

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

**SUMMARISED AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016 AND DECLARATION OF DIVIDEND
NUMBER 6**

HIGHLIGHTS

- Adjusted HEPS up 12% to 64.7 cents per share (57.7 cents to 31 December 2015).
- Adjusted Headline Earnings up 34% to R115 million (R86 million to 31 December 2015).
- Assets under management and advice grew by 35% to R45.9 billion (R34.1 billion at 31 December 2015).
- Total dividends for the year up 18.5% to 32 cents per share (27 cents in 2015).
- Launch of new Stockbroking division.

COMMENTARY

Anchor began managing assets in 2012 and has grown rapidly to reach Group-wide assets under management and advice at 31 December 2016 of R45.9 billion, up by 35% from R34.1 billion on 31 December 2015. Anchor has three primary divisions – Asset Management, Private Clients 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.

RESULTS

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; and
4. Operations, compliance and system costs to enhance the client experience.

Turnover grew faster than costs, resulting in an operating margin of 40% (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% from 1 January 2016 to 31 December 2016. 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 income 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 Limited ("CFM Malta").

Total 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 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%.

The business is highly cash generative and 93% of profits were generated in cash (2015: 87%). 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 557 cents. Cash and other liquid instruments were R169 million at 31 December 2016.

OPERATIONAL REVIEW

Asset Management and Private Clients

The fund management business was restructured during the year into two distinct operations – Asset Management and Private Clients. Each business has its own management head and will focus on its respective client base.

Anchor is proceeding well, with the growth in assets previously outlined. Assets under management at year-end were R33.7 billion (2015: R22.5 billion) and assets under advice R12.1 billion (2015: R11.6 billion). The business welcomed a record number of new clients and Group net inflows remain strong. We are particularly pleased with the following:

- Anchor Capital began marketing to pension funds and other institutional clients and the initial signs are positive. A number of institutional mandates were awarded.
- Offshore managed assets grew by 59% to just under R10 billion, in spite of the Rand strengthening by 11.5% against the US\$.
- We received encouraging support from the financial advisor community and investments in Group CIS (Collective Investment Scheme, or more commonly known as unit trusts) assets under management increased by 88% to R13 billion from R6.9 billion at 31 December 2015. R1.8 billion of this is in offshore CIS schemes.
- Anchor's fixed income business was launched late in 2015 and showed promising growth in 2016, growing to R1.4 billion in assets under management by 31 December 2016 with excellent investment performance.

Group marketing initiatives are proving effective and Anchor has achieved net inflows of over R500 million per month in 2016. The profile created by the listing of the business has had a material positive impact on the number of new clients joining Anchor Capital.

The investment performance of the Group has been excellent since inception. The majority of assets are managed in segregated portfolios. Anchor Capital is relatively new to the CIS space, with two of its Anchor-branded funds now having a three year track record. The Anchor BCI Equity Fund, was the top performing CIS in its category (out of 157 funds) over three years (at 28 February 2017). The Anchor BCI Worldwide Flexible Fund is third in its category (out of 29) for the same period (source: MoneyMate). The

performance of the Capricorn GEMS fund for the period under review was disappointing, after award-winning performances in the prior eight years. Capricorn is focused on leveraging off its emerging market expertise to grow its global business and product range over the medium term.

Investment markets delivered mediocre returns in 2016: the SA All Share total return was 2.6%, the MSCI World was up 5.3% and the Rand strengthened by 11.5% against the US\$. Anchor Capital's 12-month performance was below these benchmarks and this had a negative impact on growth in assets under management. As Anchor increases in size, so it becomes increasingly sensitive to market returns and exchange rates. To counter this, Anchor is focused on growing annuity revenue streams and increasing the mix of asset classes.

Anchor has a long term strategy of being a material South African asset management company and places a great deal of emphasis on fundamental research. Accordingly it has built a large investment team relative to its size. The Group has 17 CA(SA)'s, 12 CFA charter holders, 16 CFA-candidates and a 20-strong investment team.

Stockbroking

Anchor started a stockbroking division late in 2016 and anticipates growing this meaningfully. Anchor Securities Stockbroking was granted a JSE stockbroking license in September 2016 and is already generating meaningful turnover. The acquisition of 50% of AG Capital Proprietary Limited ("AG Capital"), an intermediary prime broker (in December 2016), will supplement the profitability of this division. This division was immaterial from an income statement perspective in 2016 and will be disclosed separately in 2017.

Acquisitions

With effect from 1 March 2016 Anchor acquired 47.4% of the issued share capital of Capricorn Fund Managers (CFM SA and CFM Malta). The initial purchase price was R348 million, settled by way of R256 million in cash and 7.7 million Anchor shares. The purchase price was subsequently reduced by Anchor's pro-rata share of dividends for the period 1 July 2015 to 28 February 2016 of R48 million.

With effect from 1 September 2016, Anchor acquired the remainder of the shares in Anchor Securities Holdings Proprietary Limited ("Anchor Securities"), with the result that Anchor 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 and advises on over R5 billion in client funds. This was settled by way of the issue of 7.2 million shares.

With effect from 1 December 2016, Anchor acquired 50% of AG Capital. Only one month of earnings are consolidated in these results. This was settled by way of R27.6 million in cash and the issue of 5.4 million shares.

STRATEGY AND NEW INITIATIVES

Anchor is in its sixth year of existence and continues to make excellent progress. Anchor is a young and dynamic asset management business, which maintains its focus on quality and investment excellence, but also aims to do things differently and challenge the status quo. The private client market in South Africa has shown a strong appetite to support a relatively new player, but to penetrate other segments of the market, longer track records are required. The company now has a four year track record in its current form and some of its CIS products have three year track records. As the track record lengthens and the asset base grows, we become a viable asset management alternative for bigger pools of assets. This is an industry where size begets size and we are encouraged by the early successes in winning mandates with bigger clients. Our critical mass has enabled us to conclude deals with South Africa's major LISP's (linked investment service providers), which increases access to a broader set of potential investors.

Anchor Capital has taken a non-traditional approach to building an asset management business by investing heavily in marketing and distribution capabilities from inception, which is bearing fruit through the

growth of assets under management, and consequent financial leverage.

The Anchor Group's strategy is as follows:

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

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

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

- Marketing to traditional channels who outsource the asset management function to third party asset managers. This includes financial advisors, institutional investors, multi-managers and fund-of-funds. We continue to add high quality personnel in this pursuit.
- Marketing directly to clients, primarily in the private client space. We continue to employ individuals who can attract assets and have over 45 high quality investment professionals who have distribution responsibilities. We will also pursue partnerships and acquisitions of businesses which have a distribution capability and existing client base. This strategy will continue in 2017.

PROSPECTS

The key driver for the business is assets under management, which averaged R40 billion for the 2016 financial year. The 2017 financial year began with R45.9 billion of assets under management. The results for the forthcoming year will also be influenced by:

- The performance of local and global markets and Anchor's relative performance;
- The impact on assets under management from a larger distribution force;
- The exchange rate between the Rand and other currencies (we estimate across the business, including Capricorn Fund Managers, that the Rand hedge component is approximately 50-60%);
- The growth of the new stockbroking division, and
- An increase in shares in issue. The average shares in issue for 2016 were 179.9 million and the starting shares in issue at 1 January 2017 are 193.4 million.

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

CHANGES TO THE BOARD OF DIRECTORS

As previously reported, during the period, the following director changes occurred:

- Mr David Rosevear retired on 1 April 2016; and
- Mr Omair Khan was permanently appointed as the new Chief Financial Officer with effect from 9 June 2016.

The board of directors would like to thank Mr Rosevear for his contribution to Anchor. There were no other changes to the board of directors during the period under review.

CHANGES TO THE DESIGNATED ADVISOR AND COMPANY SECRETARY

Anchor changed its designated advisor and company secretary mandate from Arbor Capital Sponsors Proprietary Limited ("Arbor") to Java Capital Trustees and Sponsors Proprietary Limited ("Java Capital") as its designated advisor. CIS Company Secretaries Proprietary Limited was appointed as its company secretary. Both with were effect from 1 August 2016.

Summarised audited consolidated statement of comprehensive income

Figures in R'000	% change	Audited 31-Dec-16	Audited 31-Dec-15
Revenue	85%	419 331	226 347
Operating Expenses	73%	-252 096	-145 991
Operating profit	108%	167 235	80 356
Other Income	-76%	8 643	36 527
Gain on bargain purchase		1 661	
Fair value gain on acquisition of former associate		30 645	
Finance Costs	-1%	-973	-984
Share of profits from associates		7 763	596
Profit before taxation	85%	214 974	116 495
Taxation expense	33%	-42 994	-32 253
Profit for the period	104%	171 980	84 242
Foreign currency translation		1 159	8
Total Comprehensive Income	106%	173 139	84 250
Profit for the period attributable to:			
Owners of the parent	69%	138 346	82 028
Non-controlling interest		33 634	2 214
	104%	171 980	84 242
Total comprehensive income attributable to:			
Owners of the parent	70%	139 505	82 036
Non-controlling interest		33 634	2 214
	106%	173 139	84 250
Earnings per share (cents)	41%	77,7	55,1
Diluted earnings per share (cents)	39%	75,9	54,5
Headline earnings per share (cents)	8%	59,5	55,1
Diluted headline earnings per share (cents)	7%	58,1	54,5
Adjusted headline earnings per share (cents)	12%	64,7	57,7
Diluted adjusted headline earnings per share (cents)	11%	63,2	57,1

Earnings and headline earnings per share		Audited	Audited
		31-Dec-16	31-Dec-15
Earnings attributable to shareholders	104%	171 980	84 242
Non-controlling interest		33 634	2 214
Earnings attributable to ordinary shareholders	69%	138 346	82 028
Gain on bargain purchase		-1 661	
Fair Value gain on acquisition of former associate		-30 645	0
Headline earnings attributable to ordinary shareholders	29%	106 040	82 028
Amortisation on Intangible Asset net of tax		3 578	0
Equity settled share option costs		5 656	3951
Adjusted headline earnings attributable to ordinary shareholders	34%	115 274	85 979
Number of shares in issue	16%	193 455	166 163
Weighted average number of shares in issue	20%	178 120	148 967
Employee share incentive scheme	251%	4 253	1 211
Contingent purchase consideration			393
Diluted weighted average number of shares in issue	21%	182 374	150 571

Summarised audited consolidated statement of financial position

Figures in R'000	%	Audited	Audited
	Change	31-Dec-16	31-Dec-15
Assets			
Non-Current Assets			
Equipment	103%	7 806	3 847
Goodwill	81%	520 710	288 440
Intangible assets	109%	67 677	32 402
Investments in associates		341 764	30 716
Other financial assets		10 744	796
Deferred tax		2 075	48
	167%	950 776	356 249
Current Assets			
Current tax receivable	49%	6 107	4 093
Cash and cash equivalents	-75%	78 184	314 487
Other financial assets	-21%	139 837	115 341
Trade and other receivables	89%	81 602	43 237
	-35%	305 730	477 158
Total Assets	51%	1 256 506	833 407
Equity			
Share capital	42%	904 010	635 945
Reserves	22%	5 590	4 588
Retained income	112%	149 526	70 673
Equity Attributable to Equity Holders of Parent	49%	1 059 126	711 206
Non-controlling interest		18 365	2 423
Total Equity	50%	1 077 491	713 629
Liabilities			
Non Current Liabilities			
Other financial liabilities	48%	74 820	50 394
Deferred Tax	84%	16 974	9 216
	54%	91 794	59 610
Liabilities			
Current Liabilities			
Other financial liabilities		31 305	2 816
Trade and other payables	-1%	45 039	45 690
Current tax payable	-7%	10 877	11 662
	53%	87 221	60 168
Total Liabilities	53%	179 015	119 778
Total Equity and Liabilities	51%	1 256 506	833 407
Net asset value per share (cents)		557	429
Net tangible asset value per share (cents)		250	236

Summarised audited consolidated statement of cash flows

Figures in R'000	%	Audited	Audited
	change	31-Dec-16	31-Dec-15
Cash flows from operating activities			
Cash generated from operations	54%	157 260	102 131
Interest income	-15%	6 748	7 939
Finance costs	-1%	(973)	(984)
Tax paid	250%	(85 620)	(24 487)
Net cash from operating activities	-8%	77 415	84 599
Cash flows utilised in investing activities			
Purchase of equipment	49%	(4 121)	(2 762)
Cash inflow / (outflow) on business combinations	-107%	12 254	(179 623)
Proceeds on sale of associate		5 200	
Net movement in financial assets	67%	(34 444)	(105 739)
Increase in investments in associates		(237 057)	(20 549)
Net cash utilised in investing activities	-16%	(258 168)	(308 673)
Cash flows from financing activities			
Increase in stated capital / share capital	-96%	10 829	269 418
Increase of other financial liabilities		44 976	-1 185
Dividends paid	235%	(110 944)	(33 141)
Net Cash from financing activities	-103%	(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	4%	314 486	303 109
Effect of exchange rate movement on cash balances	214%	-410	359
Total cash and cash equivalents at end of the year	-75%	78 184	314 486

Summarised audited consolidated statement of changes in equity

	Share Capital	Foreign currency translation Reserve	Shares to be issued reserve	Equity reserve due to change in control of interest	Share based payment reserve	Total reserves	Retained Income	Total attributable to equity holders of the Group / company	Non-controlling interest	Total equity
Figures in R'000										
Balance at 01 January 2015	317 164	-	14 760	-	629	15 389	20 535	353 089	-	353 088
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
Acquisition of subsidiary Portfolio Bureau	-	-	-	-	-	-	-	-	1 459	1 459
Shares to be issued	14 760	-	(14 760)	-	-	(14 760)	-	-	-	-
Share based payments	-	-	-	-	3 951	3 951	-	3 951	-	3 951
Dividends	-	-	-	-	-	-	(31 891)	(31 891)	(1 250)	(33 141)
Total contributions by and distributions to owners of company recognised directly in equity	318 782	-	(14 760)	-	3 951	(10 809)	(31 891)	276 082	209	276 291

	Share Capital	Foreign currency translation Reserve	Shares to be issued reserve	Equity reserve due to change in control of interest	Share based payment reserve	Total reserves	Retained Income	Total attributable to equity holders of the Group / company	Non-controlling interest	Total equity
Figures in R'000										
Balance at 01 January 2016	635 946	8	-	-	4 580	4 588	70 673	711 207	2 423	713 629
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 for Acquisitions of subsidiaries	268 064	-	-	-	-	-	-	268 064	-	268 064
Acquisition of CFM SA								-	32 163	32 163
Acquisition of AG Capital								-	1 816	1 816
Share buyback CFM Malta				(4 800)		(4800)		(4 800)		(4 800)
Share buyback CFM SA				(1 005)		(1005)		(1 005)	(220)	(1225)
Share based payments	-	-	-	-	5 656	5 656	-	5 656	-	5 656
Dividends	-	-	-	-	-	-	(59 493)	(59 493)	(51 451)	-110 944
Total contributions by and distributions to owners of company recognised directly in equity	268 064	-	-	(5805)	5 656	(149)	(59 493)	208 422	(17691)	190 731
Balance at 01 January 2016	904 010	1 159	-	(5805)	10 236	5 590	149 526	059 126	18 366	1 077 492

Summarised audited consolidated segmental information (R' 000)

31 December 2016	Anchor Group Limited and non asset management businesses	Anchor Capital Proprietary Limited and other asset management businesses	Eliminations	Total
Revenue	90 883	407 905	-79 457	419 331
Operating expense	-32 883	-234 886	15 673	-252 096
Operating profit	58 000	173 020	-63 784	167 235
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

31 December 2015	Anchor Group Limited and non- asset management businesses	Anchor Capital and other asset management businesses	Ripple Effect 4	Eliminations	Total
Revenue	21 464	220 090	4 690	(19 897)	226 347
Operating expenses	(11 736)	(151 316)	(2 836)	19 897	(145 991)
Operating profit	9 728	68 744	1 854	-	80 356
Other Income	19 594	16 929	4	-	36 527
Share of profits from associates	335	261	-	-	596
Finance Costs	(708)	(272)	(4)	-	(984)
Profit before tax	28 949	85 692	1 854	-	116 495

31 December 2015	Anchor Group Limited and non-asset management associates	Anchor Capital and other asset management businesses	Ripple Effect 4	Eliminations	Total
Assets	673 770	159 786	2 694	(2 843)	833 407
Non-Current Assets	353 107	5 938	207	(3 003)	356 249
Current Assets	320 663	153 848	2 487	160	477 158
Liabilities	(56 962)	(60 656)	(600)	(1 560)	(104 478)
Non-Current Liabilities	(53 120)	(5 090)	-	(1400)	(59 610)
Current Liabilities	(3 842)	(55 566)	(600)	(160)	(60 168)
Equity	616 808	99 130	2 094	(4 403)	713 629

31 December 2016	Anchor Group Limited and non asset management associates	Anchor Capital Proprietary Limited and other asset management businesses	Inter-company Eliminations	Total
Assets	1 027 598	458 706	-229 798	1 256 506
Non current assets	893 234	252 001	-194 459	950 776
Current assets	134 364	206 705	-35 339	305 730
Liabilities	-94 448	-154 851	70 285	-179 014
Non current liabilities	-44 572	-84 801	37 579	-91 794
Current liabilities	-49 876	-70 050	32 706	-87 221
Equity	933 150	303 855	-159 513	1 077 491

Ripple Effect 4 was removed from the segmental information in 2016 as these are not material amounts.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies and method of measurement and recognition applied in the preparation of these condensed consolidated financial results are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the previous year ended 31 December 2015 except for the adoption of new standards and interpretations which became effective in the current year.

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

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

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

The consolidated financial statements for the year ended 31 December 2016 have been audited by Grant Thornton Johannesburg Partnership, who expressed an unmodified opinion. A copy of the auditor's report is available for inspection at the company's registered office.

These summary audited consolidated financial statements have been derived from the Anchor Group's annual financial statements. The contents of this announcement are extracted from audited information, although the announcement is not itself audited. The directors take full responsibility for the preparation of this report and the financial information has been correctly extracted from the underlying annual financial statements.

The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office.

BUSINESS COMBINATIONS

AG Capital

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 activities, 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	<u>3 632</u>
Non-controlling interest	-1 816
Purchase consideration paid in Shares	56 632
Cash	27 600
Contingent purchase consideration	18 500
	<u>104 548</u>

Acquisition date fair value of consideration paid

Cash	-27 600
Shares issued	-56 632
Contingent consideration	-18 500
Non-controlling Interest	-1 816
	<u>-104 548</u>

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 activities decided by the Investment Committee.

Provisional fair value of assets acquired and liabilities assumed

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.

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
Investments	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)

FAIR VALUE HIERACHY

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

	Level 1	Level 2	Level 3
Other financial assets	87064	3843	10 744

Other financial asset are listed and unlisted investments.

Level 3 is an unlisted investment, The value in use of the unlisted investment was determined by discounting the future cash flows generated from the continuing use and was based on the cash flows that were projected on actual operating results and a 5 year forecast. Cash flows beyond this were extrapolated using a constant growth rate of 8%, 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.

EVENTS AFTER THE REPORTING PERIOD

Anchor has no events after reporting period to report on.

DIVIDEND

As stated, the company has an intention of paying out approximately half of its earnings as a dividend going forward as a listed business.

For the first six month period ended 30 June 2016 the company declared an interim gross dividend (Number 5) of 17 cents per share (2015: 11 cents). The dividend was declared out of income reserves.

For the year ended 31 December 2016, the company has declared a gross dividend (Number 6) of 15 cents per share (2015: 16 cents). The dividend was declared out of income reserves. Thus the total dividend declared for the year amounts to 32 cents (2015: 27 cents).

The dividend will be subject to a dividend withholding tax rate of 20% or 3 cents per ordinary share and accordingly the net dividend amount is 12 cents, while the dividend payable to shareholders who are exempt from dividend withholding tax is 15 cents.

Anchor's tax reference number is 9527/450/16/8. There are 193 434 041 ordinary shares in issue at the declaration date.

The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Tuesday, 9 May 2017
Shares commence trading 'ex' dividend	Wednesday, 10 May 2017
Record date (date shareholders recorded in share register)	Friday, 12 May 2017
Payment date	Monday, 15 May 2017

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 10 May 2017 and Friday, 12 May 2017, both dates inclusive. The dividend will be transferred to shareholders' CSDP accounts/broker accounts on 15 May 2017. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about 15 May 2017.

For and on behalf of the Board

Peter Armitage

Chief Executive Officer
22 March 2017

Mike Teke

Chairman

DIRECTORS

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

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

DESIGNATED ADVISOR

Java Capital

TRANSFER SECRETARIES

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