Anchor Group Limited

(Registration number 2009/005413/06)

Consolidated annual financial statements
for the year ended 31 December 2016

General Information

Country of incorporation and domicile	South Africa	
Nature of business and principal activities	Asset and wealth management	
Directors		
	MS Teke	Non-Executive Director (Chairman)
	PG Armitage	Executive Director (Chief Executive Officer)
	TE Kaplan	Executive Director (Chief Operations Officer)
	OZ Khan	Executive Director (Chief Financial Officer)
	AJ Adams	Independent Non-Executive Director
	AP Nkuna	Lead Independent Non-Executive Director
	N Dennis	Independent Non-Executive Director
	K Bissessor	Independent Non-Executive Director
Registered office	25 Culross Road Bryanston Sandton 2191	
Business address	25 Culross Road Bryanston Sandton 2191	
Postal address	PO Box 1337 Gallo Manor 2191	
Bankers	Rand Merchant Bank, a division of FirstRand Bank Limited	
Auditors	Grant Thornton Johannesburg Partnership	
Secretary	CIS Company Secretaries (Pty) Ltd	
Company registration number	2009/005413/06	
Prepared under the supervision of	OZ Khan CA (SA) Financial Director PG Armitage CA (SA) Chief Executive Officer	

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The reports and statements set out below comprise the consolidated annual financial statements presented to the shareholders:

Audit and Risk Committee Report

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

1. Members of the Audit and Risk Committee

The members of the audit and risk committee are all non-executive directors of the group and include:

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

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

2. Meetings held by the Audit and Risk Committee

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

The Committee met four times this year, and the Chief Financial Officer, External Auditor and Sponsor attended by invitation only.

X - Attended.

Name	Q1 10 March 2016	Q2 09 June 2016	Q3 12 August 2016	Q4 30 November 2016
K Bissessor	x	x	x	x
AJ Adams	x	x	x	x
AP Nkuna	x	x	x	x
N Dennis	x	x	x	x
Quorum	**x**	**x**	**x**	**x**

3. External auditor

The designated auditor is Grant Thornton Johannesburg Partnership.

The committee satisfied itself through enquiry that the external auditor Grant Thornton and Ms S Kock are independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided that internal governance processes within the firm support and demonstrate the claim to independence.

The audit and risk committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit as well as non-audit services, has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

4. Consolidated annual financial statements

The committee has reviewed the accounting policies and the consolidated financial statements. The committee is satisfied that they are appropriate and comply with the International Financial Reporting Standards, JSE Listing requirements, ncements and the Companies Act 71 of 2008. In compliance with requirements the King Report on Governance for South Africa 2009 an integrated annual report will be compiled for 2016 financial year in addition to these annual financial statements.

Audit and Risk Committee Report

5. Accounting practices and internal control

The Board has ultimate responsibility for the internal, financial and operating systems of the company and for monitoring of their effectiveness.

These systems are designed to provide reasonable assurance against material misstatement and loss.

The systems, which are monitored by the audit and risk committee on an ongoing basis in order to adopt to changing business circumstances, are designed to provide reasonable safeguards regarding:

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

6. Legal requirements

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

7. Chief Financial Officer

As required by the Companies Act, the committee confirms that the company's Chief Financial Officer Mr OZ Khan, has the necessary expertise and experience to carry out his duties.

8. Going concern

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

9. Internal audit

The company operates in the regulated Financial Service industry. The Financial Services Board (FSB) has strict requirements with regards to the financial positioning and operating environment within the company. The committee believe that due to stringent FSB requirements coupled with the effective oversight provided by management on the various operating entities the need for a dedicated internal audit function is not deemed necessary. This decision is evaluated and reviewed annually.

The committee considers a report on a quarterly basis prepared by the internal compliance officer. No material issues of non compliance were issued.

10. Purpose

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

- assessing the independence of and recommending the appointment of the external auditors;
- evaluating the performance of the external auditors;
- reviewing the scope and effectiveness of the external audit functions;
- determining the fees paid to the auditors and the auditors terms of reference;
- agreeing to the timing and nature of reports from the external auditors;
- considering any problems identified in the going concern or internal control statements;
- ensuring that adequate books and records have been maintained;
- ensuring the integrity, reliability and efficiency of the group's risk management strategy/ policy and portfolios;
- ensuring that the company adheres to the requirements of the relevant regulatory bodies including the Financial Services Board (FSB), JSE and others;
- resolving and dealing with any complaints concerning the accounting policies, the content and audit of financial statements of related matters;
- ensuring the expertise and experience of the financial director are appropriate.

Audit and Risk Committee Report

11. Annual financial statements

Following our review of the consolidated financial statements for the year ended 31 December 2016, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act of South Africa and International Financial Reporting Standards, and JSE Listing requirements that they fairly present the financial position at 31 December 2016 for Anchor Group Limited and the results of operations and cash flows for the year then ended. They were recommended to the board of directors for approval.

12. Comments on key audit matters, addressed by Grant Thorton in its external auditors report

In order to provide stakeholders with further insights into its activities and considerations around the Key Audit Matters as reported by the external auditors, the Committee wishes to elaborate on these important aspects as follows:

Impairment of non-financial assets
The Committee reviewed the testing of impairment indicators throughout the 2016 financial year. The Committee assessed the assumptions and judgements applied by management. Furthermore the Committee discussed the matter with the external auditors to understand their related audit processes and views. No impairment was demmed necessary.

Classification of investments as subsidiaries or associates where 50% or less of the equity is held
The company holds shares in a number of investments which are below 50% or 50% and the company controls these entities and consolidates the financial results. The audit committee in consultation with management evaluated and confirmed the basis for control.

Business combinations
The audit committee reviewed the accuracy of the accounting for various transactions that the group entered into during the current year under review.

K Bissessor
Chairperson Audit and Risk Committee

Directors' Responsibilities and Approval

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

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

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

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

The directors have reviewed the group’s cash flow forecast for the year to 31 December 2017 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated financial statements. The consolidated financial statements have been examined by the group's external auditors and their report is presented on pages 8 to 11.

The consolidated annual financial statements set out on pages 12 to 53, which have been prepared on the going concern basis, were approved by the board on 22 March 2017 and were signed on its behalf by:

PG Armitage	**OZ Khan**

Group Secretary’s Certification

Declaration by the Group secretary in respect of Section 88(2)(e) of the Companies Act

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

The board selects and appoints the company secretary and recognises the importance of this role in entrenching good corporate governance. All directors have unlimited access to the services of the company secretary, who in turn has access to appropriate resources in the provision of this support.

CIS Company Secretaries Proprietary Limited was appointed as company secretary by the board in accordance with the Companies Act, No. 71 of 2008, as amended, with effect 01 August 2016. In accordance with the JSE Lisiting Requirements, a detailed assessment was conducted by the board to consider and satisfy itself of the competence, qualifications and experience of the company secretary. The board agreed that all the requirements had been met, was satisfied with their performance and is confident in their ability to meet the responsibilities of the position. CIS Company Secretaries Proprietary Limited does not serve as a director of the board and the assessment confirmed it's arm's-length relationship with the board.

CIS Company Secretaries (Pty) Ltd
Company Secretary

Independent Auditor's Report
To the Shareholders of
Anchor Group Limited

Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of Anchor Group Limited and its subsidiaries (the group) set out on pages 16 to 53, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (KAM)	How our audit addressed the key audit matter
Assessment of Goodwill and Other Intangible Assets for impairment In accordance with IFRS, the Group is required to test the recoverability of the carrying value of goodwill annually and consider whether there are indicators of impairment with respect to other intangible assets. Goodwill is assessed using discounted cash flow models. As disclosed in notes 5 to the financial statements, there are a number of key sensitive judgments made in determining the inputs into these models which include growth rates and discount rates. The impairment test is considered a KAM to our audit as the balances as at 31 December 2016 are material to the financial statements as a whole.	Our audit procedures included among others considering indicators of impairment relating to other intangibles We furthermore used our internal valuations specialist to assist us in evaluating the assumptions and methodologies used by the Group to determine the recoverable amount of goodwill. Specifically around the forecasts of revenue growth and the assumptions with respect to the discount rate as well as testing the accuracy of the calculations and perform sensitivity analyses around the key assumptions used in the models. We also focussed on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive to the determination of the recoverable amount.

Key Audit Matters	How our audit addressed the key audit matter
Business Combinations The Group has entered into a number of business combinations during the financial year ended 31 December 2016. The accounting in relation to business combinations is a complex area in terms of *IFRS3 Business Combinations* and is therefore considered to be a KAM. The acquisitions are significant to our audit due to the complexity and significant judgments and assumptions used by management in determining the consideration payable and the purchase price allocation.	Our audit procedures include the review of the acquisition agreements to ensure that the acquisition is accounted for at the correct effective date of the transaction and that the mathematical calculation of the goodwill or gain on bargain purchase is accurate. We reviewed the contingent consideration and provisional purchase price allocation for reasonableness. We also focussed on the adequacy of the Group's disclosures that is required in terms of *IFRS3 – Business Combinations,* as included to note 23 of the financial statements.
Assessment of control in entities where less than 50% of the equity shares are held The Group has a number of subsidiaries where it holds less than 50% of the issued share capital. Management has applied judgment in assessing the various factors as required by *IFRS 10 – Consolidated Financial Statements* to conclude that effective control exists. This area is considered a KAM as management's assessment of control is highly judgemental.	Our audit procedures include the review of the acquisition agreements, the Memorandums of Incorporation and Mandates of Investment Committees to assess the reasonability of management's assessment of control in terms of *IFRS10 – Consolidated Financial Statements*. We also focussed on the adequacy of the Group's disclosures that is required in terms of IFRS in relation to the basis on which they believe that they have control as disclosed in note 23 of the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Grant Thornton Johannesburg Partnership has been the auditor of Anchor Group Limited for 3 years.

Grant Thornton

GRANT THORNTON
Registered Auditors
Practice Number: 903485E

SJ Kock
Registered Auditor
Chartered Accountant (SA)

22 March 2017

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

Directors' Report

The directors have pleasure in submitting their report on the consolidated annual financial statements of Anchor Group Limited ("Anchor") for the year ended 31 December 2016.

1. Nature of business

Anchor began managing assets in 2012 and has grown rapidly to reach group-wide assets under management and advise at 31 December 2016 of R45.9 billion, up by 35% from R34.1 billion on 31 December 2015. 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.

The group has the following subsidiaries, associates and investments:

- Anchor Capital Proprietary Limited – 100% owned, and offers asset management products with superior performance and great client service.
- Anchor Capital Cape Town Proprietary Limited – 100% owned, provides asset management service to private clients in Cape Town.
- Anchor Capital (Mauritius) Limited – 100% owned, provides asset management service to offshore clients.
- Ripple Effect 4 Proprietary Limited – 65% owned, and provides financial services education and research, primarily to Anchor Capital.
- Methwold Investments Proprietary Limited – effective 100% owned, primarily Robert Cowen Investments Proprietary Limited, provides asset management products suitable to family needs and has a long top-performing track record. Acquired on 01 June 2015.
- Portfolio Bureau Proprietary Limited – 50% owned, provides independent financial advice based on integrity and trust, and great client service. Acquired on 01 November 2015.
- Southridge Global Capital Proprietary Limited – 25% owned, offshore asset management company.
- Anchor Securities Holdings Proprietary Limited – 100% owned, provides trading and portfolio management services to private clients in Johannesburg and Kwa-Zulu Natal.
- Anchor Financial Services Proprietary Limited – 20% owned, offer institutional products and distribution of these funds.
- Cartesian Capital Proprietary Limited – 19% owned, majority black-owned, asset management business.
- Arengo 203 Proprietary Limited – 50% owned, property management company.
- Capricon Fund Managers SA Proprietary Limited (CFM SA) - 48.49% owned, provides Hedge Fund products suitable private clients and institutional investors. Acquired 29 February 2016.
- Capricon Fund Managers Malta Limited (CFM Malta) - 48.49% owned, provides Hedge Fund products suitable private clients and instituitional investors. Acquired 29 February 2016.
- AG Capital Proprietary Limited (AG Capital) - 50% owned provides brokerage solutions suitable for private clients and institutional investors. Acquired on 01 December 2016.
- Anchor Securities Stockbroking Proprietary Limited - 25.1% owned, JSE member firm, which executes trades predominantly in local markets.
- Anchor Securities Private Clients Proprietary Limited - 14.12% owned, provides asset management services to private clients in Durban.

2. Review of financial results and activities

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

Anchor grew the scale of its business materially in 2016 with a combination of organic and acquisitive growth. The turnover of the group grew by 85% to R419 million (2015: R226.3 million). The yield on average assets (R40 billion) for the period was 1.01% (2015: 1.06%), due to a change in asset class mix.

Costs grew by 73% to R252 million (2015: R145 million) which is primarily as a result of:
1. Variable costs growing in line with turnover;
2. The consolidation of the costs of newly acquired businesses;
3. New distribution staff and partnerships throughout the country to accelerate future growth;
4. Operations, compliance and system costs to enhance the client experience.

Turnover grew faster than costs, resulting in an operating margin of 41% (2015: 35.5%). This resulted in operating profits growing by 108% to R167.2 million (2015: R80.3 million).

Profits were negatively impacted by the low return on balance sheet assets, primarily comprising seed investments in Anchor unit trusts and equities. This was due to the mediocre returns generated in the SA equity market and the Rand/US$ exchange rate strengthening by 11.5% at the year-end balance sheet dates. The impact of this was felt in the other income line of the income statement which reduced from R36.5 million in 2015 to R8.6 million in 2016. Other income was also impacted by lower interest revenue due to lower average cash balances.

The share of profits from equity accounted associates was R8 million (2015: R0.6 million). The increase is due to the share of profits from CFM Malta.

Comprehensive Income grew by 106% to R173.1 million (2015: R84.3 million).

Adjusted headline earnings per share grew 12% to 64.7 cents (2015: 57.7 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 fair value gain on conversion of associate to subsidiary, the bargain purchase gain on acquisition of CFM SA, and amortisation of acquired investment books are excluded from the calculation as they are once off, and non-cash flow items. In 2016 we excluded share based-payment expenses, which are an IFRS requirement but are not a cash flow expense. We have adjusted the published comparative number in 2015 from 55.1c to 57.7c to make the numbers comparable. This had no impact on the adjusted headline earnings per share growth rate of 12%.

The business is highly cash generative and 83% of profits were generated in cash. The sharp increase in turnover saw an increase in working capital, although the nature of the business is such that payments by trade debtors are generally received within 10 days of month end.

Shareholders' equity grew to R1 073 million (2015: R713 million), as a result of the profit generated and the issue of new shares. The net asset value per share is 555 cents. Cash and other liquid instruments were R169 million at 31 December 2016.

3. Share capital

166 million Shares were in issue on 01 January 2016. 22.8 million shares were issued to to the senior management and previous owners of various acquisitions, which is done to align the interests of parties in growing the group company. A further 4.5 million shares were issued in terms of the share option scheme.

4. Directors

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

Directors	Office	Designation	Changes
MS Teke	Chairman	Non-executive	
PG Armitage	Chief Executive Officer	Executive	
TE Kaplan	Chief Operating Officer	Executive	
OZ Khan	Chief Financial Officer	Executive	Appointed 09 June 2016
AJ Adams		Non-executive Independent	
AP Nkuna		Lead Independent Non-executive	
N Dennis		Non-executive Independent	
K Bissessor		Non-executive Independent	
DK Rosevear		Executive	Resigned 01 April 2016

5. Directors interests in shares

As at 31 December 2016, the directors of the company held direct and indirect beneficial interests of 15.02% (2015: 26.21%) of its issued ordinary shares, as set out below.

Interest in shares

Directors	2016 Direct ('000)	2016 Indirect ('000)	2016 Total ('000)	2015 Direct ('000)	2015 Indirect ('000)	2015 Total ('000)
MS Teke	-	9 256	9 256	-	9 256	9 256
PG Armitage	6 364	9 208	15 572	6 043	8 678	14 721
TE Kaplan	2 708	-	2 708	2 777	-	2 777
OZ Khan	248	-	248	-	-	-
AJ Adams	200	-	200	200	-	200
N Dennis	1 075	-	1 075	698	-	698
DK Rosevear (*)	-	-	-	250	-	250
IAJ Clark (#)	-	-	-	-	6 988	6 988
	10 595	**18 464**	**29 059**	**9 968**	**24 922**	**34 890**

Interest in options - note 28

Directors	2016 Direct ('000)	2015 Direct ('000)
PG Armitage	1 102	1 719
TE Kaplan	353	507
DK Rosevear (*)	-	2 750
OZ Khan	133	-
	1 588	**4 976**

The register of interests of directors and others in shares of the group is available to the shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.
(*) Retired.
(#) Resigned.

6. Directors' interests in contracts

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

7. Interests in associates

Details of material interests in associates is presented in the consolidated annual financial statements in note 7.

The interest of the group in the profits and losses of its associates for the year ended 31 December 2016 are as follows:

	2016 R '000	2015 R '000
Associates		
Total share of equity accounted profits	7 763	596

8. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

9. Auditors

Grant Thornton Johannesburg Partnership continued in office as auditors for the company for 2016.

At the AGM, the shareholders will be requested to reappoint Grant Thornton Johannesburg Partnership as the independent external auditors of the company and to confirm Ms S Kock as the designated lead audit partner for the 2017 financial year.

10. Secretary

The company secretary is CIS Company Secretaries (Pty) Ltd. The directors are satisfied as to the qualification and expertise of the secretary to fulfill their duties.

CIS Company Secretaries Proprietary Limited was appointed as company secretary by the board in accordance with the Companies Act, No. 71 of 2008, as amended, with effect 01 August 2016. In accordance with the JSE Lisiting Requirements, a detailed assessment was conducted by the board to consider and satisfy itself of the competence, qualifications and experience of the company secretary. The board agreed that all the requirements had been met, was satisfied with their performance and is confident in their ability to meet the responsibilities of the position. CIS Company Secretaries Proprietary Limited does not serve as a director of the board and the assessment confirmed it's arm's-length relationship with the board.

Postal address

PO Box 61051
Marshalltown
2107

Business address

Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

11. Borrowing Limitation

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

12. Date of authorisation for issue of financial statements

The consolidated financial statements have been authorised for issue by the directors on 22 March 2017. No authority was given to anyone to amend the financial statements after the date of issue.

Statement of Financial Position as at 31 December 2016

Figures in R'000	Notes	2016	2015
Assets			
Non-Current Assets			
Equipment	4	7 806	3 847
Goodwill	5	520 710	288 440
Intangible assets	6	67 677	32 402
Investments in associates and joint operations	7	341 764	30 716
Other financial assets	8	10 744	796
Deferred tax	9	2 075	48
		950 776	**356 249**
Current Assets			
Cash and cash equivalents	10	78 184	314 487
Other financial assets	8	139 837	115 341
Trade and other receivables	11	81 602	43 237
Current tax receivable		6 107	4 093
		305 730	**477 158**
Total Assets		**1 256 506**	**833 407**
Equity and Liabilities			
Equity			
Share capital	12	904 010	635 945
Reserves		5 590	4 588
Retained income		149 526	70 673
Equity Attributable to Equity Holders of Parent		1 059 126	711 206
Non-controlling interest		18 366	2 423
		1 077 492	**713 629**
Liabilities			
Non-Current Liabilities			
Other financial liabilities	13	74 820	50 394
Deferred tax	9	16 974	9 216
		91 794	**59 610**
Current Liabilities			
Other financial liabilities	13	31 305	2 816
Trade and other payables	14	45 038	45 690
Current tax payable		10 877	11 662
		87 220	**60 168**
Total Liabilities		**179 014**	**119 778**
Total Equity and Liabilities		**1 256 506**	**833 407**

Statement of Profit or Loss and Other Comprehensive Income

Figures in R'000	Notes	2016	2015
Revenue	15	419 331	226 347
Operating expenses		(252 096)	(145 991)
Operating profit	16	**167 235**	**80 356**
Other income	17	8 643	36 527
Gain on bargain purchase of subsidiary		1 661	-
Share of profits from associates		7 763	596
Fair value gain on acquisition of former associate		30 645	-
Finance costs	18	(973)	(984)
Profit before taxation		**214 974**	**116 495**
Taxation	19	(42 994)	(32 253)
Profit for the year		**171 980**	**84 242**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Net foreign currency translation differences for foreign operation		1 159	8
Other comprehensive income for the year net of taxation		**1 159**	**8**
Total comprehensive income for the year		**173 139**	**84 250**
Profit attributable to:			
Owners of the parent		138 346	82 028
Non-controlling interest		33 634	2 214
		171 980	**84 242**
Total comprehensive income attributable to:			
Owners of the parent		139 505	82 036
Non-controlling interest		33 634	2 214
		173 139	**84 250**
Earnings per share			
Per share information			
Earnings per share (c)	21	77.7	55.1
Diluted earnings per share (c)	21	75.9	54.5

Statement of Changes in Equity

Figures in Rand thousand	Share capital	Foreign currency translation reserve	Equity reserve	Reserves for own shares / Share repurchase reserve	Share based payment reserve	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Balance at 01 January 2015	**317 164**	**-**	**-**	**14 760**	**629**	**15 389**	**20 536**	**353 089**	**-**	**353 089**
Profit for the year	-	-	-	-	-	-	82 028	82 028	2 214	84 242
Other comprehensive income	-	8	-	-	-	8	-	8	-	8
Total comprehensive income for the year	**-**	**8**	**-**	**-**	**-**	**8**	**82 028**	**82 036**	**2 214**	**84 250**
Issue of shares	304 022	-	-	-	-	-	-	304 022	-	304 022
Acquistion of subsidiary Portfolio Bureau	-	-	-	-	-	-	-	-	1 459	1 459
Shares to be issued	14 760	-	-	(14 760)	-	(14 760)	-	-	-	-
Share based payments	-	-	-	-	3 951	3 951	-	3 951	-	3 951
Dividends	-	-	-	-	-	-	(31 891)	(31 891)	(1 250)	(33 141)
Total contributions by and distributions to owners of company recognised directly in equity	**318 782**	**-**	**-**	**(14 760)**	**3 951**	**(10 809)**	**(31 891)**	**276 082**	**209**	**276 291**

Statement of Changes in Equity

Figures in Rand thousand	Share capital	Foreign currency translation reserve	Equity reserve	Reserves for own shares / Share repurchase reserve	Share based payment reserve	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Balance at 01 January 2016	**635 946**	**8**	**-**	**-**	**4 580**	**4 588**	**70 673**	**711 207**	**2 423**	**713 630**
Profit for the year	-	-	-	-	-	-	138 346	138 346	33 634	171 980
Other comprehensive income	-	1 151	-	-	-	1 151	-	1 151	-	1 151
Total comprehensive income for the year	**-**	**1 151**	**-**	**-**	**-**	**1 151**	**138 346**	**139 497**	**33 634**	**173 131**
Issue of shares	268 064	-	-	-	-	-	-	268 064	-	268 064
Acquistion of subsidiary AG Capital	-	-	-	-	-	-	-	-	1 816	1 816
Acquistion of subsidiary CFM SA	-	-	-	-	-	-	-	-	32 164	32 164
Share Buyback CFM Malta	-	-	(4 800)	-	-	(4 800)	-	(4 800)	-	(4 800)
Share based payments	-	-	-	-	5 656	5 656	-	5 656	-	5 656
Dividends	-	-	-	-	-	-	(59 493)	(59 493)	(51 451)	(110 944)
Changes in ownership interest - control not lost	-	-	(1 005)	-	-	(1 005)	-	(1 005)	(220)	(1 225)
Total contributions by and distributions to owners of company recognised directly in equity	**268 064**	**-**	**(5 805)**	**-**	**5 656**	**(149)**	**(59 493)**	**208 422**	**(17 691)**	**190 731**
Balance at 31 December 2016	**904 010**	**1 159**	**(5 805)**	**-**	**10 236**	**5 590**	**149 526**	**1 059 126**	**18 366**	**1 077 492**
Note	12									

Statement of Cash Flows

Figures in R'000	Note(s)	2016	2015
Cash flows from operating activities			
Cash generated from operations	22	157 260	102 131
Interest income		6 748	7 939
Finance costs		(973)	(984)
Tax paid	23	(85 620)	(24 487)
Net cash from operating activities		**77 415**	**84 599**
Cash flows from investing activities			
Purchase of equipment	4	(4 121)	(2 762)
Business combination	25	12 254	(179 623)
Net movement in financial assets		(34 444)	(105 739)
Increase in investments in associates		(237 057)	(20 549)
Proceeds on sale of associates		5 200	-
Net cash utilised from investing activities		**(258 168)**	**(308 673)**
Cash flows from financing activities			
Increase in stated capital/share capital	12	10 829	269 418
Increase/(Decrease) of other financial liabilities		44 976	(1 185)
Dividends paid	24	(110 944)	(33 141)
Net cash from financing activities		**(55 139)**	**235 092**
Total cash and cash equivalents movement for the year		**(235 892)**	**11 018**
Cash and cash equivalents at the beginning of the year		314 486	303 110
Effect of exchange rate movement on cash balances		(410)	359
Total cash and cash equivalents at end of the year	10	**78 184**	**314 487**

Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

The consolidated financial statements for the year ended 31 December 2016 include the group's interest in associate.

1.1 Basis of preparation

The group annual financial statements are prepared on the historical cost basis adjusted for certain financial instruments measured at fair value, and incorporate the following principal accounting policies, which conform with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, Financial reporting pronouncement as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the South African Companies Act and the JSE Listings Requirements. These policies have been consistently applied except for the adoption of new standards and interpretations which became effective in the current year. Refer to note 2.1

1.2 Consolidation

Basis of consolidation

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

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

Business combinations

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

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

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

Investment in associate

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee, but is not control or joint control.

Investment in associates are accounted for using the equity method.

Accounting Policies

1.3 Equipment

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

The useful lives of items of equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
IT Equipment	Straight line	3 years
Office Equipment	Straight line	5-25 years

Estimated useful lives and residual values are reassessed annually, any change which is accounted for as a change in estimate in accordance with IAS 8.

1.4 Intangible assets

Intangible assets are initially recognised at cost, and are subsequently measured at cost less accumulated amortisation and impairment losses.

Amortisation is provided to write down the intangible assets, on a straight line basis as follows:

Item	Useful life
• Computer software	2 years
• Website development costs	3 years
• Acquired Customer list	10 years
• Web based software	2 years

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

1.5 Financial instruments

Classification and initial recognition

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

1.5.1 Financial assets

The Groups financial assets consist of the following:

Trade and other receivables

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

Amounts owing by associate companies

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

Accounting Policies

1.5 Financial instruments (continued)

Cash and cash equivalents

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

Listed Investments

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

Unlisted Investments

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

1.5.2 Other financial Liabilities

Other financial liabilities consists of trade and other payables and deferred purchase consideration. Trade and other payables is carried at amortised cost using the effective interest rate method and the deferred purchase consideration is carried at fair value through profit and loss.

1.5.4 Fair value methods and assumptions

The fair value of financial instruments traded in an active financial market is the quoted market price at year end.
The fair value of financial instruments not traded in an active financial market, is determined using a variety of methods and assumptions that are based on market conditions and risk existing at reporting date, including independent appraisals and discounted cash flow methods. The fair value determined by excluding any transaction costs necessary to realise the assets or settle the liabilities.

The carrying amounts of financial assets and liabilities with a maturity of less than 1 year are assumed to approximate their fair value as the effects of the time value of money are considered to be immaterial.

1.5.5 Set-off

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

1.6 Tax

Current taxation and deferred taxation

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.

Current taxation

Current taxation comprises taxation payable and is calculated on the basis of the expected taxable income for the year, using the taxation rates and laws enacted and substantively enacted at the reporting date, and any adjustment of taxation payable for previous years. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Accounting Policies

1.6 Tax (continued)

Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Current enacted or substantively enacted taxation laws and rates are used to calculate deferred taxation.

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

1.7 Leases

The group is party only to leases which meet the criteria to be classified as operating leases.

Operating lease payments are recognised as an expense over the lease term on the straight line basis. The difference between the actual rental paid and straight line rental presented is recognised as an operating lease liability and is unwound over the remaining lease term.

1.8 Employee benefits

Short-term employee benefits

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

Retirement benefits

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

Equity share-based payment transactions

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

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

Accounting Policies

1.9 Revenue

Revenue comprises of asset management fees, which includes service fees and performance fees, and income earned from the sale of course material.

Revenue is measured at the fair value of the consideration received or receivable.
Revenue from asset management fees and service fees are recognised using the stage of completion method over the period during which the services are provided and once the risk and reward associated with ownership has been transferred in the case of course material.

Performance fee income is recognised as and when the group is unconditionally entitled to the revenue.

Revenue comprises of asset management fees and income earned from the sale of course material.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from fees and services are recognised using the stage of completion method over the period during which the services are provided and once the risk and reward associated with ownership has been transferred in the case of sale of course material

Asset management fees comprises of management fees, services fees, and performance fees.

Performance fee income is included in management fee income and is recognised as and when the group is unconditionally entitled to the revenue and no contingency with respect to future performance exists.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from sale of course material is recognised on transfer to the buyer of all significant risk and rewards of ownership of the course material.

1.10 Other Income

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

Accounting Policies

1.11 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting are translated to Rand at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Rand at foreign exchange rates ruling at the dates the fair value was determined.

Financial Statements of foreign operations.

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

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

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

Net investment in foreign operations

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

1.12 Managements' significant judgements and estimates

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

Figures in R'000

2. Segmental Information

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

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

Ripple Effect 4 has been disclosed in the column Anchor Group Limited and non-asset management businesses for the 2016 financial year.

2016	**Anchor Group Limited and non-asset management businesses**	**Anchor Capital Proprietary Limited and other asset management businesses**	**Inter-company Eliminations**	**Total**
Revenue	90 883	407 906	(79 457)	419 332
Operating expense	(32 883)	(234 886)	15 673	(252 096)
Operating profit	58 000	173 020	(63 784)	167 236
Other Income	24 095	39 966	(23 112)	40 949
Share of profit from associate	8 012	329	(578)	7 763
finance costs	(347)	(626)	-	(973)
Profit before tax	**89 760**	**212 689**	**(87 474)**	**214 974**

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

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand

2. Segmental Information (continued)

2016	**Anchor Group Limited and non asset management businesses**	**Anchor Capital Proprietary Limited and other asset management businesses**	**Inter-company Eliminations**	**Total**
Non current assets	893 234	252 001	(194 459)	950 776
Current assets	134 364	206 705	(35 339)	305 730
Assets	1 027 598	458 706	(229 798)	1 256 506
Non current liabilities	(44 572)	(84 801)	37 579	(91 794)
Current liabilities	(49 876)	(70 050)	32 706	(87 220)
Liabilities	(94 448)	(154 851)	70 285	(179 014)
Equity	**933 150**	**303 855**	**(159 513)**	**(1 077 492)**

2015	**Anchor Group Limited and non asset management business**	**Anchor Capital Proprietary Limited and other asset management businesses**	**Ripple Effect 4 Proprietary Limited**	**Inter-company Eliminations**	**Total**
Non current assets	353 107	5 938	207	(3 003)	356 249
Current assets	320 663	153 848	2 487	160	477 158
Assets	673 770	159 786	2 694	(2 843)	833 407
Non current liabilities	(53 120)	(5 090)	-	(1 400)	(59 610)
Current liabilities	(3 842)	(55 566)	(600)	(160)	(60 168)
Liabilities	(56 962)	(60 656)	(600)	(1 560)	(119 778)
Equity	**616 808**	**99 130**	**2 094**	**4 403**	**713 629**

3. New standards and interpretations effective and adopted in the current year

The following new standards and interpretation have been issued in the current year and are not effective.

Standard	Details of amendments	Annual periods beginning of after
IFRS 2 Share based payment	• Classification and Measurement : A collection of three distinct narrow-scope amendments dealing with classification and measuremnt of share based payments • The amendments address: -The effects of vesting conditions on the measurement of a cash-settled share based payment -The accounting requirements for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled; and -Classification of share-based payment transactions with net settlement features. • The Anchor share option scheme is equity settled and the above amendments do not materially impact Anchor.	1 January 2018

Notes to the Consolidated Annual Financial Statements

3. New standards and interpretations effective and adopted in the current year (continued)

Standard	Details	Effective date
IFRS 9 Financial Instruments	• A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition: • IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as “fair value through other comprehensive income” in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. • The new model introduces a single impairment model being applied to all financial instruments, as well as an “expected credit loss” model for the measurement of financial assets. • IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. • The effect of IFRS 9 amendments are not material as Anchor does not apply Hedge Accounting and its financial assets are carried at fair value through Profit and loss.	1 January 2018
IFRS 16 Leases	• IFRS 16 will require lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset and a lease liability. IFRS 16 also: -Changes the definition of a lease - Sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods Provides exemptions for short-term leases and leases of low value assetChanges the accounting for sale and leaseback arrangements - Largely retains IAS 17's approach to lessor accounting - Introduces new disclosure requirements. • The effect of the above amendment is not material.	1 January 2019

Notes to the Consolidated Annual Financial Statements

3. New standards and interpretations effective and adopted in the current year (continued)

IFRS 15 Revenue from Contracts with Customers	• New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. • The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements • There are no promise goods or services to customers within Anchor and therefore the impact of the above is not material.	1 January 2018
IFRS 12 Disclosure of interest in Other Entities	• Clarification of the scope of IFRS 12 with respect to interests in entities classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations • There are no entities classified as held for sale and therefore the impact of the above is not material.	1 January 2017
IAS 12 Income Tax	• Recognition of Deeferrd Tax Assets for Unrealised Losses (Amendments to IAS12):Narrow-scope amendement to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. • There are no debt instruments measured as fair value and therefore the impact of the above is not material.	1 January 2017
IAS 7 Statement of Cash Flows	• Disclosure Initiative:Amendments requiring entities to disclose information about changes in their financing liabilities. • There are no expected changes in the financing liabilities and therefore the impact of the above is not considered material.	1 January 2017

4. Equipment

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	7 075	(2 242)	4 833	3 722	(1 176)	2 546
Motor vehicles	531	(139)	392	563	(65)	498
Office equipment	2 778	(1 734)	1 044	1 935	(1 227)	708
IT equipment	3 182	(1 645)	1 537	797	(702)	95
Total	**13 566**	**(5 760)**	**7 806**	**7 017**	**(3 170)**	**3 847**

Reconciliation of equipment - 2016

	Opening balance	Additions	Additions through business combinations	Depreciation	Total
Furniture and fixtures	2 546	1 257	1 849	(819)	4 833
Motor vehicles	498	-	-	(106)	392
Office equipment	708	707	146	(517)	1 044
IT equipment	95	372	1 368	(298)	1 537
	3 847	**2 336**	**3 363**	**(1 740)**	**7 806**

Reconciliation of equipment - 2015

	Opening balance	Additions	Additions through business combinations	Other changes, movements	Depreciation	Total
Furniture and fixtures	1 302	1 679	55	-	(490)	2 546
Motor vehicles	-	531	4	-	(37)	498
Office equipment	535	479	29	(48)	(287)	708
IT equipment	-	73	32	48	(58)	95
Leasehold improvements	-	-	108	-	(108)	-
	1 837	**2 762**	**228**	**-**	**(980)**	**3 847**

5. Goodwill

	2016			2015		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	520 710	-	520 710	288 440	-	288 440

Reconciliation of goodwill - 2016

	Opening balance	Additions through business combinations	Total
Goodwill	288 440	232 270	520 710

Reconciliation of goodwill - 2015

	Opening balance	Additions through business combinations	Purchase Price Allocation	Total
Goodwill	24 401	248 739	15 300	288 440

5. Goodwill (continued)

Allocation of Goodwill

Anchor Capital Proprietary Limited	856	856
Ripple Effect 4 Proprietary Limited	2 263	2 263
Anchor Capital Cape Town Proprietary Limited	21 282	21 282
Methwold Investments Proprietary Limited	124 272	124 272
Portfolio Bureau Proprietary Limited	139 767	139 767
AG Capital Proprietary Limited	100 916	-
Anchor Securities Holdings Proprietary Limited	131 354	-
	520 710	**288 440**

The value in use of all the units was determined by discounting the future cash flows generated fom the continuing use of the unit 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 PE of 8, which does not exceed the long term average growth rate of the industry. The cash flows are discounted using a rate between 12% - 15%, which represent the range of weighted average cost of capital.

Management determines the expected performance of assets based on past performance and its expectations of market returns.

Future cash flows are estimated for a cash generating unit in its current condition based on the lastest approved budget by management. Refer to business combination note on finalisation of purchase price allocation.

6. Intangible assets

	2016			2015		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Computer software	3 075	(2 263)	812	787	(502)	285
Website development costs	1 090	(251)	839	300	(28)	272
Customer list	69 692	(6 305)	63 387	30 972	(1 334)	29 638
Web-based software	2 639	-	2 639	2 207	-	2 207
Total	**76 496**	**(8 819)**	**67 677**	**34 266**	**(1 864)**	**32 402**

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Additions through business combinations	Amortisation	Total
Computer software	285	563	114	(150)	812
Website development cost	272	790	-	(223)	839
Customer list	29 638	-	38 719	(4 970)	63 387
Web-based software	2 207	432	-	-	2 639
	32 402	**1 785**	**38 833**	**(5 343)**	**67 677**

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

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software	543	101	(376)	285
Website development costs	-	300	(28)	272
Customer List	5 190	25 694	(1 246)	29 638
Web-based software	879	1 328	-	2 207
	6 612	**27 423**	**(1 650)**	**32 402**

6. Intangible assets (continued)

Web-based software is still in development phase and is not yet available for use therefore no amortisation was provided.
There was no indication of impairment at the reporting date.
Remaining useful lives of Software is 1-2 years.
Remaining useful lives of Website development costs 1-3 years.
Remaining useful lives of Customer List 8-10 years.

7. Investments in associates and joint operations

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

Name of company	Held by	% ownership interest 2016	% ownership interest 2015	Carrying amount 2016	Carrying amount 2015
Arengo 203 Proprietary Limited	Anchor Group Limited	50.00 %	50.00 %	10 660	11 714
Corion Capital Proprietary Limited	Anchor Group Limited	- %	30.00 %	-	4 818
Southridge Global Capital Proprietary Limited	Anchor Group Limited	25.00 %	25.00 %	1 381	1 797
Anchor Financial Services Proprietary Limited	Anchor Group Limited	20.00 %	20.00 %	11 439	6 689
Anchor Securities Holdings Proprietary Limited	Anchor Capital Proprietary Limited	- %	22.00 %	-	5 698
Anchor Securities Private Clients Proprietary Limited		14.12 %	- %	(328)	-
Capricorn Fund Managers Malta Limited	Anchor Group Limited	48.49 %	- %	305 830	-
Anchor Securities Stockbroking Proprietary Limited	Anchor Capital Proprietary Limited	25.10 %	- %	12 782	-
				341 764	30 716

30% of Corion Capital (Pty) Ltd was sold effective 1 July 2016. The consideration received was R5.2 million.
Anchor Group Limited considers Arengo 203 Proprietary Limited a joint operation as no decisions can be made without mutual agreement.
The remaining shares of Anchor Securities Holdings Proprietary Limited was acquired during the financial year. Refer to note 23.

Summarised financial information of associates

2016

Summarised statement of profit or loss and other comprehensive income	Revenue	Other expenses	Taxation	Non Controlling Interest	Total comprehensive income
Southridge Global Capital Proprietary Limited	2 074	(2 048)	-	-	26
Anchor Financial Services Proprietary Limited	4 585	(7 546)	-	(2 369)	(5 330)
Arengo 203 Proprietary Limited	13 091	(12 980)	(31)	(40)	40
Anchor Securities Private Clients Proprietary Limited	8 408	(11 727)	(990)	(2 000)	(6 309)
Capricorn Fund Managers Malta Limited	45 516	(26 102)	(2 059)	(9 127)	8 228
	73 674	**(60 403)**	**(3 080)**	**(13 536)**	**(3 345)**

7. Investments in associates and joint operations (continued)

Summarised statement of financial position	Non current assets	Current assets	Non current liabilities	Current liabilities	Non Controlling Interest	Total net assets
Southridge Global Capital Proprietary Limited	233	1 133	-	(51)	(5)	1 310
Anchor Financial Services Proprietary Limited	3 010	3 435	-	(7 345)	(2 369)	(3 269)
Arengo 203 Proprietary Limited	66 195	1 664	36 166	(1 272)	(40)	102 713
Anchor Securities Private Clients Proprietary Limited	3 310	2 578	(15 729)	(63)	(2 000)	(11 904)
Capricorn Fund Managers Malta Limited	1 190 481	962 080	(334 284)	(431 308)	(9 127)	1 377 842
	1 263 229	**970 890**	**(313 847)**	**(440 039)**	**13 541**	**1 466 692**

Reconciliation of investments in associates	Investment at cost (including goodwill)	Share of profit/(losses) from associates	Loan to associates	Total
Southridge Global Capital Proprietary Limited	1 868	7	(494)	1 381
Anchor Financial Services Proprietary Limited	5 000	(536)	6 975	11 439
Arengo 203 Proprietary Limited	10 700	(40)	-	10 660
Anchor Securities Private Clients Proprietary Limited	-	(328)	-	(328)
Capricorn Fund Managers Malta Limited	280 056	8 660	17 114	305 830
Anchor Securities Stockbroking Proprietary Limited	-	-	12 782	12 782
	297 624	**7 763**	**36 377**	**341 764**

2015

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

7. Investments in associates and joint operations (continued)

Summarised statement of financial position	Non current assets	Current assets	Non current liabilities	Current liabilities	Non Controlling Interest	Total net assets
Corion Capital Proprietary Limited	7 568	9 710	(2 900)	(1 181)	-	13 197
Southridge Global Capital Proprietary Limited	237	2 271	-	(1 219)	-	1 288
Anchor Financial Services Proprietary Limited	3 509	2 235	(146)	(4 306)	(249)	1 044
Arengo 203 Proprietary Limited	66 777	11 664	(64 530)	(4 095)	-	9 816
Anchor Securities Proprietary Limited	4 652	12 692	(13 829)	(4 536)	(2 652)	(3 672)
	82 743	**38 572**	**(81 405)**	**(15 337)**	**(2 901)**	**21 673**

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

8. Other financial assets

At fair value through profit or loss - designated		
Cartesian Capital Proprietary Limited	796	796
Edugro Holdings Proprietary Limited	9 948	-
Short term investments	87 064	112 914
	97 808	**113 710**
Loans and receivables - Current		
Anchor Consulting Proprietary Limited	2 493	1 947
Loans for investment purposes	16 898	-
The above is unsecured, interest at prime and repyable on demand.		
Cartesian Capital Proprietary Limited	1 168	480
These loans are unsecured, interest free and have no fixed terms of repayment.		
Foreign loan	16 485	-
The above loan bears interest at LIBOR plus 1%, repayable on demand within 2 years.		
Loans to Anchor Securities Private Clients Proprietary Limited	15 729	-
The above loan is unsecured, working capital loan bearing interest at prime, with no fixed terms of repayment.		
	52 773	**2 427**
Total other financial assets	**150 581**	**116 137**
Non-current assets		
Designated as at fair value through profit or loss	10 744	796
Current assets		
Designated as at fair value through profit or loss	87 064	112 914
Loans and receivables at amortised cost	52 773	2 427
	139 837	**115 341**
	150 581	**116 137**

Figures in Rand thousand	2016	2015

8. Other financial assets (continued)

Fair value information

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

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

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

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

	2016	2015
Level 1		
Short term investments and unit trust	87 064	112 914
Level 2		
Option on listed equity	3 843	-
Level 3		
Unlisted investments	10 744	796
	101 651	**113 710**

Level 1 investments are listed investment, the fair value is the exchange traded price at year end.
Level 2 option is on listed equities. The value of the option is calculated using an option pricing model.
Level 3 is a unlisted investment, The value in use of the unlisted investment was determined by discounting the future cash flows generated fom 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%, which does not exceed the long term average growth rate of the industry. The cash flows are discounted using a rate between 15% - 20%, which represent the range of weighted average cost of capital.

Management determines the expected performance of assets based on past performance and its expectations of market development.

9. Deferred tax

Deferred tax liability

	2016	2015
Orginating from temporary differences	(15 928)	(4 954)
Unrealised loss in investments	(1 046)	(4 214)
Total deferred tax liability	**(16 974)**	**(9 168)**

Deferred tax asset

	2016	2015
Orginating from temporary differences	980	-
Unrealised loss in investments	1 095	-
Deferred tax balance from temporary differences other than unused tax losses	2 075	-
Total deferred tax asset	**2 075**	**-**

	2016	2015
Deferred tax liability	(16 974)	(9 216)
Deferred tax asset	2 075	48
Total net deferred tax liability	**(14 899)**	**(9 168)**

Reconciliation of deferred tax asset / (liability)

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2016	2015

9. Deferred tax (continued)

At beginning of year	(9 168)	(321)
Originating from provisions and accruals	(669)	5 640
Originating from temporary difference on straight lining of operating leases	197	35
Originating from fair value gain on acquisition of further investment	-	(1 089)
Originating from temporary differences on intangible asset	(9 556)	(7 133)
Originating from unrealised gain in investments	4 058	(6 300)
Prior year adjustment	239	-
	(14 899)	**(9 168)**

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	42 396	265 710
Cash balances in investments	35 788	48 777
	78 184	**314 487**

11. Trade and other receivables

Trade receivables	73 344	37 966
VAT	-	158
Other receivables	1 485	2 023
Staff loans	6 773	3 090
	81 602	**43 237**

The above loans are unsecured, interest free and repayable on demand.

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2016	2015

12. Share capital

Authorised		
1 000 000 000 Ordinary shares of no par value	1 000 000	1 000 000
Reconciliation of number of shares issued:		
Reported as at 31 December 2015	166 163	140 295
Issue of shares to aquire subsidiary Methwold Investment Proprietary Limited	-	1 865
Issue of shares to acquire subsidiary Portfolio Bureau Proprietary Limited	-	2 500
Issue of shares	7 002	21 503
Issue of shares to acquire Capricorn Fund Managers	7 699	-
Issue of shares to acquire Anchor Securities Proprietary Limited	7 222	-
Issue of shares to acquire AG Capital Proprietary Limited	5 370	-
	193 456	**166 163**
Issued		
Opening balance as at 01 January 2016	635 945	317 164
Issue of shares to acquire subsidiary - Methwold Investment Proprietary Limited	-	18 640
Issue of new shares and share incentive scheme	-	269 418
Issue of shares to subsidiary - Portfolio Bureau	-	30 723
Issue of shares Capricorn	93 677	-
Issue of shares to acquire Anchor Securities Holdings Proprietary Limited	110 446	-
Issue of shares to acquire AG Capital	56 632	-
Issue of shares for value	10 829	-
Share Issue costs	(3 519)	-
	904 010	**635 945**

13. Other financial liabilities

Held at amortised cost - Non-current		
Contingent Purchase Consideration - Portfolio Bureau Proprietary Limited ("PB")	-	15 300
Standard Bank Limited	29 976	-
The above loan is secured, repayable semi-annually over 3 years with instalments of R7 500 000 bearing interest at 10%pa.		
Contingent Purchase Consideration - Methwold Investments Proprietary Limited ("Methwold")	26 344	35 094
Anchor will acquire the remaining 34% of Methwold in three (6) annual tranches based on a price earnings ratio of 8 times audited profit after taxation commencing from the year ending 31 December 2016. The purchase consideration for the remaining 34% has been capped at a maximum of the initial purchase consideration.		
Contingent Purchase consideration - AG Capital Proprietary Limited	18 500	-
There is a profit warranty for the external shareholders. There will be a capped upward adjustment for the exceeding of the warranty. At the current measurement date, management expects the capped upward adjustment to be met.		
	74 820	**50 394**
Held at amortised cost		
Standard Bank Limited	15 000	-
Contingent Purchase Consideration - Portfolio Bureau Proprietary Limited ("PB")	13 625	-
Additional purchase consideration with respect to share underpin. Payable within next 12 months.		
Purchase consideration - Anchor Capital Cape Town	2 680	2 816
The contingent purchase consideration requires the group to pay previous owners of Anchor Capital Cape Town Proprietary Limited shares to the value of R2 952 000. The contingency is subject to a profit warranty for R3m and other administrative warranties.The contingent consideration is carried at amortised cost and was initially recognised at fair value.		
	31 305	**2 816**
	106 125	**53 210**

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2016	2015

13. Other financial liabilities (continued)

Non-current liabilities		
At Amortised costs	74 820	50 394
Current liabilities		
At amortised cost	31 305	2 816
	106 125	**53 210**

14. Trade and other payables

Trade payables	20 601	18 155
VAT	4 363	3 848
Other payables	652	6 732
Accruals	19 422	16 955
	45 038	**45 690**

15. Revenue

Sale of course materials	1 616	3 273
Asset management fees	417 715	223 074
	419 331	**226 347**

16. Operating profit

Operating profit for the year is stated after accounting for the following:

Operating lease charges		
Premises		
Lease rentals	8 491	8 304
Amortisation on intangible assets	5 428	1 650
Depreciation	1 766	980
Employee costs and commission	130 344	80 130
Research and development costs	1 868	1 535
Share based payment expense	5 283	3 951
Gain on deemed disposal on stepped acquisition	30 645	-
Gain on bargain purchase	1 661	-

17. Other Income

Interest revenue		
Interest received	6 748	7 939
Other Income	1 260	1 330
Fair value gain on investments	219	13 602
Gain on sale of Corion Capital Proprietary Limited	416	-
Loss on investments	-	13 656
	8 643	**36 527**

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2016	2015

18. Finance costs

Interest paid on negative bank balance	365	-
Interest paid	608	984
	973	**984**

19. Taxation

Major components of the tax expense

Current		
Local income tax - current period	47 439	30 353
Deferred		
Originating and reversing temporary differences	(4 445)	1 900
	42 994	**32 253**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	214 974	116 495
Tax at the applicable tax rate of 28% (2015: 28%)	60 193	32 619
Tax effect of adjustments on taxable income		
Equity Settled Share Scheme	1 480	
Fair value on Anchor Securities Holdings	(8 581)	-
Corporate Finance expenses	280	-
Other	186	(366)
Share of profits from Associates	(2 174)	-
Unrealised loss	(239)	-
Provision for bonus	3 846	-
Intangible assets	(11 997)	-
	42 994	**32 253**

20. Share based payments

Part of the motivation for listing Anchor Group Limited was to enable staff members to participate in the equity of the business.
Only equity settled share options were issued to staff. Fair value at grant date is calculated using Black Scholes Model.
Grant date and number of options granted

	'000 01 March 2016 3 317	'000 01 January 2015 4 779 30 June 2015 977 01 May 2015 787	'000 01 September 2014 9 256
Vested period	3 years	3 years	3 years
Vesting conditions	In the employ of the Company	In the employ of the Company	In the employ of the Company
Expiry date	5 years	5 years	5 years
Weighted average share price	R14	R2 - R10.80	R2
Expected Volatility	27%	24% - 30%	30%
Exercise share price	R10	R1.40 - R10	R1.40
Expected dividend yield	7.9%	6% - 9%	9%
Risk-free interest rate	6.00%	5.29%	5.29%
Remaining vesting period	2 years	2 years	1 years

Reconciliation of share options	**Number of share options outstanding** **2016**	**Number of share options outstanding** **2015**
Opening balance	11 935	9 256
Number of options granted during the year	3 431	6 543
Number of options excercised	(4 503)	(3 500)
Number of options lapsed	(1 950)	(364)
Number of options at year end	**8 913**	**11 935**

The weighted average share price at the date of exercise was R12.85 (2015: R14.3).

Directors	**Number of share options issued 2015**	**Number of share options issued 2016**	**Number of share options exercised 2016**	**Total Outstanding Options**
PG Armitage	1 234	485	617	1 102
TE Kaplan	308	198	154	352
OZ Khan	66	100	33	199
DK Rosevear (*)	3 000	-	3 000	-
	4 608	**783**	**3 804**	**1 653**

(*) Resigned.

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2016	2015

21. Earnings per share

Earnings per share (cents)	77.7	55.1
Diluted earnings per share (cents)	75.9	54.5
Headline earnings per share (cents)	59.5	55.7
Diluted headline earnings per share (cents)	58.1	54.4
Adjusted headline earnings per share (cents)	64.7	55.7
Diluted adjusted headline earnings per share (cents)	63.2	54.5

Earnings and headline earnings per share

Earnings attributable to shareholders	**171 980**	**84 242**
Non-controlling interest	(33 634)	(2 214)
Earning attributable to ordinary shareholders	**138 346**	**82 028**
Gain on bargain purchase	(1 661)	-
Fair Value gain on acquisition of former associate	(30 645)	-
Headline earnings attributable to ordinary shareholders	**106 040**	**82 028**
Amortisation on Intangible Asset net of tax	3 578	-
Equity settled share option costs	5 656	3 951
Adjusted headline earnings attributable to ordinary shareholders	**115 274**	**85 979**

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 fair value gain on conversion of associate to subsidiary, the bargain purchase gain on acquisition of Capricorn Fund Managers Proprietary Limited ("CFM SA"), and amortisation of acquired investment books are excluded from the calculation as they are once off, and / or non-cash flow items. In 2016 we excluded share based-payment expenses, which are an IFRS requirement but are not a cash flow expense. We have adjusted the published comparative number in 2015 from 55.1 cents per share to 57.7 cents per share to make the numbers comparable. This had no impact on the adjusted headline earnings per share growth rate of 12%.

Number of shares in issue	193 455	166 163
Weighted average number of shares in issue	178 120	148 967
Employee share incentive scheme	4 253	1 211
Contingent purchase consideration	-	393
Diluted weighted average number of shares in issue	**182 374**	**150 571**

22. Cash generated from operations

Profit before taxation	214 974	116 495
Adjustments for:		
Depreciation and amortisation	7 083	2 628
Income from equity accounted investments	(7 763)	(596)
Interest received - investment	(6 748)	(7 939)
Finance costs	973	984
Share option Costs	5 656	3 951
Gain on disposal of associate	(419)	-
Gain on bargain purchase of subsidiary	(1 661)	-
Fair value gain	(4 144)	(15 312)
Impairment of receivables	-	(1 099)
Fair value gain on stepped acquisition	(30 645)	-
Changes in working capital:		
Trade and other receivables	2 472	(15 118)
Trade and other payables	(22 518)	18 137
	157 260	**102 131**

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2016	2015

23. Tax paid

Balance at beginning of the year	(7 569)	(1 703)
Current tax for the year recognised in profit or loss	(47 439)	(30 353)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	(35 382)	-
Balance at end of the year	4 770	7 569
	(85 620)	**(24 487)**

24. Dividends paid

Dividends	(86 739)	(33 141)

25. Business combinations

AG Capital (Pty) Ltd

Anchor has acquired with effect from 01 December 2016, 50% of the issued share capital of AG Capital.
AG Capital is an intermediate prime broker, providing broking services and facilities to a broad range of clients. The majority of its revenue is of an annuity nature and it has excellent growth prospects.

Although Anchor has 50% of the issued share capital of AG Capital, it consolidates this investment as Anchor has the casting vote on the decision to move Key Contracts, and hence has effective control. In the Prime Broking industry, the casting vote on the decision to move Key Contracts is the ultimate indicator of control, as all returns are generated via Broking activites, whose contracts can be moved by Anchor.

Provisional fair value of assets acquired and liabilities assumed

Equipment	3 231	-
Cash and cash equivalents	4 588	-
Trade and other receivables	6 864	-
Current tax payable	(5 180)	-
Trade and other payables	(5 871)	-
Total identifiable net assets	3 632	-
Non-controlling interest	(1 816)	-
Purchase consideration paid in Shares	56 632	-
Cash	27 600	-
Contingent purchase consideration	18 500	-
	104 548	**-**

Acquisition date fair value of consideration paid

Cash	(27 600)	-
Shares issued	(56 632)	-
Contingent purchase consideration	(18 500)	-
Non-controlling Interest	(1 816)	-
	(104 548)	**-**

Capricorn Fund Managers SA Proprietary Limited

Anchor has acquired with effect from 29 February 2016, 47.41% of the issued share capital of Capricorn Fund Managers SA Proprietary Limited.
Capricorn Fund Managers is a leading global emerging markets hedge fund business, and was one of the pioneers of the South African hedge fund industry and has been active in managing hedge funds since 2003.

Although Anchor has 47,41% of the issued share capital of Capricorn Fund Managers SA, it consolidates this investment as Anchor has the casting vote on the Investment committee, and hence has effective control. In the Hedge Fund industry, the casting vote on the investment committee is the ultimate indicator of control, as all returns are generated via investment activites decided by the Investment Committee.

Provisional fair value of assets acquired and liabilities assumed

Figures in Rand thousand	2016	2015

25. Business combinations (continued)

Equipment	287	-
Cash and cash equivalents	76 022	-
Trade and other receivables	30 058	-
Current tax payable	(29 212)	-
Trade and other payables	(15 996)	-
Total identifiable net assets	61 159	-
Non-controlling interest	(32 164)	-
Purchase consideration paid in shares	(8 338)	-
Purchase consideration paid in cash	(18 996)	-
Gain on bargain purchase	**1 661**	**-**

Anchor Securities Holdings (Pty) Ltd

Anchor Group has acquired the remainder of the shares effective 1 September 2016 in Anchor Securities Holdings (Pty) Ltd ("Anchor Securities") with the result that Anchor Group has increased its holding from just over 22% to 100%. Anchor Securities is a specialist private client wealth business, with a focus on segregated portfolios, and manages over R3 billion in client funds.
Within Anchor Securities is a JSE stockbroking member firm, which was incorporated in 2016 as a seperate entity.

Anchor has 100% of the issued share capital, and therefore has effective control.

Provisional fair value of assets acquired and liabilities assumed

Equipment	646	-
Cash and cash equivalents	6 200	-
Loans receivable	1 431	-
Trade and other receivables	2 484	-
Current tax payable	(990)	-
Total identifiable net assets	9 771	-
Fair value of equity interest held before the business combination	(30 645)	-
Purchase consideration paid in Shares	(110 446)	-
Goodwill	**(131 320)**	**-**

Acquisition of customer list

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

Book Purchases	**Financial Advisors**	**Deferred Tax - Financial Advisors**	**Total**
08/02/2016	3 383	1 316	4 699
09/02/2016	300	117	417
29/02/2016	2 884	1 122	4 006
17/03/2016	3 936	1 531	5 467
18/04/2016	53	20	73
02/09/2016	1 081	420	1 501
08/09/2016	11 788	4 584	16 372
13/09/2016	729	284	1 013
04/11/2016	1 031	401	1 432
17/11/2016	347	135	482
07/11/2016	2 100	817	2 917
	27 632	**10 747**	**38 379**

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand

25. Business combinations (continued)

Change in goodwill previously reported

On 1 November 2015, the group acquired 50% of the issued shares and voting rights of Portfolio Bureau Proprietary Limited.
The Group had recognised provisional amounts at the acquisition date owing to certain facts and circumstances being unknown at the acquisition date relating to the determination of the purchase price allocation and not identifiable assets.

The sale and purchase agreement made provision for an underpin to the share price at R12.50 per share. An additional at acquisition contingent purchase consideration was raised as part of the finalisation of the provisional fair values.

The effect resulted in a change to goodwill of the 2015 financial results, where applicable

	Provisional fair values reported as at acquisition	Adjustments	Final fair values on acquisition date
Equipment	108	-	108
Intangible assets	1 031	-	1 031
Trade and other receivables	1 594	-	1 594
Cash and cash equivalents	4 641	-	4 641
Long term liabilities	(6)	(15 300)	(15 306)
Trade and other payables	(4 387)	-	(4 387)
Total identifiable net assets	2 981	(15 300)	(12 319)
Non-controlling interest	(1 449)	-	(1 449)
Goodwill acquired	(1 000)	-	(1 000)
Goodwill	124 468	15 300	139 768
Purchase consideration	**125 000**	**-**	**125 000**

Subsidiaries with material non-controlling interests

The group includes two subsidiaries, Portfolio Bureau Proprietary Limited and Capricorn Fund Managers SA Proprietary Limited, with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI 2016	Total Comprehensive Income allocated to NCI	Accumulated NCI
Portfolio Bureau Proprietary Limited	50.0%	16 972	4 956
Capricorn Fund Managers SA Proprietary Limited	51.6%	16 545	19 140
	102	**33 517**	**24 096**

	Portfolio Bureau Proprietary Limited 2016	Capricorn Fund Managers SA Proprietary Limited 2016	Total
Non-current assets	1 575	219	1 794
Current assets	8 191	41 291	49 482
Total assets	9 766	41 510	51 276
Non-current liabilities	-	(243)	(243)
Current liabilities	(4 065)	(17 809)	(21 874)
Total liabilities	**(4 065)**	**(18 052)**	**(22 117)**
Equity attributable to owners of the parent	2 851	11 354	14 205
Non-controlling interests	2 851	12 104	14 955

Figures in Rand thousand

25. Business combinations (continued)

	Portfolio Bureau Proprietary Limited 2016	Capricorn Fund Managers SA Proprietary Limited 2016	Total
Total comprehensive Income for the year attributable to owners of the parent	16 972	15 257	32 229
Total comprehensive Income for the year attributable to NCI	16 972	16 266	33 238
	33 944	**31 523**	**65 467**

26. Related parties

Relationships

Subsidiaries	Anchor Capital Proprietary Limited Ripple Effect 4 Proprietary Limited Methwold Investments Proprietary Limited Portfolio Bureau Proprietary Limited Anchor Capital (Mauritius) Limited
Associates	Arengo 203 Proprietary Limited Anchor Financial Services Proprietary Limited Southridge Capital Proprietary Limited
Members of key management	PG Armitage (Chief Executive Officer) TE Kaplan (Chief Operations Officer) OZ Khan (Chief Financial Officer) K Bissessor (Independent Non-Executive Director) MS Teke (Non-Executive Director) AJ Adams (Independent Non-Executive Director) AP Nkuna (Lead Independent Non-Executive Director) N Dennis ((Independent Non-Executive Director)

Figures in Rand thousand	2016	2015

26. Related parties (continued)

Related party balances

Loan accounts - Owing (to) by related parties		
Anchor Group Limited		
Anchor Capital Proprietary Limited	1 110	51 744
Ripple Effect 4 Proprietary Limited	1 937	1 754
Cartesian Capital Proprietary Limited	1 168	480
Anchor Capital (Mauritius) Limited	425	-
Capricorn Fund Managers SA Proprietary Limited	1 748	-
Anchor Securities Stockbrokers Proprietary Limited	7 879	-
Anchor Capital Proprietary Limited	(2 023)	-
Anchor Consulting Proprietary Limited	2 493	-
Anchor Financial Services Proprietary Limited	6 975	2 480
Southridge Capital Proprietary Limited	(494)	(7)
Anchor Capital (Mauritius) Limited	1 665	2 086
Loan accounts - Owing (to) by related parties		
Anchor Capital Proprietary Limited		
Anchor Securities Private Clients Proprietary Limited	15 486	-
Anchor Capital Cape Town Proprietary Limited	(1 224)	(1 224)
Anchor Group Limited	913	-
Anchor Securities Stockbrokers Proprietary Limited	4 903	-
Loan accounts - Owing (to) by related parties		
Anchor Capital Cape Town Proprietary Limited		
Hobo Trust	1 500	-
Loan accounts - Owing (to) by related parties		
Anchor Securities Private Wealth Proprietary Limited		
Anchor Consulting Proprietary Limited	1 031	-
Anchor Securities Private Clients Proprietary Limited	15 729	-
Anchor Securities Stockbrokers Proprietary Limited	2 031	-
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Anchor Capital (Proprietary) Limited		
Anchor Capital (Mauritius) Limited	771	-
Anchor Consulting Proprietary Limited	10	-
Anchor Capital Cape Town Proprietary Limited	(98)	-
Anchor Securities Proprietary Limited	76	-
Anchor Securities Private Clients Proprietary Limited	6	-
Anchor Securities Stockbrokers Proprietary Limited	1 198	-
Cartesian Capital Proprietary Limited	94	-
Portfolio Bureau Investments Proprietary Limited	9	-
Ripple Effect 4 Proprietary Limited	22	-
SouthRidge Global Proprietary Limited	77	-
Anchor Capital Proprietary Limited	31	-
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Anchor Group Limited		
Anchor Capital Proprietary Limited	31	-
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Anchor Capital Cape Town Proprietary Limited		
Anchor Capital Proprietary Limited	1 289	-
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Anchor Securities Private Wealth Proprietary Limited		
Anchor Capital Proprietary Limited	38	-
Anchor Securities Private Clients Proprietary Limited	92	-
Anchor Securities Stockbrokers Proprietary Limited	2 417	-

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2016	2015
26. Related parties (continued)		
Related party transactions		
Interest paid to (received from) related parties		
Anchor Group Limited		
Anchor Financial Services Proprietary Limited	(519)	(25)
Interest paid to (received from) related parties		
Anchor Capital Proprietary Limited		
Anchor Securities Proprietary Limited	(223)	(319)
Rent paid to (received from) related parties		
Anchor Group Limited		
Anchor Securities Proprietary Limited	(267)	(1 053)
Arengo 203 Proprietary Limited	5 551	5 090
Anchor Capital Proprietary Limited	(7 070)	(6 713)
Head Office costs received		
Anchor Group Limited		
Anchor Capital Proprietary Limited	523	2 875
Share Options		
Anchor Group Limited		
Anchor Capital Proprietary Limited	5 284	3 924
Anchor Capital Cape Town Proprietary Limited	(3)	27
Methwold Investments Proprietary Limited	373	-
Dividends received		
Anchor Group Limited		
Anchor Capital Proprietary Limited	23 000	7 089
Portfolio Bureau Proprietary Limited	15 701	1 250
Capricorn Fund Managers SA Proprietary Limited	6 163	-
Methwold Investments Proprietary Limited	10 780	-
Dividends received		
Anchor Capital Proprietary Limited		
Anchor Capital Cape Town Proprietary Limited	9 500	-
Data and research costs paid		
Anchor Capital Proprietary Limited		
Anchor Capital Proprietary Limited	1 372	-
Insurance recovered		
Anchor Capital (Proprietary) Limited		
Anchor Capital Proprietary Limited	172	-
Accounting fees recovered		
Anchor Capital (Proprietary) Limited		
Anchor Capital Proprietary Limited	481	-
Commisions received/(paid)		
Anchor Capital Proprietary Limited		
Anchor Capital Cape Town Proprietary Limited	(4 747)	-

27. Directors' emoluments

Executive Directors

2016

Salaries paid by Anchor Capital Proprietary Limited	Emoluments	Bonus and performance related payments	Gains on exercise of options	Total
PG Armitage	1 955	1 500	6 541	9 996
TE Kaplan	1 078	900	1 635	3 613
OZ Khan	828	700	353	1 881
	3 861	**3 100**	**8 529**	**15 490**

	Number of share options outstanding 2015 ('000)	Number of share options issued 2016 ('000)	Number of share options exercised 2016 ('000)	Total Outstanding Options ('000)
PG Armitage	1 719	-	(617)	1 102
TE Kaplan	507	198	(154)	551
OZ Khan	67	100	(33)	134
	2 293	**298**	**(804)**	**1 787**

2015

	Emoluments	Other benefits*	Gains on exercise of options	Total
PG Armitage	1 451	3 750	7 959	13 160
TE Kaplan	984	1 000	1 987	3 971
DK Rosevear	1 475	1 000	2 325	4 800
Key staff members	2 964	7 400	5 379	15 743
	6 874	**13 150**	**17 650**	**37 674**

Non-executive

2016

Anchor Group Limited	Directors' fees	Total
MS Teke	476	476
AJ Adams	330	330
AP Nkuna	198	198
N Dennis	342	342
K Bissessor	210	210
	1 556	**1 556**

2015

Anchor Group Limited	Directors' fees	Total
MS Teke	230	230
AJ Adams	40	40
AP Nkuna	209	209
N Dennis	185	185
IAJ Clark	35	35
	699	**699**

Notes to the Consolidated Annual Financial Statements

28. Categories of financial instruments

2016	Designated at fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	Non Financial assets and liabilities	Carrying amount
Financial assets	91 521	-	-	-	91 521
Non financial assets	-	-	-	580 727	580 727
Trade and other receivables	-	78 247	-	71 390	149 637
Cash and cash equivalents	78 184	-	-	-	78 184
Total assets	169 705	78 247	-	652 117	900 069
Other financial liabilities	(74 820)	-	-	-	(74 820)
Non financial liabilities	-	-	-	(16 974)	(16 974)
Trade and other payables	-	(25 323)	-	(49 539)	(74 862)
Total liabilities	**(74 820)**	**(25 323)**	**-**	**(66 513)**	**(166 656)**

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

Figures in Rand thousand

29. Risk management

Capital risk management

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

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

There have been no material changes in the group's management of capital during the period.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares.

Financial risk management

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

Liquidity risk

The group’s risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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

At 31 December 2016	Less than 1 year	Between 1 and 2 years
AG Capital Contingent Purchase consideration	-	18 500
Portfolio Bureau Contingent Purchase consideration	13 625	-
Methwold Contingent Purchase consideration	8 000	18 344
Standard Bank Loan	15 000	30 000

Interest rate risk

The group is exposed to interestrate risk on its cash and cash equivalents, trade and other receivables and other financial assets balances due to the short term nature of the balance, and the constant movement, this is considered to be not significant. The group’s income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a limited customer base with high quality credit standings. Management evaluated credit risk relating to customers on an ongoing basis.

Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand

29. Risk management (continued)

Foreign exchange risk

The group is exposed to Rand, Dollar, Euro, and GBP forex movements. This is through the Anchor Capital Mauritius Limited, and Capricorn Fund Managers Malta Limited entities. The group does not hedge foreign exchange fluctuations and it reviews its foreign currency exposure, including commitments on an ongoing basis.

The group reviews its foreign currency exposure, including commitments on an ongoing basis.

Market risk

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