relatively new player, but to penetrate other segments of the market, primarily institutional asset management, a longer track record is required.

Anchor Capital now has an eight-year track record in its current form and some of its CIS products have five-year track records. 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 platforms, 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 in marketing and distribution capabilities from inception, which is bearing fruit through the growth of assets under management. We are aiming for consequential financial leverage to follow in coming years.

The Group's strategy is as follows:

- **To maintain top quartile investment performance with all investment product ranges across asset classes and geographies:**
  - The investment product range set is complete, and Anchor now has a CIS product range which will service all investment needs, managed by a well-established, extremely competent and strongly performing investment process.
  - 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 three ways:**
  - Marketing to traditional channels who outsource the asset management function to third party asset managers. This includes financial advisors, institutional investors, multi-managers and fund-of-funds.
  - Marketing directly to clients, primarily in the private client space. We continue to employ individuals who can attract assets and have over 50 high quality investment professionals who sign on and service clients.
  - Acquiring and partnering with quality financial advisory businesses with diverse client bases and good cash flow generation.

This strategy will continue into 2020.

## PROSPECTS

The 2020 year started on a positive note, with net inflows of over R2 billion in the first two months. However, the recent global spread of COVID-19 has seen global equity markets tumble. The financial impact of the virus will only be clear once the extent of the spread of the virus is known, and the global supply chain interruptions and consumption patterns caused by social isolation are fully understood. It is too early to predict the ultimate impact on the global economy, financial markets and the timing thereof.

Anchor has reacted proactively with a focus on the preservation of client assets, client communication and identification of new opportunities.

Anchor's annuity equity-related earnings are by nature directly impacted by the market decline. This is somewhat positively offset by a weaker currency and a surge in brokerage volumes. In addition, over half of the cost base is variable in nature, which cushions the impact of potentially lower turnover levels. We expect to continue with positive asset flows and our pipeline remains strong.

Anchor is well-placed to weather the storm. The business model is resilient, with strong annuity earnings diversified across asset classes and currencies, a high level of variable costs and no exposure to bad debts or customer default. If current conditions prevail for an extended period, we will still expect to deliver a reasonable operating margin. The balance sheet is also sound, with no debt and R122m of cash and investments at the 31 December 2019 year-end.

This crisis, like all others, will pass. Our objective is to emerge an even stronger business.

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

**Summarised consolidated statements of comprehensive income**

	% change	Reviewed 31-Dec-19	Audited 31-Dec-18
Figures in R'000			
<b>Continuing operations</b>			
Revenue	0%	465 861	463 727
Operating Expenses	-2%	<u>-351 800</u>	-360 150
<b>Operating profit</b>	10%	<b>114 061</b>	<b>103 577</b>
Other Income and fair value adjustments	34%	22 839	17 077
Movement in credit loss allowances	221%	-3 795	-1 181
(Loss of control of subsidiary)	n.m	-	-2 579
Gain on previously held equity	n.m	-	6 715
Finance Costs	31%	-2 708	-2 073
Share of profits from associates and joint ventures	n.m	<u>1 368</u>	-104
<b>Profit before taxation</b>	9%	<b>131 765</b>	<b>121 432</b>
Taxation expense	-31%	<u>-23 110</u>	-33 560
<b>Profit from continuing operations</b>	24%	<b>108 655</b>	<b>87 872</b>
<b>Discontinued operations</b>			
Loss on discontinued operations net of tax	n.m	-	-298 977
	151%	<b>108 655</b>	<b>-211 105</b>
<b>Items that will be reclassified to profit or loss:</b>			
Exchange differences on translating foreign operations	n.m	<u>2 876</u>	2 132
<b>Total Comprehensive Income</b>	153%	<b>111 531</b>	<b>-208 973</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	138%	90 101	-234 035
Non-controlling interest	-14%	<u>21 430</u>	25 062
	153%	<b>111 531</b>	<b>-208 973</b>
<b>Continuing operations:</b>			
Earnings per share (cents)	35%	42,6	31,5
Diluted earnings per share (cents)	35%	42,3	31,3
Headline earnings per share (cents)	28%	37,5	29,4
Diluted headline earnings per share (cents)	27%	37,2	29,2
Adjusted headline earnings per share (cents)	-12%	33,9	38,4
Diluted adjusted headline earnings per share (cents)	-12%	33,7	38,2
<b>Discontinued operations:</b>			
Earnings per share (cents)	n.m	-	-149,7
Diluted earnings per share (cents)	n.m	-	-149,0
Headline earnings per share (cents)	n.m	-	-16,6
Diluted headline earnings per share (cents)	n.m	-	-16,5
Adjusted headline earnings per share (cents)	n.m	-	-2,0
Diluted adjusted headline earnings per share (cents)	n.m	-	-2,0

<b>Total operations:</b>			
Earnings per share (cents)	136%	42,6	-118,3
Diluted earnings per share (cents)	136%	42,3	-117,7
Headline earnings per share (cents)	193%	37,5	12,8
Diluted headline earnings per share (cents)	193%	37,2	12,7
Adjusted headline earnings per share (cents)	-7%	33,9	36,4
Diluted adjusted headline earnings per share (cents)	-7%	33,7	36,2
 <b>Earnings and headline earnings per share</b>			
 <b>Continuing operations:</b>			
<b>Earnings attributable to shareholders</b>	<b>24%</b>	<b>108 655</b>	<b>87 872</b>
Non-controlling interest	-14%	21 430	25 062
<b>Earnings attributable to ordinary shareholders</b>	<b>39%</b>	<b>87 225</b>	<b>62 810</b>
(Loss of control of subsidiary)	n.m		2 579
Gain on previously held equity	n.m	-10 395	-6 715
<b>Headline earnings attributable to ordinary shareholders</b>	<b>31%</b>	<b>76 830</b>	<b>58 674</b>
Net Astoria fee after costs	n.m	-49 821	
CFM Retrenchment Costs	n.m	3 800	
Amortisation on Intangible Assets	153%	14 432	5 712
Additional Depreciation for IFRS 16		3 571	
Cash gain on sale of previously held equity	n.m	10 395	4 040
Movement in credit losses relating to IFRS 9	221%	3 795	1 181
Equity settled share option costs	-8%	6 427	6 986
<b>Adjusted headline earnings attributable to ordinary shareholders</b>	<b>-9%</b>	<b>69 429</b>	<b>76 593</b>
 <b>Discontinued operations:</b>			
<b>Earnings attributable to shareholders</b>	n.m	-	<b>-298 977</b>
<b>Earnings attributable to ordinary shareholders</b>	n.m	-	<b>-298 977</b>
Impairment of CFM Malta within Anchor Group	n.m	-	265 822
<b>Headline earnings attributable to ordinary shareholders</b>	n.m	-	<b>-33 155</b>
Impairment of loan within CFM Malta	n.m	-	29 230
<b>Adjusted headline earnings attributable to ordinary shareholders</b>	n.m	-	<b>-3 925</b>
 <b>Total operations:</b>			
<b>Earnings attributable to shareholders</b>	n.m	<b>108 655</b>	<b>-211 105</b>
Non-controlling interest	-14%	21 430	25 062
<b>Earnings attributable to ordinary shareholders</b>	n.m	<b>87 225</b>	<b>-236 167</b>
(Loss of control of subsidiary)	0%	-	2 579
Gain on previously held equity	n.m	-10 395	-6 715
Impairment of CFM Malta within Anchor Group	n.m		265 822
<b>Headline earnings attributable to ordinary shareholders</b>	<b>201%</b>	<b>76 830</b>	<b>25 519</b>
Impairment of loan within CFM Malta	n.m	-	29 230
Net Astoria fee after costs	n.m	-49 821	
CFM Retrenchment Costs	n.m	3 800	

Amortisation on Intangible Asset	153%	14 432	5 712
Additional Depreciation for IFRS 16		3 571	
Cash gain on sale of previously held equity	n.m	10 395	4 040
Movement in credit losses relating to IFRS 9	221%	3 795	1 181
Equity settled share option costs	-8%	6 427	6 986
<b>Adjusted headline earnings attributable to ordinary shareholders</b>	<b>-4%</b>	<b>69 429</b>	<b>72 668</b>
Number of shares in issue	2%	211 045	206 143
<b>Weighted average number of shares in issue</b>	<b>3%</b>	<b>205 095</b>	<b>199 657</b>
Employee share incentive scheme	29%	1 352	1 051
<b>Diluted weighted average number of shares in issue</b>	<b>3%</b>	<b>206 447</b>	<b>200 708</b>

**Summarised consolidated statements of financial position**

Figures in R'000	% Change	Reviewed	Audited	
		31-Dec-19	31-Dec-18	
<b>Assets</b>				
<b>Non-Current Assets</b>				
Equipment	-28%	4 328	6 045	
Investment Property	n.m	6 540		
Goodwill	0%	590 455	589 990	
Intangible assets	60%	136 308	85 161	
Right-of-use assets	n.m	6 798		
Investments in associates and joint ventures	-1%	71 885	72 804	
Financial assets	118%	47 284	21 675	
Deferred tax	-2%	6 863	7 015	
	11%	<u>870 461</u>	<u>782 690</u>	
<b>Current Assets</b>				
Current tax receivable	110%	4 901	2 338	
Cash and cash equivalents	9%	72 026	66 204	
Financial assets	-36%	49 966	77 709	
Trade and other receivables	19%	<u>59 315</u>	<u>49 682</u>	
	-5%	<u>186 208</u>	<u>195 933</u>	
<b>Total Assets</b>	<b>8%</b>	<b><u>1 056 669</u></b>	<b><u>978 623</u></b>	
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital	2%	977 808	961 332	
Reserves	89%	9 504	5 020	
Retained income	72%	<u>-66 707</u>	<u>-114 991</u>	
Equity Attributable to Equity Holders of Parent	8%	920 605	851 361	
Non-controlling interest	15%	<u>21 369</u>	<u>18 585</u>	
<b>Total Equity</b>	<b>8%</b>	<b><u>941 974</u></b>	<b><u>869 946</u></b>	
<b>Liabilities</b>				
<b>Non Current Liabilities</b>				
Financial liabilities	-100%	-	20 844	
Lease liabilities	n.m	5 535		
Deferred Tax	51%	<u>32 997</u>	<u>21 817</u>	
	-10%	<u>38 532</u>	<u>42 661</u>	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Financial liabilities	-26%	26 551	35 791	
Lease liabilities	n.m	2 106		
Trade and other payables	58%	41 064	25 956	
Current tax payable	51%	<u>6 442</u>	<u>4 269</u>	
	15%	<b><u>76 163</u></b>	<b><u>66 016</u></b>	
<b>Total Liabilities</b>	<b>6%</b>	<b><u>114 695</u></b>	<b><u>108 677</u></b>	
<b>Total Equity and Liabilities</b>	<b>8%</b>	<b><u>1 056 669</u></b>	<b><u>978 623</u></b>	
Net asset value per share (cents)	6%	446	422	

**Summarised consolidated statement of cash flows**

	Reviewed % change	Reviewed 31-Dec-19	Reviewed 31-Dec-18
Figures in R'000			
<b>Cash flows from operating activities</b>			
Cash generated from / (used) from operations	14%	158 988	139 486
Interest income	16%	9 139	7 901
Finance costs	31%	(2 708)	(2 073)
Tax paid	-34%	<u>(28 991)</u>	(43 850)
<b>Net cash from operating activities</b>	<b>34%</b>	<b><u>136 428</u></b>	<b>101 464</b>
<b>Cash flows utilised in investing activities</b>			
Purchase of Equipment and Intangibles	4%	(12 355)	(11 837)
Proceeds on disposal of intangible assets	106%	6 526	3 171
Business combinations	451%	(43 329)	(7 863)
Proceeds in financial assets	7%	10 259	9 552
Net movement in investments in associates	-103%	<u>710</u>	(27 076)
<b>Net cash utilised in investing activities</b>	<b>n.m</b>	<b><u>(38 189)</u></b>	<b>(34 053)</b>
<b>Cash flows from financing activities</b>			
Increase in stated capital / share capital	213%	4 698	1 503
Increase of other financial liabilities	26%	(28 390)	(22 601)
Purchase of ACG shares	-54%	(4 819)	(10 406)
Dividends paid	-5%	(60 946)	(63 914)
Payment of lease Liabilities		<u>(2 875)</u>	
<b>Net Cash from financing activities</b>	<b>-3%</b>	<b><u>(92 332)</u></b>	<b>(95 418)</b>
<b>Total cash and cash equivalents movement for the year</b>	<b>-121%</b>	<b>5 907</b>	<b>(28 007)</b>
Cash and cash equivalents at the beginning of the year	-29%	66 204	93 672
Effect of exchange rate movement on cash balances	-116%	<u>-85</u>	539
<b>Total cash and cash equivalents at end of the year</b>	<b>9%</b>	<b><u>72 026</u></b>	<b>66 204</b>

**Summarised consolidated  
statements of changes in equity**

	Share Capital	Foreign currency translation Reserve	Equity Reserve	Treasury shares	Share based payment reserve	Total reserves	Retained Income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
<b>Figures in R'000</b>										
<b>Balance as at 01 January 2018, restated</b>	<b>913 902</b>	<b>605</b>	<b>-5 805</b>	<b>-5 121</b>	<b>16 629</b>	<b>6 308</b>	<b>183 845</b>	<b>1 104 055</b>	<b>19 259</b>	<b>123 314</b>
Profit for the year							236	-	-	-
Other comprehensive income							167	236 167	25 062	211 105
<b>Total comprehensive income for the year</b>	<b>2 132</b>					<b>2 132</b>	<b>-</b>	<b>2 132</b>	<b>2 132</b>	
Issue of shares	47 430						-	47 430		47 430
Change in accounting policy - IFRS 9							-	-	-	-
Changes in ownership - ASPC							21 806	21 806	-2 129	23 935
Shares of ACG held in subsidiary							-	-	-3 869	-3 869
Change in ownership - Methwold				10 406		10 406		10 406		10 406
Share based payments					6 986	6 986		6 986		6 986
Dividends						-	40 863	40 863	23 051	63 914
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>47 430</b>	<b>-</b>	<b>-</b>	<b>10 406</b>	<b>6 986</b>	<b>-3 420</b>	<b>62 669</b>	<b>18 659</b>	<b>25 736</b>	<b>44 395</b>
<b>Balance at 01 January 2019</b>	<b>961 332</b>	<b>2 737</b>	<b>5 805</b>	<b>15 527</b>	<b>23 615</b>	<b>5 020</b>	<b>114 991</b>	<b>851 361</b>	<b>18 585</b>	<b>869 946</b>
Profit for the year							87 225	87 225	21 430	108 655
Other comprehensive income				2 876		2 876		2 876		2 876
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2</b>	<b>876,00</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>87</b>	<b>90</b>	<b>21</b>	<b>111</b>
Issue of shares	16 476						-	16 476		16 476
Shares of ACG held in subsidiary					-4 819		-4 819		-4 819	-4 819
Change in ownership - Methwold									3 359	3 359
Share based payments						6 427	6 427		6 427	6 427
Dividends						-	38 941	38 941	22 005	60 946
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>16 476</b>	<b>-</b>	<b>-</b>	<b>-4 819</b>	<b>6 427</b>	<b>1 608</b>	<b>38 941</b>	<b>20 857</b>	<b>18 646</b>	<b>39 503</b>
<b>Balance at 31 December 2019</b>	<b>977 808</b>	<b>5 613</b>	<b>5 805</b>	<b>20 346</b>	<b>30 042</b>	<b>9 504</b>	<b>66 707</b>	<b>920 605</b>	<b>21 369</b>	<b>941 974</b>

## Summarised consolidated segmental information (R' 000)

### Statements of Comprehensive Income

31-Dec-19	Non-Asset Management	Asset Management	Stockbroking	Eliminations	Total
Revenue	<b>134 083</b>	<b>426 195</b>	<b>95 322</b>	-	<b>189 740</b>
Operating expenses	- 23 508	- 295 138	- 128 604	95 449	- 351 801
<b>Operating profit</b>	<b>110 575</b>	<b>131 057</b>	<b>33 282</b>	-	<b>94 291</b>
Other Income	9 986	9 796	44 614	-	41 558
Share of loss from associates and joint venture	1 154	-	<b>391</b>	605	-
Loss of control of subsidiary	-	-	-	-	-
Movement in credit allowances	- 690	- 9 019	-	5 915	- 3 794
Finance costs	- 187	- 4 902	- 1 375	3 756	- 2 708
Profit before tax	120 838	126 542	10 562	-	126 178
Taxation	- 3 702	- 16 595	- 2 812	-	- 23 109
<b>Profit for the year</b>	<b>117 136</b>	<b>109 947</b>	<b>7 750</b>	-	<b>126 178</b>
					<b>108 654</b>
31-Dec-18	Non-Asset Management	Asset Management	Stockbroking	Eliminations	Total
Revenue	14 565	355 625	110 505	-	463 727
Operating expenses	- 19 914	- 267 721	- 92 802	20 287	- 360 150
<b>Operating profit</b>	<b>- 5 348</b>	<b>87 904</b>	<b>17 703</b>	<b>3 318</b>	<b>103 577</b>
Other Income	39 538	14 991	6 864	-	17 077
Fair value on disposal of subsidiary	-	2 579	-	-	2 579
Fair value gain on business combination	-	-	<b>6 715</b>	-	<b>6 715</b>
Movement in credit allowances	-	1 181	-	-	1 181
Finance costs	- -	4 891	- 1 579	4 397	- 2 073
Share of profits from associates and joint venture - continuing operation	- 104	-	-	-	104
Share of profits from associates - discontinued operations	- 298 977	-	-	-	298 977
Taxation	-	-	-	-	33 560
<b>Profit for the year</b>	<b>- 267 471</b>	<b>103 538</b>	<b>22 988</b>	-	<b>36 601</b>
					<b>211 105</b>

### Financial Position

31-Dec-19	Non-Asset management	Asset Management	Stockbroking	Eliminations	Total
<b>Assets</b>	<b>845 461</b>	<b>400 951</b>	<b>35 898</b>	-	<b>1 056 670</b>
Non Current Assets	780 837	219 058	10 225	-	870 462
Current Assets	64 624	181 892	25 673	-	186 208
<b>Liabilities</b>	<b>- 29 157</b>	<b>65 279</b>	<b>- 12 741</b>	<b>- 7 521</b>	<b>- 114 698</b>
Non Current Liabilities	- 26 990	- 32 095	- 4 576	25 129	- 38 532
Current liabilities	- 2 167	- 33 183	- 8 165	32 650	- 76 166
<b>Equity</b>	<b>816 304</b>	<b>335 672</b>	<b>23 157</b>	<b>- 233 161</b>	<b>941 972</b>
31-Dec-18	Non-Asset management	Asset Management	Stockbroking	Eliminations	Total
<b>Assets</b>	<b>805 300</b>	<b>408 366</b>	<b>497 591</b>	-	<b>978 623</b>
Non Current Assets	725 912	279 630	7 316	-	782 690
Current Assets	79 388	128 736	490 275	-	195 933
<b>Liabilities</b>	<b>- 42 348</b>	<b>63 324</b>	<b>- 461 540</b>	<b>- 458 535</b>	<b>- 108 677</b>
Non Current Liabilities	- 20 668	- 21 993	- 657	657	- 42 661
Current liabilities	- 21 680	- 41 330	- 460 882	457 877	- 66 016
<b>Equity</b>	<b>762 952</b>	<b>345 042</b>	<b>36 052</b>	<b>- 274 099</b>	<b>869 946</b>

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

The accounting policies and method of measurement and recognition applied in the preparation of these condensed consolidated financial results are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the previous year ended 31 December 2018 except for the adoption of IFRS 16, and IAS 28. IFRS 16 became effective in the current year. Anchor has elected to adopt a modified retrospective approach in its transition from IAS 17 to IFRS 16. The approach taken has an impact which is not material. IAS 28 was tested under IFRS 9.

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

The financial director, Omair Khan CA(SA), was responsible for the preparation of the condensed consolidated financial results, which process was overseen by the CEO, Mr Peter Armitage CA(SA).

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

The consolidated financial statements for the year ended 31 December 2019 have been reviewed by BDO South Africa Inc, who expressed an unmodified review conclusion. The auditor's review conclusion does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's review conclusion together with the accompanying financial information from the Company's registered office.

The directors take full responsibility for the preparation of the provisional reviewed condensed consolidated financial statements and that the financial information has been correctly extracted from the underlying annual financial statements.

## **BUSINESS COMBINATIONS**

### **Erudite Financial Services Proprietary Limited**

On 1 January 2019, Anchor concluded the purchase agreement to buy 100% of Erudite Financial Services (Pty) Ltd ("EFS"). EFS is a financial advisory business advising 1300 clients and has R1.3 billion of assets under advice.

Acquisition of financial advisor books is a key distribution strategy for Anchor. In terms of IFRS 3 Business Combinations, Anchor Group Limited have control due to Anchor Group Limited having the casting vote on the key contract decision making of EFS.

The acquisition included an identifiable intangible asset classified as customer contracts that was separately recognised from goodwill for R27 864 445.

Provisional fair value of assets acquired and liabilities assumed

	(R'000)
Equipment	194
Intangible assets	38 701
Deferred tax	-10 836
Trade and other receivables	5
Trade and other payables	-557
Current tax payable	-80
Bank overdraft	-28
Total identifiable net assets	27 399
Goodwill	465
	<b>27 864</b>

## EVENTS AFTER THE REPORTING PERIOD

As announced on SENS on 28 February, Anchor has purchased 50% of M Jurgens Financial Services Pty Ltd ("MJFS") with effect from 01 January 2020. MJFS has R5 billion of assets under advice and generates R12.3 million profits after tax. Anchor has the casting vote on the investment committee of MJFS and will therefore consolidate MJFS.

## DIVIDEND

As stated, the Company has a long-term intention of paying half of its adjusted headline earnings as a dividend going forward.

For the second six-month period ended 31 December 2019 the Company declared a final gross dividend (Number 11) of 7 cents per share (2018: 10 cents). For the year ended 31 December 2018, the company has declared a gross dividend of 16 cents per share (2018: 20 cents). Dividends are being paid from cash reserves.

The dividend will be subjected to a dividend withholding tax rate of 20% or 1.4 cents per ordinary share and accordingly the net dividend is 5.6 cents, while the dividend payable to shareholders who are exempt from dividend withholding tax is 7 cents per ordinary share.

Anchor's tax reference number is 9527/450/16/8. There are 213 950 071 ordinary shares in issue at the declaration date.

The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Tuesday, 21 April 2020
Shares commence trading 'ex' dividend	Wednesday, 22 April 2020
Record date (date shareholders recorded in share register)	Friday, 24 April 2020
Payment date	Tuesday, 28 April 2020

Shareholders may not dematerialise or rematerialise their share certificates between Tuesday, 21 April 2020 and Friday, 24 April 2020, both dates inclusive. Payment of the dividend will be made to shareholders on Tuesday, 28 April 2020, in respect of dematerialised shares. Certificated shareholders' dividend payments will be deposited on/or about Tuesday, 28 April 2020.

For and on behalf of the board

**Peter Armitage**  
Chief Executive Officer  
03 April 2020

**Mike Teke**  
Chairman

**DIRECTORS**

Executive Directors: Peter Armitage (Chief Executive Officer), Omair Khan (Financial Director)  
Non-executive directors: Mike Teke (Chairman), Tinyiko Mhlari (Lead independent), Robert Fhrer,  
Nick Dennis (Independent), Keneilo Sibisi (Independent)

**DESIGNATED ADVISOR**

Java Capital

**TRANSFER SECRETARIES**

Link Market Services South Africa Proprietary Limited  
(Registration number 2000/007239/07)  
13<sup>th</sup> Floor, 19 Ameshoff Street, Braamfontein, 2001  
(PO Box 4844, Johannesburg, 2000)

**REGISTERED OFFICE**

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**POSTAL ADDRESS**

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