



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

UNAUDITED INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2018 AND DECLARATION OF DIVIDEND NUMBER 8

HIGHLIGHTS

- Top quartile investment performance and compelling long-term track record.
- Cash and cash equivalents and short-term investments balance of R170 million (R206 million at 31 December 2017).
- Assets under management and administration up 3.4% to R51.3 billion (R49.6 billion at 30 June 2017).
- Adjusted Headline Earnings down 2% to R41.5 million (R42.5 million to 30 June 2017).
- Adjusted HEPS down 4% to 21.0 cents per share (22.0 cents per share to 30 June 2017).
- Interim dividend of 10.5 cents per share (nil at 30 June 2017).

COMMENTARY

Anchor began managing assets in 2012 and has grown rapidly to reach group-wide assets under management and advice at 30 June 2018 of R51.3 billion, up by 3% from R49.6 billion on 30 June 2017.

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 management, with an increasing focus on offshore investment. This will be achieved by both organic and acquisitive growth.

INTRODUCTION

The first half of 2018 was a difficult one for the investment industry, with activity levels and investment returns down on the previous year. The backdrop in South Africa remains challenging with slow economic growth persisting and investors being cautious. For the six month period the JSE Capped Swix was down 5.8% and the average USD/ZAR exchange rate was 6.4% stronger.

Anchor has reacted proactively to this environment by attracting over 1,200 new high net worth private clients during the reporting period and maintaining first quartile investment performance.

Anchor has matured and consolidated in 2018. Turnover decreased by 3%, due to a combination of net AUM inflows, lower market levels and a stronger average USD/ZAR exchange rate. The Company incurred a loss due to the impairment of Capricorn Fund Managers Malta ("CFM Malta"), which is an offshore hedge fund associate.

Operating profits were down 13% (26.6% margin) from the first half of 2017 (29.8%), but up 18% on the second half of 2017 (23% margin). The operating margin was influenced by:

- Organic growth in the private client and asset management businesses.
- Effective cost management and monitoring.
- Lower activity levels resulting in lower private client brokerage revenue.
- A 6.4% stronger average USD/ZAR rate comparing the first halves of 2018 and 2017.

The Company is well placed to take advantage of a more positive environment. In addition, there are a number of newer businesses which are still operating at low operating margins.

RESULTS

The turnover of the group decreased by 3% to R238 million (2017: R245 million), but was up 3% on the second half of 2017. The yield on average assets (R51.8 billion) for the period was 0.92% (2017: 1.03%). The yield on average assets was lower due to lower activity levels, and a stronger average USD/ZAR rate. There were no once-off items in revenue.

Operating expenses grew by 1% to R175 million (2017: R172 million).

Profit before tax was negative R154 million (2017: R76 million) due to the impairment of CFM Malta. CFM Malta had a difficult half year. The assets under management decreased by 29% during this period coupled with the emerging market crises decreased the fund Compounded Annual Growth Rate ("CAGR") from 10% to 7%. Both these factors in 2018 resulted in a decision to impair the carrying value of the associate.

The share of losses from equity accounted associates was a negative R1.3 million (2017: R0.8 million profit). CFM Malta had lower earnings during the first half of 2018.

Adjusted headline earnings per share declined by 4% to 21 cents (2017: 22 cents). Adjusted headline earnings are calculated by the Group in order to reflect the 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 and 85% of profits were generated in cash.

Shareholders' equity decreased to R946 million (2017: R1.09 billion), as a result of the loss for the period, incorporating the impairment of CFM Malta. The net asset value per share is 475 cents. Cash and other liquid instruments were R170 million at 30 June 2018, which represents 85 cents per share.

OPERATIONAL REVIEW

Private Clients and Asset Management

Anchor is proceeding well in a challenging environment. Assets under management at the half year were R36.3 billion (+2%, 2017: R35.6 billion) and assets under advice R15 billion (-10%, 2017: R16.7 billion). The decline in Assets under advice was as a result of one large client withdrawing its non-discretionary shares held by Anchor. These assets were under advice, and not directly revenue-generating. Anchor attracted over R4.5 billion of new inflows in the period, with negative market returns and the non-discretionary withdrawal (referred to above) offsetting these inflows.

Anchor does not own 100% of all of its subsidiaries. When only including Anchor's attributable share of assets under management the R36.3 billion reduces to R32.5 billion (up +6.6% on 31 December 2017: R30.5 billion).

The business welcomed a record number of new clients 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 and this should further increase Assets under management in 2018.
- Offshore managed assets grew by 14% to just over R16.3 billion.
- Anchor's fixed income business was launched late in 2015 and has grown meaningfully with a strong pipeline.

Group marketing initiatives are proving effective and Anchor has achieved new inflows of over R750 million per month in the first half of 2018.

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 13.6% per annum against a peer group average of 7.9% and at the end of June 2017 was the top performing CIS in its category (source: MoneyMate).

Portfolio Bureau (Pty) Ltd performed in line with expectations. The contribution from Capricorn Fund Managers SA (Pty) Ltd was lower than the prior period with no performance fees. CFM Malta is exploring the launch of a long only global emerging market fund, to leverage off the long term investment performance of an experienced team.

Investment markets delivered unfavourable returns in 2018: the SA JSE Capped Swix index was down 5.8%, the MSCI World was flat at 0.4% and the average USD/ZAR exchange rate was 6.4% stronger. Anchor's local performance was ahead of benchmarks.

As Anchor increases in size, so it becomes increasingly sensitive to market returns and exchange rates. To balance this, Anchor is focused on growing annuity revenue streams and increasing the mix of asset classes.

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 built a large investment team relative to its size. The Group has 15 CA(SA)s, 15 CFA charter holders and a 20 strong investment team.

Stockbroking

Anchor Stockbrokers (Pty) Ltd continued to deliver a positive performance, in historically low market conditions. Anchor has sold 51% of this business to a consortium led by property entrepreneur Dr Sisa Ngebulana. The sale is subject to Competition Commission approval, and therefore has not been deconsolidated in the results.

Upon completion of the sale, Anchor Stockbrokers will become a Level II B-BBEE contributor and has excellent prospects to materially contribute to earnings.

CAPITAL ALLOCATION AND CORPORATE ACTIVITY

Anchor increased its stake in Anchor Securities Private Clients (Pty) Ltd ("ASPC") from 14% to 65%. ASPC is a high-quality Private Client business with more than R1.8 billion of AUM, and is based in Kwa-Zulu Natal. The purchase price was settled in shares.

Anchor repurchased 0.85 million shares held as treasury shares during the half year of 2018 and the share buy-back has continued subsequent to the half year.

Anchor has a stated, long-term intention of paying half of adjusted headline earnings as a dividend. The interim dividend is 10.5 cents per share. Given the strong balance sheet and anticipated cash generation, the Group intends paying a final dividend and intends to continue with the share repurchases.

STRATEGY AND NEW INITIATIVES

Anchor is in its eighth year of existence and continues to make 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 relatively new player, but to penetrate other segments of the market, longer track records are required.

Anchor Capital now has a seven 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 heavily in marketing and distribution capabilities from inception, which is bearing fruit through the growth of assets under management. We are aiming for consequent financial leverage to follow in coming years.

The Group's strategy is as follows:

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

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

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

- Marketing to traditional channels who outsource the asset management function to third party asset managers. This includes financial advisors, institutional investors, multi-managers and fund-of-funds. We continue to add high quality personnel to this pursuit.
- Marketing directly to clients, primarily in the private client space. We continue to employ individuals who can attract assets and have over 50 high quality investment professionals 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 continue into 2018.

PROSPECTS

Anchor anticipates further net inflows for the remainder of 2018 and inflows in July and August have followed historical trends. Since 30 June 2018 the local market is up more than 4% and the

USD/ZAR exchange rate is over 6% weaker, both of which are positive. Management is focussed on delivering on key metrics and creating a sound long-term business for Anchor.

On the assumption of reasonable investment markets, Anchor anticipates 2018 earnings being stronger than 2017. This prospect statement has not been reviewed or reported on by the company's auditors. The key driver for the business is assets under management, which averaged R51.8 billion for the first half of 2018. The second half of 2018 will be influenced by:

- The performance of local and global markets and Anchor's relative performance.
- The impact on assets under management from a 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%).
- An increase in shares in issue.

A presentation on the results under review is available on www.anchorgroup.co.za.

CHANGES TO THE BOARD OF DIRECTORS

There were no changes to the board of directors during the period under review,

However post the period under review Ms K.Bissessor tendered her resignation and the Board wishes to thank Ms K.Bissessor for her contribution during her tenure. Ms. T. Mhlari was appointed as an independent non-executive director, and the chairperson of the Audit and Risk Committee with effect from 17 August 2018.

Condensed consolidated statement of comprehensive income

Figures in R'000	%	Unaudited 30-Jun-18	Unaudited 30-Jun-17	Audited 31-Dec-17
	change			
Revenue	-3%	238 220	245 436	476 283
Operating Expenses	1%	-174 777	-172 389	-349 520
Operating profit	-13%	63 443	73 047	126 763
Other Income	47%	10 376	7 082	12 666
Fair value gain (loss) on acquisition of former associate	-836%	4 321	-587	
Finance Costs	-42%	-1 419	-2 465	-4 413
Impairment of associate	n.m	-229 948		
Share of losses from associates	59%	-1 310	-824	-1 895
(Loss) Profit before taxation	-303%	-154 537	76 253	133 121
Taxation expense	-9%	-20 248	-22 161	-36 384
(Loss) Profit for the period	-423%	-174 785	54 092	96 737
Other Comprehensive Income	-51%	-167	-342	-554
Total Comprehensive (Loss) Income	-425%	-174 952	53 750	96 183
(Loss) Profit for the period attributable to:				
Owners of the parent	-608%	-189 297	37 247	63 337
Non-controlling interest	-14%	14 512	16 845	33 400
	-423%	-174 785	54 092	96 737
Total comprehensive (Loss) income attributable to:				
Owners of the parent	-613%	-189 464	36 905	62 783
Non-controlling interest	-14%	14 512	16 845	33 400
	-425%	-174 952	53 750	96 183
(Loss) Earnings per share (cents)	-598%	-95,8	19,3	32,6
Diluted (loss) earnings per share (cents)	-600%	-95,6	19,1	32,6
Headline earnings per share (cents)	-6%	18,4	19,6	32,6
Diluted headline earnings per share (cents)	-5%	18,3	19,4	32,6
Adjusted headline earnings per share (cents)	-4%	21,0	22,0	38,0
Diluted adjusted headline earnings per share (cents)	-4%	21,0	21,8	37,9

Earnings and headline earnings per share

Earnings attributable to shareholders		-174 785	54 092	96 737
Non-controlling interest	-14%	14 512	16 845	33 400
Earnings attributable to ordinary shareholders	-608%	-189 297	37 247	63 337
Fair value gain / (loss) on acquisition of former associate	-836%	-4 321	587	
Impairment of associate	n.m	229 948		
Headline earnings attributable to ordinary shareholders	-4%	36 330	37 834	63 337
Amortisation on Intangible Asset	31%	2 356	1 793	4 065
Equity settled share option costs	-4%	2 818	2 928	6 393
Adjusted headline earnings attributable to ordinary shareholders	-2%	41 504	42 555	73 795
Number of shares in issue ('000)	3%	199 326	194 436	197 217
Weighted average number of shares beginning of year ('000)	2%	197 217	193 436	194 310
Weighted average shares issued during the year		1 837	-	857
Weighted average treasury shares bought during the year		-1 524	-	-281
Weighted average number of shares end of the year	2%	197 529	193 436	194 883
Employee share incentive scheme	-8%	513	560	244
Diluted weighted average number of shares in issue	2%	198 042	194 996	195 127

Condensed consolidated statement of financial position

Figures in R'000	% Change	Unaudited 30-Jun-18	Unaudited 30-Jun-17	Audited 31-Dec-17
Assets				
Non-Current Assets				
Equipment	-21%	6 364	8 091	7 325
Goodwill	13%	592 991	525 212	557 287
Intangible assets	12%	90 697	80 719	87 222
Investments in associates	-66%	105 193	310 463	334 309
Financial assets	43%	17 132	11 998	14 660
Deferred tax	223%	6 421	1 988	4 299
	-13%	818 798	938 471	1 005 102
Current Assets				
Current tax receivable	-80%	2 029	10 096	2 288
Cash and cash equivalents	-10%	69 509	76 838	93 672
Financial assets	-18%	100 670	122 108	111 882
Trade and other receivables	-16%	70 856	84 455	69 764
Amounts receivable on stockbroking activities	82%	378 058	207 726	251 566
	24%	621 122	501 223	529 172
Total Assets	0%	1 439 920	1 439 694	1 534 274
Equity and Liabilities				
Equity				
Share capital	3%	938 096	909 010	913 902
Reserves	-20%	5 712	7 175	6 308
Retained income	-116%	-25 197	157 755	183 845
Equity Attributable to Equity Holders of Parent	-14%	918 611	1 073 940	1 104 055
Non-controlling interest	52%	27 866	18 358	27 492
Total Equity	-13%	946 477	1 092 298	1 131 547
Liabilities				
Non Current Liabilities				
Other financial liabilities	16%	41 369	35 737	52 714
Deferred Tax	-2%	23 327	23 889	19 308
	9%	64 696	59 626	72 022
Liabilities				
Current Liabilities				
Financial liabilities	-10%	37 094	41 353	37 094
Trade and other payables	-49%	9 028	17 636	26 800
Current tax payable	-72%	5 338	19 256	14 357
Amounts payable on stockbroking activities	80%	377 287	209 525	252 454
	49%	428 747	287 770	330 705
Total Liabilities	42%	493 443	347 396	402 727
Total Equity and Liabilities	0%	1 439 920	1 439 694	1 534 274
Net asset value per share (cents)	-16%	475	565	574
Net tangible asset value per share (cents)	-47%	132	251	247

Condensed consolidated statement of cash flows

Figures in R'000	% change	Unaudited 30-Jun-18	Unaudited 30-Jun-17	Audited 31-Dec-17
Cash flows from operating activities				
Cash generated from operations	31%	55 332	42 335	140 736
Interest income	-45%	3 926	7 082	6 538
Finance costs	-158%	(1 419)	2 465	(4 413)
Tax paid	17%	(26 750)	(22 797)	(29 750)
Net cash from operating activities	7%	31 089	29 085	113 111
Cash flows utilised in investing activities				
Purchase of equipment and intangible assets	n.m	(7 635)	(285)	(9 256)
Cash acquired through acquisition of subsidiary	-97%	1 132	41 381	4 363
Proceeds of financial assets	-76%	4 232	17 728	22 892
Advances to investments in associates	-85%	(4 615)	(31 301)	(21 499)
Net cash utilised in investing activities	-125%	(6 886)	27 523	(3 500)
Cash flows from financing activities				
Proceeds from Increase in stated capital / share capital	-100%	-	5 002	4 299
Decrease of other financial liabilities	-12%	(15 011)	(16 963)	(39 891)
Purchase of ACG shares		(3 425)		(5 121)
Dividends paid	-34%	(30 014)	(45 651)	(53 292)
Net Cash from financing activities	-16%	(48 450)	(57 612)	(94 075)
Total cash and cash equivalents movement for the year	-2 315%	(24 247)	(1 004)	15 536
Cash and cash equivalents at the beginning of the year	-20%	93 672	78 184	78 184
Effect of exchange rate movement on cash balances	-125%	84	-342	-48
Total cash and cash equivalents at end of the year	-10%	69 509	76 838	93 672

Condensed consolidated statement 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
Figures in R'000										
Balance at 01 January 2017	904 010	1 159	-5 805		10 236	5 590	149 526	1 059 126	18 366	1 077 492
Profit for the year							37 247	37 247	16 845	54 092
Other comprehensive income		-1 501				-1 501		-1 501		-1 501
Total comprehensive income for the period		-1 501				-1 501	37 247	35 746	16 845	52 591
Issue of shares	5 000					-		5 000		5 000
Share based payments					3 086	3 086		3 086		3 086
Changes in ownership interest - control not lost									- 220	- 220
Dividends							-29 018	-29 018	-16 633	-45 651
Total contributions by and distributions to owners of company recognised directly in equity	5 000	- 1 501	- -	- -	3 086	1 585	-29 018	-20 932	-16 853	-37 785
Balance at 30 June 2017	909 010	- 342	5 805	- -	13 322	7 175	157 755	1 073 940	18 358	1 092 298
Profit for the period							26 090	26 090	16 555	42 645
Other comprehensive income		947				947		947		947
Total comprehensive income for the period		947				947	26 090	27 037	16 555	43 592
Issue of shares	4 892							4 892		4 892
Shares of ACG held in subsidiary				-5 121		-5 121		-5 121		-5 121
Share issue costs								- 3		- 3
Share based payments					3 307	3 307		3 307		3 307
Dividends									-7 421	-7 421

Condensed consolidated segmental information (R' 000)

Income statement

30-Jun-18	Non-Asset Management	Asset Management	Stockbroking	Eliminations	Total
Revenue	23 256	178 085	66 708	(29 828)	238 221
Operating expenses	(9 287)	(127 121)	(51 019)	12 649	(174 779)
Operating profit	13 969	50 964	15 689	(17 179)	63 442
Other Income	3 005	7 356	2 259	(2 244)	10 376
Fair value on acquisition of associate	-	4 321			4 321
Share of losses from associates	(1 310)	-		-	(1 310)
Impairment of associate	(229 948)				(229 948)
Finance costs	-	(2 970)	(781)	2 333	(1 418)
(Loss) Profit before tax	(214 285)	59 671	17 166	(17 089)	(154 537)

30-Jun-17	Non-Asset management	Asset Management	Stockbroking	Eliminations	Total
Revenue	6 471	246 906		(7 941)	245 436
Operating expenses	(8 881)	(174 244)		10 736	(172 389)
Operating profit	(2 410)	72 662	-	2 795	73 047
Other Income	21 797	(1 519)		(13 196)	7 082
Share of losses from associates	(824)	-			(824)
Fair value adjustment associate acquisition	(587)				(587)
Finance Costs	-	(3 777)		1 312	(2 465)
Profit before tax	18 563	66 779	-	(9 089)	76 253

31-Dec-17	Non-Asset management	Asset Management	Stockbroking	Eliminations	Total
Revenue	55 292	372 050	129 850	(80 909)	476 283
Operating expenses	(23 827)	(270 283)	(92 078)	36 668	(349 520)
Operating profit	31 465	101 767	37 772	(44 241)	126 764
Other Income	8 106	8 093	3 259	(6 792)	12 666
Share of losses from associates	(1 895)	-	-	-	(1 895)
Finance Costs	(548)	(5 081)	(1 491)	2 707	(4 413)
Profit before tax	37 128	104 779	39 540	(48 327)	133 121

Financial Position

30-Jun-18	Non-Asset management	Asset Management	Stockbroking	Eliminations	Total
Assets	855 093	424 006	424 713	(263 893)	1 439 919
Non Current Assets	788 523	267 968	7 222	(244 915)	818 798
Current Assets	66 570	156 038	417 492	(18 978)	621 122
Liabilities	(58 095)	(56 756)	(398 722)	19 208	(493 443)
Non Current Liabilities	(33 861)	(30 355)	(17 800)	17 319	(64 696)
Current liabilities	(23 312)	(26 401)	(380 922)	1 889	(428 747)
Equity	796 998	367 250	25 992	(244 685)	946 476

31-Jun-17	Non-Asset management	Asset Management	Stockbroking	Eliminations	Total
Assets	983 358	657 416	-	(201 080)	1 439 694
Non Current Assets	874 673	257 103	-	(193 305)	938 471
Current Assets	108 685	400 313	-	(7 775)	501 223
Liabilities	(47 662)	(326 745)	-	27 011	(347 396)
Non Current Liabilities	(19 022)	(61 367)	-	(207 381)	(287 770)
Current Liabilities	(28 640)	(265 378)	-	234 392	(59 626)
Equity	935 696	330 671	-	(174 069)	1 092 298

31-Dec-17	Non-Asset management	Asset Management	Stockbroking	Eliminations	Total
Assets	1 098 078	421 838	297 114	(282 756)	1 534 274
Non Current Assets	988 442	251 717	8 889	(243 946)	1 005 102
Current Assets	109 636	170 121	288 225	(38 810)	529 172
Liabilities	(65 416)	(90 691)	(268 911)	22 291	(402 727)
Non Current Liabilities	(63 468)	(11 456)	(17 237)	20 139	(72 022)
Current Liabilities	(1 948)	(79 235)	(251 674)	2 152	(330 705)
Equity	1 032 662	331 147	28 203	(260 465)	1 131 547

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies and method of measurement and recognition applied in the preparation of these condensed consolidated unaudited interim results are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the year ended 31 December 2018, except for IFRS 15 and IFRS 9 which were adopted during the period.

These unaudited results are prepared in accordance with 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 JSE Listings Requirements and the requirements of the Companies Act of South Africa.

These unaudited results have been compiled under the supervision of the Financial Director, Omair Khan CA (SA).

The directors are not aware of any matters or circumstances subsequent to 30 June 2018 that require any additional disclosure or adjustment to the financial statements. The interim results have not been reviewed or reported on by the Company's auditors.

BUSINESS COMBINATIONS

ASPC

Anchor increased its stake in ASPC from 14% to 65%. ASPC is high quality Private Client business with more than R1.8 billion of AUM, and is based in Kwa-Zulu Natal.

Provisional fair value of assets acquired and liabilities assumed

Equipment	459
Deferred tax	3 082
Trade and other receivables	2 323
Cash and cash equivalents	1 132
Loans from intragroup companies	(17 201)
Trade and other payables	(760)
Total net identifiable assets	(10 965)
Non-controlling Interests	(3 869)
Goodwill	35 704

IMPAIRMENT OF ASSOCIATE

The carrying value of CFM Malta was tested for impairment at 30 June 2018. The value in use is determined using the discounted cash flow model. Cash flows were projected on actuals results and a five year forecast.

Conditions had materially changed in this business from March 2018. The AUM had decreased from USD 143 million, to USD 100 million, and the CAGR of the Global Emerging Market fund, which is the main generator of revenue had decreased from 10% to 7%.

Key assumptions and inputs:

	Jun-18	Dec-17
Inputs:		
AUM (USD ' millions)	100	143
CAGR of fund	7%	10%
Assumptions:		
Growth rate:	6%	6%
AUM net flows (USD ' millions):	minimal	20
USDZAR Rate:	13,71	11,89
GBPZAR Rate:	18,09	16,91
Assessed recoverable amount (R'000)	66 086	341 892

FAIR VALUE HEIRACHY

The following items in the Statement of Financial Position are carried at fair value through Profit and Loss:

	Level 1	Level 2	Level 3
Non-current Assets			
Financial assets			17 132
Current Assets			
Financial assets	100 670		

Financial asset are listed and unlisted investments.

At level 3 are unlisted investments. The significant judgments and assumptions involved in the valuation have not changed since last reported. The value in use was determined by discounting the future cash flows generated from the continuing use and was based on the cash flows that were projected on actual operating results and a 5 year forecast. Cash flows beyond this were extrapolated using a constant growth rate of 8%, and discounted using a rate between 15% to 20%.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material events after the reporting period.

DIVIDEND

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

For the year ended 31 December 2017, the Company declared a gross dividend (Number 7) of 10 cents per share (2016: 15 cents). The total dividend declared for the year amounts to 10 cents (2016: 32 cents).

For the first half of 2018 the Company declared an interim gross dividend (Number 8) of 10.50000 cents per share (2017: 0 cents).

The dividend will be subjected to a dividend withholding tax rate of 20% or 2.10000 cents per ordinary share and accordingly the net dividend is 8.40000 cents, while the dividend payable to shareholders who are exempt from dividend withholding tax is 10.50000 cents per share.

Anchor's tax reference number is 9527/450/16/8. There are 203 998 429 ordinary shares in issue at

the declaration date.

The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Tuesday, 18 September 2018
Shares commence trading 'ex' dividend	Wednesday, 19 September 2018
Record date (date shareholders recorded in share register)	Friday, 21 September 2018
Payment date	Tuesday, 25 September 2018

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 19 September 2018 and Friday, 21 September 2018, both dates inclusive. Payment of the dividend will be made to shareholders to Tuesday, 25 September 2018, in respect of dematerialised shares, certificated shareholders' dividend payments will be deposited on/or about Tuesday, 25 September 2018.

For and on behalf of the board

Peter Armitage
Chief Executive Officer
03 September 2018

Mike Teke
Chairman

DIRECTORS

Executive Directors: Peter Armitage (Chief Executive Officer), Todd Kaplan (Chief Operating Officer), Omair Khan (Financial Director)

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

DESIGNATED ADVISOR

Java Capital Proprietary Limited

TRANSFER SECRETARIES

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