

**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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**UNAUDITED INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019 AND DECLARATION OF DIVIDEND NUMBER 10 AND CHANGES TO THE BOARD OF DIRECTORS**

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**HIGHLIGHTS**

- Assets under management and advice increased by 11% during 2019 to R54.4 billion (31 December 2018: R49.0 billion).
- Cash and cash equivalents and short-term investments balance of R172 million (R144 million at 31 December 2018).
- Adjusted Headline Earnings down 11% at R36.8 million (R41.5 million to 30 June 2018).
- Adjusted Headline Earnings Per Share down 14% at 18 cents per share (21.0 cents per share to 30 June 2018).
- Interim dividend of 9 cents per share (10.5 cents per share at 30 June 2018).

**COMMENTARY**

Anchor began managing assets in 2012 and has grown to reach group-wide assets under management and advice at 30 June 2019 of R54.4 billion, up 11% 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 management, with an increasing focus on offshore investment. This will be achieved by both organic and acquisitive growth.

Anchor's 2019 interim income statement 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 investment management agreement ("Astoria termination fee"), which resulted in a receipt of R70.4 million. The latter will have a negative impact on the income statement until such time as these funds are 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. Anchor has reacted proactively with effective marketing and a focus on meeting the needs of clients. The result has seen strong inflows in assets under management, which is the most important metric for our business. Net assets under management and administration grew by R5.4 billion, after taking into account the R2 billion Astoria contract termination. Our pipeline of new assets is at its highest level ever and we expect inflows for the second half of the year to exceed the first half.

The most meaningful financial measure of performance is the R36.8 million of adjusted core headline earnings (this is down 11% from R41.5 million in 1H 2018, but up 5% on the R35.1 million earned in 2H 2018).

The investment environment has seen the demand for fixed income grow at the expense of equities. Anchor has benefited from this trend and we had record fixed income inflows, although the margins earned on these assets are lower than equities. Equity market brokerage volumes have declined significantly and the impact on this was significant for Anchor. Brokerage revenues and profitability declined, but revenue from annuity management fees grew.

In 1H 2019 the average market level for the JSE Capped Swix was down 6.7% on 1H 2018. The average MSCI World Index level was flat and the average USD/ZAR exchange rate was 14% weaker. JSE trading volumes were down 39%.

The combination of the above factors saw the Anchor operating margin, excluding the Astoria termination fee, decline from 26% to 19%; although this includes some one-off costs that are excluded from core earnings.

The Group is well placed to take advantage of a more positive South African economic environment. The operating margin is expected to increase as the scale of the business increases and the investment markets improve.

## **RESULTS**

### **Continuing Operations:**

*The results for the period are affected 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 by 13% to R268 million (2018: R238 million). Like for like, turnover decreased by 7%, with average assets of R51.7 billion for the year. The yield on average assets excluding the Astoria termination fee for the period decreased to 0.77% (2018: 0.92%). This was lower due to reduced activity levels and a change in asset mix.

Costs decreased by 8%, to R160 million (2018: R175 million). Like for like costs increased by 7%.

Excluding the Astoria termination fee, costs grew faster than turnover, resulting in an operating margin of 19% (2018: 26%). Hedge fund related retrenchment costs are included in this and excluded from adjusted headline earnings.

Other income grew by 13% to R11.7 million (2018: R10 million). Other income was positively impacted by the return on balance sheet assets and interest income. Anchor earned a once-off termination fee of R70.4 million relating to the Astoria investment management agreement, which is included as part of revenue. This fee has been excluded from adjusted headline earnings as it is once-off in nature.

Finance costs decreased by 37% to R0.9 million, (2018: R1.4 million). The decrease is due to the repayment of debt.

Adjusted headline earnings per share of 18 cents were down 14% on 1H 2018, but up 5% on 2H 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 R939 million (31 December 2018: R851 million), as a result of the profit for the period. The net asset value per share is 457 cents (31 December 2018: 422 cents). Cash and other liquid instruments are R172 million at 30 June 2019 (31 December 2018: R144 million), which represents 82 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 R38.3 billion (+13%, 31 Dec 2018: R33.9 billion) and assets under advice R16.1 billion (+7%, 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 and this will increase assets under management.
- Offshore managed assets are R16 billion.
- Anchor's fixed income business was launched late in 2015 and has grown meaningfully with a strong pipeline, and top quartile investment performance.

Innovative marketing initiatives are proving effective and Anchor is achieving strong new inflows for the period.

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 11.5% per annum against a peer group average of 6.8% (source: MoneyMate).

Investment markets recovered in the period, but are below the average levels achieved in 2018: the SA JSE Capped Swix index is down 6.7%, the MSCI World was down 0.3% and the average USD/ZAR exchange rate was 14% weaker compared to prior year. Anchor's local performance was ahead of benchmarks.

As Anchor increases in size, 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 18 CA(SA)s, 17 CFA charter holders and a 18 strong investment team.

## **CAPITAL ALLOCATION AND CORPORATE ACTIVITY**

Anchor repurchased 0.9 million shares, held as treasury shares, during the period and the share repurchase is expected to continue.

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 interim dividend is 9 cents per share.

## PROSPECTS

It is challenging to grow in the current investment environment. However, the business continues to generate consistent inflows of assets under management, with over R4 billion in the period. We expect this to be exceeded in the second half of 2019. After four years of flat investment markets, Anchor's operating margin has come under pressure and is currently well below management targets. There is potential for this to increase should the investment climate improve.

The key driver for the business is assets under management, which averaged R51.7 billion for the period. The results for the forthcoming period will also 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;
- the exchange rate between the Rand and other currencies (we estimate across the business, that the Rand hedge component is approximately 50%);
- acquisition of additional financial advisory businesses;
- the growth of the stockbroking division, and
- an increase in shares in issue. The average shares in issue for the period were 204 million.

A presentation on the results under review is available on <https://www.anchorgroup.co.za/presentationresults/>

## CHANGES TO THE BOARD OF DIRECTORS

The Board has initiated steps to align with the Company's transformation strategy in terms of racial and gender diversity. Additionally the Board embraces the trend of listed companies deploying only two Executive Directors to Board, namely the Chief Executive Officer and Financial Director.

To these ends, Mr. Todd Kaplan has resigned as an Executive Director with effect from 4 September 2019; as well as relinquishing his responsibilities as a member of the social and ethics committee of the Company. Mr. Kaplan retains his position and responsibilities as Director of Anchor Capital (Pty) Ltd.

Mr. Alastair Adams has resigned as an Independent Non-executive Director with effect from 4 September 2019; as well as relinquishing his responsibilities as a member of the audit and risk committee, investment committee, remuneration and nominations committee and social and ethics committee of the Company.

The Board wishes to extend its appreciation for their many years of dedicated service and invaluable contributions to the Company.

The Board is pleased to announce the appointment of Mr. Robert Fihrer, as a Non-executive Director with effect from 4 September 2019. Rob studied at Wits and Wits' Business School. He co-founded Capricorn Capital Partners in 2003 and is currently the Chief Executive. Rob is on the Board of numerous listed and unlisted companies. The Board welcomes Mr. Fihrer to the Company and looks forward to his contribution.

## Condensed consolidated statement of comprehensive income

Figures in R'000	% change	Unaudited 30-Jun-19	Unaudited 30-Jun-18	Audited 31-Dec-18
Revenue	13%	268 685	238 220	463 727
Operating Expenses	-8%	-159 948	-174 777	-360 150
<b>Operating profit</b>	<b>71%</b>	<b>108 737</b>	<b>63 443</b>	<b>103 577</b>
Other Income	13%	11 691	10 376	17 077
Fair value gain / (loss) on acquisition of former associate	n.m	-	4 321	6 715
Loss of control of subsidiary				-2 579
Movement in credit allowances				-1 181
Impairment of associate	n.m	-	-229 948	
Finance Costs	-37%	-898	-1 419	-2 073
Share of profits/ (losses) from associates	147%	613	-1 310	-104
<b>Profit before taxation</b>	<b>178%</b>	<b>120 143</b>	<b>-154 537</b>	<b>121 432</b>
Taxation expense	-32%	-13 858	-20 248	-33 560
<b>Profit from continuing operations</b>	<b>161%</b>	<b>106 285</b>	<b>-174 785</b>	<b>87 872</b>
<b>Discontinued operations</b>				
Loss on discontinued operations net of tax		-	-	-298 977
<b>(Loss) / Profit for the period</b>		<b>106 285</b>	<b>-174 785</b>	<b>-211 105</b>
<b>Items that may be reclassified to profit or loss:</b>				
Other Comprehensive Income	-2428%	-4 221	-167	2 132
<b>Total Comprehensive Income</b>	<b>158%</b>	<b>102 064</b>	<b>-174 952</b>	<b>-208 973</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	149%	92 572	-189 464	-234 035
Non-controlling interest	-35%	9 492	14 512	25 062
	<b>158%</b>	<b>102 064</b>	<b>-174 952</b>	<b>-208 973</b>
<b>Continuing operations:</b>				
Earnings per share (cents)	150%	47,4	-95,8	31,5
Diluted earnings per share (cents)	149%	47,1	-95,6	31,2
Headline earnings per share (cents)	158%	47,4	18,4	29,4
Diluted headline earnings per share (cents)	157%	47,1	18,3	29,1
Adjusted headline earnings per share (cents)	-14%	18,0	21,0	38,4
Diluted adjusted headline earnings per share (cents)	-14%	17,9	21,0	38,0

**Discontinued operations:**

Earnings per share (cents)	n.m	-	-	-149,7
Diluted earnings per share (cents)	n.m	-	-	-148,5
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	-	-	-1,9

**Total operations:**

Earnings per share (cents)	149%	47,4	-96,0	-118,3
Diluted earnings per share (cents)	149%	47,1	-95,6	-117,3
Headline earnings per share (cents)	158%	47,4	18,4	12,8
Diluted headline earnings per share (cents)	159%	47,4	18,3	12,7
Adjusted headline earnings per share (cents)	-14%	18,0	21,0	36,4
Diluted adjusted headline earnings per share (cents)	-14%	17,9	21,0	36,1

**Earnings and headline earnings per share****Continuing operations:**

<b>Earnings attributable to shareholders</b>	161%	<b>106 285</b>	<b>-174 785</b>	<b>87 872</b>
Non-controlling interest	-35%	9 492	14 512	25 062
<b>Earnings attributable to ordinary shareholders</b>	151%	<b>96 793</b>	<b>-189 297</b>	<b>62 810</b>
Loss of control of subsidiary				2 579
Fair value gain on previously held equity	0%	-	-4 321	-6715
Impairment of associate			229 948	
<b>Headline earnings attributable to ordinary shareholders</b>	166%	<b>96 793</b>	<b>36 330</b>	<b>58 674</b>
Amortisation on Intangible Asset	29%	3 032	2 356	5 712
Cash gain on sale of subsidiary				4 040
Movement in credit losses				1 181
Termination Fee net of tax		-68 319		
Retrenchment costs		1 470		
Equity settled share option costs	36%	3 827	2 818	6 986
<b>Adjusted headline earnings attributable to ordinary shareholders</b>	-11%	<b>36 803</b>	<b>41 504</b>	<b>76 593</b>

**Discontinued operations:**

Earnings attributable to shareholders		-	-	-298 977
<b>Earnings attributable to ordinary shareholders</b>		-	-	<b>-298 977</b>
Impairment of CFM Malta within Anchor Group				265 822
<b>Headline earnings attributable to ordinary shareholders</b>		-	-	<b>-33 155</b>
Impairment of loan within CFM Malta				29 230
<b>Adjusted headline earnings attributable to ordinary shareholders</b>		-	-	<b>-3 925</b>

<b>Total operations:</b>				
<b>Earnings attributable to shareholders</b>	161%	<b>106 285</b>	<b>-174 785</b>	<b>-211 105</b>
Non-controlling interest	-35%	9 492	14 512	25 062
<b>Earnings attributable to ordinary shareholders</b>	151%	<b>96 793</b>	<b>-189 297</b>	<b>-236 167</b>
Loss of control of subsidiary		-	-	2 579
Fair value gain on previously held equity		-	-4 321	-6 715
Impairment of associate		-	229 948	-
Impairment of CFM Malta within Anchor Group		-	-	265 822
<b>Headline earnings attributable to ordinary shareholders</b>	166%	<b>96 793</b>	<b>36 330</b>	<b>25 519</b>
Amortisation on Intangible Asset	29%	3 032	2 356	5 712
Cash gain on sale of subsidiary				4 040
Movement in credit losses				1 181
Termination Fee net of tax		-68 319		
Retrenchment costs		1 470		-
Impairment of loan within CFM Malta				29 230
Equity settled share option costs	36%	3 827	2 818	6 986
<b>Adjusted headline earnings attributable to ordinary shareholders</b>	-11%	<b>36 803</b>	<b>41 504</b>	<b>72 668</b>
Number of shares in issue ('000)	6%	210 696	199 326	206 143
<b>Weighted average number of shares beginning of year ('000)</b>	2%	<b>201 189</b>	<b>197 217</b>	<b>199 657</b>
<b>Weighted average shares issued during the year</b>		2 934	1 837	
<b>Weighted average treasury shares bought during the year</b>		-80	-1 524	
<b>Weighted average number of shares end of year</b>	3%	<b>204 044</b>	<b>197 530</b>	<b>199 657</b>
Employee share incentive scheme	145%	1 257	513	1 737
<b>Diluted weighted average number of shares in issue</b>	4%	<b>205 301</b>	<b>198 043</b>	<b>201 394</b>

## Condensed consolidated statement of financial position

Figures in R'000	% Change	Unaudited 30-Jun-19	Unaudited 30-Jun-18	Audited 31-Dec-18
<b>Assets</b>				
<b>Non-Current Assets</b>				
Equipment	-13%	5 534	6 364	6 045
Goodwill	-1%	589 990	592 991	589 990
Intangible assets	24%	112 288	90 697	85 161
Investments in associates	-32%	71 463	105 193	72 804
Other financial assets	35%	23 175	17 132	21 675
Deferred tax	26%	8 073	6 421	7 015
	-1%	<u>810 523</u>	<u>818 798</u>	<u>782 690</u>
<b>Current Assets</b>				
Cash and cash equivalents	63%	113 619	69 509	66 204
Other financial assets	-41%	59 004	100 670	77 709
Current tax receivable	8%	2 190	2 029	2 338
Trade and other receivables	-22%	55 037	70 856	49 682
Amounts receivable on stockbroking activities	-100%	-	378 058	-
	-63%	<u>229 850</u>	<u>621 122</u>	<u>195 933</u>
<b>Total Assets</b>	<b>-28%</b>	<b><u>1 040 373</u></b>	<b><u>1 439 920</u></b>	<b><u>978 623</u></b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital	4%	972 832	938 096	961 332
Reserves	-19%	4 612	5 712	5 020
Retained income	-54%	<u>-38 688</u>	<u>-25 197</u>	<u>-114 991</u>
Equity Attributable to Equity Holders of Parent	2%	938 756	918 611	851 361
Non-controlling interest	-38%	<u>17 206</u>	<u>27 866</u>	<u>18 585</u>
<b>Total Equity</b>	<b>1%</b>	<b><u>955 962</u></b>	<b><u>946 477</u></b>	<b><u>869 946</u></b>
<b>Liabilities</b>				
<b>Non Current Liabilities</b>				
Other financial liabilities	-74%	10 800	41 369	20 844
Deferred Tax	5%	24 391	23 327	21 817
	-46%	<u>35 191</u>	<u>64 696</u>	<u>42 661</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Other financial liabilities	-50%	18 508	37 094	35 791
Trade and other payables	202%	27 270	9 028	25 956
Current tax payable	-36%	3 442	5 338	4 269
Amounts payable on stockbroking activities	n.m	-	377 287	-
	-89%	<u>49 220</u>	<u>428 747</u>	<u>66 016</u>
Total Liabilities	-83%	<u>84 411</u>	<u>493 443</u>	<u>108 677</u>
<b>Total Equity and Liabilities</b>	<b>-28%</b>	<b><u>1 040 373</u></b>	<b><u>1 439 920</u></b>	<b><u>978 623</u></b>
Net asset value per share (cents)	-4%	457	475	422
Net tangible asset value per share (cents)	-8%	121	132	94



## Condensed consolidated statement of cash flows

Figures in R'000	% change	Unaudited 30-Jun-19	Unaudited 30-Jun-18	Audited 31-Dec-18
<b>Cash flows from operating activities</b>				
Cash generated from / (used) from operations	119%	121 013	55 332	139 486
Interest income	3%	4 042	3 926	7 901
Finance costs	-37%	(898)	(1 419)	(2 073)
Tax paid	-45%	(14 836)	(26 750)	(43 850)
<b>Net cash from operating activities</b>	<b>252%</b>	<b>109 321</b>	<b>31 089</b>	<b>101 464</b>
<b>Cash flows utilised in investing activities</b>				
Purchase of equipment and intangible assets	255%	(27 127)	(7 635)	(11 837)
Proceeds on disposal of intangible assets				3 171
Cash acquired through business combination	-100%	-	1 132	(7 863)
Proceeds / (Purchase) of financial assets	518%	26 164	4 232	9 552
Decrease in investments in associates	-100%	-	(4 615)	(27 076)
<b>Net cash utilised in investing activities</b>	<b>-86%</b>	<b>(963)</b>	<b>(6 886)</b>	<b>(34 053)</b>
<b>Cash flows from financing activities</b>				
Increase in stated capital / share capital		1 391	-	1 503
(Decrease) / Increase of other financial liabilities	83%	(27 406)	(15 011)	(22 601)
Purchase of ACG shares	-9%	(3 115)	(3 425)	(10 406)
Dividends paid	8%	(32 342)	(30 014)	(63 914)
<b>Net Cash from financing activities</b>	<b>27%</b>	<b>(61 472)</b>	<b>(48 450)</b>	<b>(95 418)</b>
<b>Total cash and cash equivalents movement for the year</b>	<b>293%</b>	<b>46 886</b>	<b>(24 247)</b>	<b>(28 007)</b>
Cash and cash equivalents at the beginning of the year	-29%	66 204	93 672	93 672
Effect of exchange rate movement on cash balances	530%	529	84	539
<b>Total cash and cash equivalents at end of the year</b>	<b>63%</b>	<b>113 619</b>	<b>69 509</b>	<b>66 204</b>

### Summarised 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- control ling interes t	Total equity		
<b>Figures in R'000</b>												
<b>Balance at 01 January 2018</b>	<b>913 902</b>	<b>605</b>	<b>-</b>	<b>5 805</b>	<b>-</b>	<b>5 121</b>	<b>16 629</b>	<b>6 308</b>	<b>183 845</b>	<b>1 104 055</b>	<b>27 492</b>	<b>1 131 547</b>
Profit for the year								-189 297	-189 297	14 512		-174 785
Change in accounting policy - IFRS 9								-21 806	-21 806	-2 129		-23 935
Prior year adjustment										-8 233		-8 233
Other comprehensive income		-167					-167		-167			-167
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-167</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-167</b>	<b>-211 103</b>	<b>-211 270</b>	<b>4 150</b>	<b>-</b>	<b>-207 120</b>
Issue of shares	24 194									24 194		24 194
Shares of ACG held in subsidiary					-3 425		-3 425			-3 425		-3 425
Acquisition of subsidiary ASPC											-3 869	-3 869
Share based payments						2 996	2 996			2 996		2 996
Dividends									-19 745	-19 745	-10 269	-30 014
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>24 194</b>	<b>-</b>	<b>-</b>	<b>-3 425</b>	<b>2 996</b>	<b>-429</b>	<b>-19 745</b>	<b>4 020</b>	<b>-14 138</b>	<b>-</b>	<b>-</b>	<b>-10 118</b>
<b>Balance at 30 June 2018</b>	<b>938 096</b>	<b>438</b>	<b>-</b>	<b>5 805</b>	<b>-</b>	<b>8 546</b>	<b>19 625</b>	<b>5 712</b>	<b>47 003</b>	<b>896 805</b>	<b>17 504</b>	<b>914 309</b>
<b>Balance at 01 July 2018</b>	<b>938 096</b>	<b>438</b>	<b>-</b>	<b>5 805</b>	<b>-</b>	<b>8 546</b>	<b>19 625</b>	<b>5 712</b>	<b>47 003</b>	<b>896 805</b>	<b>17 504</b>	<b>914 309</b>
Profit for the year								-46 870	-46 870	10 550		-36 320
Other comprehensive income		2 299					2 299		2 299			2 299
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2 299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 299</b>	<b>-46 870</b>	<b>-44 571</b>	<b>10 550</b>	<b>-</b>	<b>-34 021</b>
Issue of shares	23 236									23 236		23 236
Shares of ACG held in subsidiary					-6 981		-6 981			-6 981		-6 981
Share based payments						3 990	3 990			3 990		3 990
Changes in ownership - Methwold											3 313	3 313

Dividends								-	-21 118	-21 118	-12 782	-33 900		
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>23 236</b>	<b>-</b>	<b>-</b>	<b>-6 981</b>	<b>3 990</b>	<b>-2 991</b>	<b>-21 118</b>	<b>-873</b>	<b>-9 469</b>	<b>-10 342</b>				
<b>Balance at 31 December 2018</b>	<b>961 332</b>	<b>2 737</b>	<b>-</b>	<b>5 805</b>	<b>-</b>	<b>15 527</b>	<b>23 615</b>	<b>5 020</b>	<b>-</b>	<b>114 991</b>	<b>851 361</b>	<b>18 585</b>	<b>869 946</b>	
<b>Balance at 01 January 2019</b>	<b>961 332</b>	<b>2 737</b>	<b>-</b>	<b>5 805</b>	<b>-</b>	<b>15 527</b>	<b>23 615</b>	<b>5 020</b>	<b>-</b>	<b>114 991</b>	<b>851 361</b>	<b>18 585</b>	<b>869 946</b>	
Profit for the year									96 793	96 793	9 492	106 285		
Other comprehensive income		-4 221						-4 221				-4 221		
<b>Total comprehensive income for the year</b>		<b>-4 221</b>						<b>-4 221</b>		<b>96 793</b>	<b>92 572</b>	<b>9 492</b>	<b>102 064</b>	
Issue of shares	11 500												11 500	
Shares of ACG held in subsidiary													-3 115	
Changes in ownership - CFM SA				3 101				3 101		3 101	982		4 083	
Share based payments							3 827	3 827		3 827			3 827	
Dividends									-20 490	-20 490	-11 853		-32 343	
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>11 500</b>	<b>-</b>	<b>3 101</b>	<b>-3 115</b>	<b>3 827</b>	<b>3 813</b>	<b>-20 490</b>	<b>-5 177</b>	<b>-10 871</b>	<b>-16 048</b>				
<b>Balance at 30 June 2019</b>	<b>972 832</b>	<b>-</b>	<b>1 484</b>	<b>-</b>	<b>2 704</b>	<b>-</b>	<b>18 642</b>	<b>27 442</b>	<b>4 612</b>	<b>-</b>	<b>38 688</b>	<b>938 756</b>	<b>17 206</b>	<b>955 962</b>

## Condensed consolidated segmental information (R' 000)

### Statement of Comprehensive Incomes

30-Jun-19	Non-Asset Management	Asset Management	Stockbroking	Eliminations	Total
Revenue	101 101	159 888	32 785	(95 522)	198 253
Revenue - Astoria Termination Fee		70 432			70 432
Operating expenses	(3 156)	(118 204)	(28 634)	(9 954)	(159 948)
<b>Operating profit</b>	<b>97 946</b>	<b>112 116</b>	<b>4 152</b>	<b>(105 476)</b>	<b>108 737</b>
Other Income	4 599	8 437	131	(1 476)	11 691
Finance costs	-	(2 268)	(105)	1 476	(898)
Share of profits from associates and joint venture	613				613
<b>Profit before tax</b>	<b>103 158</b>	<b>118 285</b>	<b>4 177</b>	<b>(105 476)</b>	<b>120 143</b>
Taxation	(829)	(11 793)	(1 236)	-	(13 858)
<b>Profit for the year</b>	<b>102 328</b>	<b>106 492</b>	<b>2 941</b>	<b>(105 476)</b>	<b>106 285</b>
<b>31-Dec-18</b>	<b>Non-Asset Management</b>	<b>Asset Management</b>	<b>Stockbroking</b>	<b>Eliminations</b>	<b>Total</b>
Revenue	48 073	355 625	110 505	(50 477)	463 727
Operating expenses	(19 914)	(267 610)	(92 802)	20 176	(360 150)
<b>Operating profit</b>	<b>28 159</b>	<b>88 015</b>	<b>17 703</b>	<b>(30 301)</b>	<b>103 577</b>
Other Income	-	5 450	5 183	6 444	17 077
Fair value on disposal of subsidiary	(2 579)		-		(2 579)
Fair value gain on business combination		6 715			6 715
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)	(0)			(104)
<b>Profit before tax</b>	<b>25 476</b>	<b>92 485</b>	<b>23 040</b>	<b>(19 570)</b>	<b>121 432</b>
Taxation	(405)	(26 401)	(6 440)	(314)	(33 560)
Share of profits from associates - discontinued operations	(298 977)				(298 977)
<b>Profit for the year</b>	<b>(273 906)</b>	<b>66 084</b>	<b>16 601</b>	<b>(19 884)</b>	<b>(211 105)</b>
<b>30-Jun-18</b>	<b>Non-Asset Management</b>	<b>Asset Management</b>	<b>Stockbroking</b>	<b>Eliminations</b>	<b>Total</b>
Revenue	23 256	178 085	66 708	(29 829)	238 220
Operating expenses	(9 287)	(127 121)	(51 019)	12 651	(174 777)
<b>Operating profit</b>	<b>13 969</b>	<b>50 964</b>	<b>15 689</b>	<b>(17 178)</b>	<b>63 443</b>
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)
<b>Profit before tax</b>	<b>(214 285)</b>	<b>59 671</b>	<b>17 166</b>	<b>(17 089)</b>	<b>(154 537)</b>

## Statement of Financial Positions

	Non-Asset management	Asset Management	Stockbroking	Eliminations	Total
<b>30-Jun-19</b>					
<b>Assets</b>	<b>133 187</b>	<b>234 761</b>	<b>28 992</b>	<b>643 433</b>	<b>1 040 373</b>
Non Current Assets	71 590	138 259	5 606	595 068	810 523
Current Assets	61 597	96 503	23 385	48 365	229 850
<b>Liabilities</b>	<b>(22 109)</b>	<b>(33 633)</b>	<b>(1 665)</b>	<b>(27 005)</b>	<b>(84 411)</b>
Non Current Liabilities	(10 800)	(24 154)	(237)		(35 191)
Current liabilities	(11 309)	(9 479)	(1 428)	(27 005)	(49 220)
<b>Equity</b>	<b>111 079</b>	<b>201 129</b>	<b>27 327</b>	<b>616 428</b>	<b>955 962</b>
<b>31-Dec-18</b>					
<b>Assets</b>	<b>805 300</b>	<b>408 366</b>	<b>497 591</b>	<b>(732 684)</b>	<b>978 573</b>
Non Current Assets	725 912	279 630	7 316	(230 168)	782 690
Current Assets	79 388	128 736	490 275	(502 515)	195 883
<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>
<b>30-Jun-18</b>					
<b>Assets</b>	<b>855 093</b>	<b>424 006</b>	<b>424 713</b>	<b>(263 894)</b>	<b>1 439 920</b>
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
<b>Liabilities</b>	<b>(58 095)</b>	<b>(56 756)</b>	<b>(398 722)</b>	<b>19 208</b>	<b>(493 443)</b>
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)
<b>Equity</b>	<b>796 998</b>	<b>367 250</b>	<b>25 992</b>	<b>(244 685)</b>	<b>946 477</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 with the exception of the adoption of IFRS 16. Anchor has elected to adopt a modified retrospective approach in its transition from IAS 17 to IFRS 16. The approach taken has a net impact which is not material.

The unaudited interim results for the half year ended 30 June 2019 are prepared in accordance with the requirements of the JSE Listings Requirements for interim reports and the requirements of the Companies Act of South Africa. The interim 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.

These condensed consolidated financial statements for the period ended 30 June 2019 have not been audited by BDO South Africa Inc. The directors take full responsibility for the preparation of the financial information presented.

#### **EVENTS AFTER THE REPORTING PERIOD**

There are no significant subsequent events have occurred post the period end.

#### **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 period ended 30 June 2019 the Company has declared a gross dividend (Number 10) of 9.00000 cents per share (2018: 10.50000 cents).

The dividend will be subjected to a dividend withholding tax rate of 20% or 1.80000 cents per ordinary share and accordingly the net dividend is 7.20000 cents, while the dividend payable to shareholders who are exempt from dividend withholding tax is 9.00000 cents per share.

Anchor's tax reference number is 9527/450/16/8. There are 209 755 778 ordinary shares in issue at the declaration date.

The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Monday, 23 September 2019
Shares commence trading 'ex' dividend	Wednesday, 25 September 2019
Record date (date shareholders recorded in share register)	Friday, 27 September 2019
Payment date	Monday, 30 September 2019

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 25 September 2019 and Friday, 27 September 2019, both dates inclusive. Payment of the dividend will be made to shareholders on Monday, 30 September 2019, in respect of dematerialised shares, certificated shareholders' dividend payments will be deposited on/or about Monday, 30 September 2019.

For and on behalf of the board

**Peter Armitage**  
Chief Executive Officer  
04 September 2019

**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), Rob Fihler, Nick Dennis (Independent), Keneiloe Sibisi (Independent).

**DESIGNATED ADVISOR**

Java Capital

**TRANSFER SECRETARIES**

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