ANCHOR GROUP

INTEGRATED
ANNUAL REPORT
2016

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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 Operating Officer)
OZ Khan
Executive Director (Chief Financial Officer)
AJ Adams
Independent Non-Executive Director
AP Nkuna
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
Chartered Accountants (S.A.)
Registered Auditors
A South African member of Grant Thornton International Limited

Company Secretary

CIS Company Secretaries Proprietary Limited

Company Registration Number

2009/005413/06

Level of Assurance

The Group annual financial statements included in this report have been audited in compliance with the applicable requirements of the Companies Act 71 of South Africa 2008.

Designated Advisors

Java Capital Trustees and Sponsors Proprietary Limited

02 CHAIRMAN'S REPORT

It takes focus, determination and fortitude to be part of a business that built assets under management to R45.8 billion in five years and face the challenge of a R2 listing in 2014, reaching R14 in 2015 and retracing to R7.10 as I write this message. It may distract the faint hearted but to our team at Anchor it's about staying focused on doing what is right for the business, and deliver world-class service to our clients in Asset Management, the Private Clients space and Stockbroking.

The team is strongly focused in building a world-class investment product range across asset classes and geographies and to build distribution capacity and the capability to generate growth in assets under management. Our team increased from 140 employees to 220 in 2016. The business continues to attract great talent that is modest, entrepreneurial and operates with integrity.

We acknowledge that the local and global business space in which we compete is extremely fast paced and highly competitive. This necessitates the type of talent we have in our business and we continue to attract.

It is however imperative that for us to take this business to new heights, we strive to understand and appreciate the socio-economic and political environment in which we operate, locally and globally. We are actively involved in different areas that will assist our country to deal with the challenges it faces and beyond that, we are exposing ourselves to understanding the socio-economic and political environment globally. We do not operate in isolation.

Whilst we continue to build robust systems and processes to be a competitive business, we face several challenges related to maintaining the balance of a professional business that delivers world-class service and sliding into bureaucratic and unmanageable processes. Second, we operate in a transforming country with our government continuing to review legislation relating to its transformation agenda. Our immediate action plan should be the introduction and development of a transformation model aligned to our business model of being highly competitive, entrepreneurial and consistent in our delivery of world-class service to all our clients.

Anchor Group is experiencing organic growth and will continue to grow through acquisitions. We are satisfied with the strong partnership that has developed with Portfolio Bureau and Robert Cowen Investments, who joined us in 2015 and Capricorn and AG Capital, who joined us in 2016. Anchor Securities Holdings have always been partners and in 2016 we increased our shareholding from 22% to 100%.

I remain proud to be associated with the entire Anchor family and wish to thank the entire team, the Board of Directors, its associates, partners and families for another great year.

Mr Dave Rosevear, the Chief Financial Officer, retired from the company in 2016 and Mr Omair Khan was appointed Chief Financial Officer with effect from 9 June 2016.

The Board is fully committed to working with the leadership team of Anchor Group to build a great future.

MIKE TEKE
Chairman
20 March 2017

03 CHIEF EXECUTIVE OFFICER'S REPORT

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 R45.8 billion (R34.1 billion at 31 December 2015).
- Total dividends for the year of 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 R45.8 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.

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%).

Costs grew by 73% to R252 million (2015: R146 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% for the year. As a result other income decreased by 76% to R8.6 million (2015: R36.5 million).

The share of profits from equity accounted associates was R7.7 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 have excluded share based-payment expenses, which are an IFRS requirement but are not a cash flow expense. We have adjusted the published comparative number in2015 from 55.1 cents to 57.7 cents 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. The sharp increase in turnover saw an increase in working capital, although the nature of the business is such that trade debtors are generally paid within 10 days of month end.

Shareholders' equity grew to R1 077 million (2015: R714 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

Private Clients and Asset Management

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 every day.

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

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. This resulted in the contribution from Capricorn being below budget. Capricorn is focused on leveraging off its emeging market expertise to grow its global business 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 meaningful South African asset management company and places a great deal of emphasis on fundamental research. Accordingly it has constructed a large investment team relative to its size. The group has 17 CA's (SA), 12 CFA charter holders, 15 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 licence in September 2016 and is already generating meaningful turnover. The acquisition of 50% of 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 South Africa 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 R48million.

With effect from 1 September 2016, Anchor acquired the remainder of the shares in Anchor Securities Holdings Proprietary Limited, 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 Proprietary Limited. 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 often 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 LISPs (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 to this pursuit.
   - Marketing directly to clients, primarily in the private client space. We continue to employ individuals who can attract assets and have over 45 high-quality investment professionals who sign on clients. We will also pursue partnerships and acquisitions of businesses which have a distribution capability and existing client base. This strategy will prevail into 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 R45.8 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 and the progress of Anchor Financial Services;

- The exchange rate between the rand and other currencies (we estimate across the business, including Capricorn Fund Managers, that the rand-hedge component is approximately 60%);
- 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

During the period, the following director changes occurred:

- Mr David Rosevear retired; and
- Mr Omair Khan was appointed as the new Chief Financial Officer with effect from 09 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 terminated its designated advisor and company secretary mandate with Arbor Capital Sponsors Proprietary Limited ("Arbor") and has appointed Java Capital Trustees and Sponsors Proprietary Limited ("Java Capital") as its designated advisor and CIS Company Secretaries Proprietary Limited as its company secretary, both with effect from 1 August 2016.

PETER ARMITAGE
Chief Executive Officer
17 March 2017

04
DIRECTORS

Peter Armitage

(48) (Chief Executive Officer) CA(SA)

Peter is a CA(SA), having served articles with Deloitte & Touche. Peter has 24 years' experience in global financial markets, having worked as an analyst, Head of Research and Chief Investment Officer. He also ran an internet media business in 2000 and 2001. Peter has achieved a record number of No.1 positions (21) in the annual Financial Mail Investment Analyst Survey of Institutional Investors. In 1999 Peter was rated the Top Analyst in SA by Finance Week. He has worked at Merrill Lynch, Deutsche Bank, Nedbank and Investec Wealth & Investment. Peter founded Anchor Group in 2011. He was named by the Financial Mail as one of the 10 top businessmen in South Africa for 2015.

Mike Teke

(52) (Non-executive Chairman) BA(Ed),B.Ed, BA(Hons), MBA

Mike was born in 1964 in Kwa Thema, Springs and has the following qualifications: BA (Ed), B.Ed (University of the North) 1985-1989; BA (Hons) (RAU) 1995-1996 and MBA (Unisa) 1999-2002. He started work as a school teacher and subsequently served in various HR roles at Unilever, Bayer, BHP Billiton and Impala Platinum until 2007. In 2008, Mike left Impala to be one of the founding members of Optimum Coal (he was appointed CEO) and was part of the listing of Optimum Coal on the JSE in March 2010. In September 2012, after Glencore purchased and delisted Optimum, Mike resigned as CEO and became Non-Executive Chairman until April 2015.

Since his days as an active CEO in the listed corporate world, Mike has contributed to various associations and educational bodies and has developed and grown his own business interests. He is Deputy Chairman of Council at the University of Johannesburg, was appointed VP of the Chamber of Mines in 2011/12 and on 5 November 2013 was appointed President of the Chamber of Mines. He was appointed as Chairman of the Richard's Bay Coal Terminal from 2012 to 2016 and is currently serving as a Non-executive Director thereof. Mike is the Chairman of Rolfes, a JSE-listed company and is the founder, Executive Chairman and controlling shareholder of Masimong, a diversified investment company which, among other investments, holds a material interest in Anchor Group. Among his other interests is Dedicoal, a service-based mining and beneficiation vehicle which is active in the South African mining sector.

In addition to Group Chairman, Mike is a member of the Remuneration and Nominations and Investment Committees.

Kajal Bissessor

(35) (Independent Non-executive Director) CA (SA)

Kajal is a CA(SA) having served articles with KPMG subsequent to completing a BAcc, HDip Acc and the SAICA Board exams. During Kajal's articles, she gained international experience at KPMG Ireland (Dublin office) where she worked as audit senior for a period of four months. Post articles, Kajal worked as audit manager at KPMG (Johannesburg office) for a period of two years in the Consumer Markets division. Kajal joined Merafe Resources Limited as Financial Manager in 2009 and was promoted to Financial Director in January 2015. Kajal was appointed as Non-Executive Director and Chairperson of Anchor Group's Audit and Risk Committee in December 2015.

Nick Dennis

(70) (Independent Non-executive Director) BComm (Hons)

Nick started working in 1969 as a Marketing Trainee with Colgate-Palmolive and in 1976 was transferred to Colgate Palmolive, United Kingdom. He later moved to Germany, where he held the position of Assistant Managing Director Colgate Palmolive, Germany. He returned to South Africa and joined Barlow Rand Limited in July 1982 and became a Director of Barlow Rand in 1983. In January 1990 he was transferred to ICS Holdings Limited where he held the position of Group Managing Director and Chief Executive Officer. ICS was the largest perishable food processing company in South Africa and listed on the JSE. Prior to joining Colgate-Palmolive he obtained his BComm (Honours) degree. Before co-founding Lodestone Brands, Nick was Chief Executive Officer of Tiger Brands Limited from 1994 to 2008. He was appointed to the Nedbank board as an independent non-executive director from November 2002 to December 2007 where he served on the Risk, Credit and Remuneration Committees.

Nick's other non-executive directorship involvements include ChildLine Gauteng and The African Children's Feeding-Scheme. He also serves on the Finance Committee of St. Stithians College, which college he previously served as chairman of the board for 10 years.

Nick serves as a member on the Audit and Risk Committee, is Chairman of the Remuneration and Nominations Committee and a member of the Investment Committee.

Alastair Adams

(37) (Independent Non-executive Director) BComm(Law), LLB

Following his studies at Rand Afrikaans University, Alastair completed his articles at Livingstone Crichton in 2004. He was admitted as an attorney of the High Court (Transvaal Provincial Division) in 2005. Having practiced as an attorney (post articles) for ten years he started his own practice in December 2009 named Adams Attorney, which practice has approximately 30 corporate clients whose annual turnover ranges from R3 million to R3 billion. Alastair has had extensive experience in high court litigation, commercial and corporate transactions and deceased estates. He also acts as director for a number of private companies and as a trustee for numerous family trusts (both as lead trustee and as independent trustee).

Alastair has been appointed as an Independent Non-executive Director of Anchor and serves on the Audit and Risk, Remuneration and Nominations, Investment and Social and Ethics Committees.

Paul Nkuna

(65) (Lead Independent Non-executive Director)

Paul's qualifications include a Botshabelo Training Institution, Management Advanced Programme (MAP) Certificate, University of the Witwatersrand Business School, Effective Directorship. Certificate, Kagiso Leadership School and Gordon Institute of Business. He joined the mining industry from 1977 to 1996 as a multi-skilled worker at East Rand Gold & Uranium. At the time of leaving ERGO he was shift foreman and at times acting as General Metallurgical Foreman. He joined the National Union of Mineworkers in 1984. Elected NUM Regional Secretary (Wits Region) in 1984; elected COSATU Regional Chairperson (Wits Region) in 1985, elected NUM National Treasurer in 1987. He served as the Chairperson of the Executive Committee of the Brakpan Transitional Local Council 1994, He served as a member of the Executive Committee of the Gauteng Association of Local Authorities (GALA) and the South African Local Government Association (SALGA) serving as a Chairperson of the Local Government Labour Relations Working Committee in both Associations.

He was the Executive Chairman of the Mineworkers Investment Company (Pty) Ltd from 1 April 1997 to 28 February 2000. He became Deputy CEO of the Mineworkers Investment Company (Pty) Ltd from March 2000 to March 2003. Paul was appointed CEO from 1 April 2003 to 30 June 2012. His previous board participation in listed businesses includes: Chairman of Peermont, Primedia and Metrofile, Deputy Chairman of Optimum Coal and Non-executive Director of FirstRand Group.

Paul has been appointed as an Independent Non-executive Director of Anchor and serves as a member of the Audit and Risk Committee and Chairman of the Social and Ethics Committee.

Todd Kaplan

(44) (Chief Operating Officer) BSc. Hons

Todd is the co-founder of Anchor Group and CEO of the Anchor Group subsidiary Ripple Effect 4. Todd brings over 18 years of corporate management experience with previous listed and unlisted companies. Todd is the Chief Operating Officer of Anchor Capital and Anchor Group. His varied responsibilities include oversight of Operational Finance & Accounts, Logistics, Head office management, Compliance, Human Resources, Employment Equity, BBBEE, Market Intelligence, Investor Campus, WildlifeCampus and IT.

Todd attends the Remuneration and Nominations and Investment Committees as an invitee, and is a member of the Social and Ethics Committee.

Omair Khan

(28) (Chief Financial Officer) CA (SA)

Omair is a CA (SA) having served articles with KPMG. At KPMG Omair was part of the Financial Services division and the Financial Engineering Group where he gained experience in the global and local financial markets auditing financial institutions. Omair joined Anchor prior to its listing in September 2014 as Group financial manager in charge of the finance team and financial reporting on behalf of the Group, and was promoted to Chief Financial Officer in 2016.

05 CORPORATE GOVERNANCE & SUSTAINABILITY REPORT

The Company maintains a balanced approach to effective corporate governance. The Board recognises the need to conduct the affairs of the Company with integrity and in compliance with the King Code of Governance Principles, as set out in the King III Report ("King III"). The Directors will ensure that the principles and best practice recommendations that are applicable to the Company are implemented and complied with.

Board of Directors

The Board includes both executive and non-executive directors in order to maintain a balance of power, ensure independent, unbiased decisions and that no one individual has unfettered powers of decision-making.

As at 31 December 2016, the Board comprised three executive directors and five non-executive directors, of which four are independent. On 1 April 2016, David Rosevear retired as an Executive Director of the Board holding the position of Chief Financial Officer. This position was filled on the 9th of June 2016 by Omair Khan who was appointed as Chief Financial Officer and an Executive Director to the Board.

The Board, through consultation and recommendation of the Nominations Committee is responsible for appointing the Chief Executive Officer. In addition, the roles of Chairman and Chief Executive Officer have been separated specifically. The Non-executive Directors are experienced professionals and have the necessary skills and integrity to provide insight and value at Board meetings.

The Board is responsible for effective control over the affairs of the Company. It provides strategic direction to management, and approves the implementation of its strategy to create sustainable value for its stakeholders; which includes policy decision-making, financial control, risk management, communication with stakeholders and internal controls.

Board and Board Committee Meetings

The Board meets a minimum of four times a year, with additional meetings as required. Material decisions may be taken between meetings. The Non-executive Directors are provided with comprehensive information necessary to discharge their responsibilities, individually and as a Board and in certain instances, as Board Committee members. All Directors have unhindered access to management, the Company Secretary, the Company's JSE Designated Advisors and to any information pertaining to the Company.

The Board has delegated authority to the Chief Executive Officer and executive management to run the day-to-day affairs of the Company. Accountability to stakeholders remains paramount in Board decisions and this is balanced against the demands of the regulatory environment in which the Company operates together with the concerns of its stakeholders. To assist the Board in discharging its collective responsibility for corporate governance, an Audit and Risk, Social and Ethics, Remuneration and Nominations and an Investment Committee have been established, to which certain of the Board's responsibilities have been delegated. Although the Board delegates certain functions to its committees, it retains ultimate responsibility for their activities.

Chairman and Chief Executive Officer

Mike Teke is the appointed Non-Executive Chairman and Peter Armitage the Chief Executive Officer. This division of responsibilities ensures a balance of power and authority. The Chairman is responsible for leading the Board, ensuring its effectiveness and setting its agenda, whilst the Chief Executive Officer leads the executive team in running the business and coordinates proposals approved by the executive management for consideration by the Board. The Board has appointed Paul Nkuna as the lead independent director.

Non-executive Directors

All Non-Executive Directors are subject to retirement by rotation and re-election by shareholders at least once every three years in accordance with the Memorandum of Incorporation.

Executive Directors

The Executive Directors are mandated individually and are held accountable for: The implementation of the strategies and key policies determined by the board; Managing and monitoring the business and affairs of the Company in accordance with approved business plans; and Establishing the best management and operating practices.

Executive Directors' remuneration is based on a cost to company basis ,which includes salary, bonuses, share options and other benefits. The Company has entered into service contracts with all of its Executive Directors.

Delegation of Authority

In the delegation of authority, the Executive Directors confer authority on management and are accountable for doing so. The accountability of management is a reflection of the Executive Directors' authority.

Appointments to the Board

The Board as a whole appoints directors by means of a transparent and formal procedure under the aegis of the Remuneration and Nominations Committee. A meeting of the Directors shall have the power from time to time to appoint and remove directors, as may be required by the Company. Any interim appointments are subject to approval at the Company's next general or annual general meeting.

Directors Holding Office

The Directors in office at year end and as at the date of this report together with their sub-committee responsibilities are set out below:

NON-EXECUTIVE	DATE APPOINTED	DATE RESIGNED	AUDIT & RISK	SOCIAL & ETHICS	INVESTMENT	REMUNERATION & NOMINATIONS
● MS Teke	04/08/2014	n/a	n/a	n/a	chairman	member
● AJ Adams	31/07/2014	n/a	member	member	member	member
● AP Nkuna	01/08/2014	n/a	member	chairman	n/a	n/a
● N Dennis	18/03/2015	n/a	member	n/a	member	chairman
● K Bissessor	18/12/2015	n/a	chairperson	n/a	n/a	n/a

● Non-executive
● Independent Non-executive

EXECUTIVE	DATE APPOINTED	DATE RESIGNED	AUDIT & RISK	SOCIAL & ETHICS	INVESTMENT	REMUNERATION & NOMINATIONS
PG Armitage (Chief Executive Officer)	01/11/2011	n/a	n/a	n/a	member	n/a
TE Kaplan (Chief Operating Officer)	04/08/2014	n/a	n/a	member	n/a	n/a
● DK Rosevear	18/03/2015	01/04/2016	n/a	n/a	n/a	n/a
● OZ Khan (Chief Financial Officer)	09/06/2016	n/a	n/a	n/a	member	n/a

● Retired 01/04/2016
● Appointed 09/06/2016

The Board Meetings attendance record of directors:

	BUDGET 26/01/2016	STRATEGY 11/02/2016	BOARD 17/03/2016	BOARD 09/06/2016	BOARD 17/08/2016	BOARD 30/11/2016
PG Armitage	√	√	√	√	√	√
TE Kaplan	√	√	√	√	√	√
DK Rosevear	√	√	√	n/a	n/a	n/a
OZ Khan	I	I	I	√	√	√
MS Teke	√	√	√	√	√	√
N Dennis	√	√	√	√	√	√
K Bissessor	√	√	X	√	√	√
AJ Adams	√	√	√	√	√	√
AP Nkuna	√	√	X	√	√	√

Retired 01/04/2016
Appointed 09/06/2016
I Invitee

Attendances at each sub-committee are detailed together with each individual Sub-committee Report.

Company Secretary

The Company has appointed CIS Company Secretaries Proprietary Limited to act as the Company Secretary. The Board has assessed the on-going competency of the Company Secretary in compliance with section 3.84(i) of the JSE Listings Requirements and has considered and satisfied itself on the competence, qualifications and experience of the Company Secretary. In considering this assessment, the Board considered the experience and qualifications of the Company Secretary as well as the employees of the Company Secretary. The Directors are furthermore satisfied that the Company Secretary has an independent and arm's-length relationship with the Board.

This is based on the fact that as an external service provider, none of the directors or the employees of CIS Company Secretaries Proprietary Limited sit on the Company's Board, are directly employed by the group or are able to be unduly influenced by members of the Board in fulfilling the duties of the Company Secretary.

Promotion of Gender Diversity

In terms of paragraph 3.84(k) of the JSE Listings Requirements, the Board is required to have a policy on the promotion of gender diversity at board level. Under the auspices of the Social and Ethics Committee, a Gender Diversity Policy has been drafted. This policy undertakes to earnestly and judiciously address gender diversity and has established targets of 25% women representation on the Board by the end of 2018 and 33% women representation by 2020. Shareholders will be advised on the progress and implementation of these targets.

Sustainability Reporting

The successful delivery of our business strategy lies in our ability to identify and respond to the most material sustainability risks and opportunities that impact our business. Material matters, which inform this, reflect the most important considerations in managing the business, to ensure the Group's ongoing ability to deliver value

creation for its stakeholders. The Social and Ethics Committee has been tasked with drafting a comprehensive sustainability report based on these identified material matters. While the full report is still in draft format, the following areas of materiality have been identified and will form the basis for future reporting:

- **Investment returns:** To develop and maintain a strong track record for all client returns across our full range of investment products and opportunities.
- **People and culture:** To attract, nurture and retain a skilled and motivated workforce.
- **Strong client relationships:** To build a reputation and provide superior client service that develops the Group as a Financial Services Provider of choice.
- **Shareholder value:** To deliver meaningful and sustainable shareholder returns.
- **Citizenship:** To conduct business as a Responsible Corporate citizen in the context of a transformative South African company.
- **Environment:** Endeavouring to impart a positive or neutral environmental Impact

Committee Structure

The Board has delegated specific functions to committees to assist the Board in meeting its responsibilities. The Board Committees are constituted with sufficient non-executive representation. The Board Committees are subject to regular evaluation by the Board, so as to ascertain their level of performance and effectiveness.

06 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 independent 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 Board of Directors is satisfied that the members of the Committee 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 outlined in 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 Designated Advisor attended by invitation only.

√ - Attended.

NAME	Q1 10 MARCH 2016	Q2 9 JUNE 2016	Q3 12 AUGUST 2016	Q4 30 NOVEMBER 2016
K Bissessor (Chairperson)	√	√	√	√
AJ Adams (Member)	√	√	√	√
AP Nkuna (Member)	√	√	√	√
N Dennis (Member)	√	√	√	√
QUORUM	√	√	√	√

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 annual financial statements. The Committee is satisfied that they are appropriate and comply with International Financial Reporting Standards, JSE Listings Requirements, Financial Reporting Pronouncements and the Companies Act 71 of 2008.

5. Accounting practices and internal control

The Board has ultimate responsibility for the internal, financial and operating systems of the Company and 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; and
- 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 qualifications, 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 confirmed to the Board that the Group is a going concern.

9. Internal audit

The Group operates in the regulated financial services industry. The Financial Services Board (FSB) has strict requirements with regards to the operating environment within the Group. The Committee believes 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 risk report on a quarterly basis prepared by the internal compliance officer. No material issues of non-compliance were noted.

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 Group adheres to the requirements of the relevant regulatory bodies including the FSB, JSE and others;
- resolving and dealing with any complaints concerning the accounting policies, the content and audit of financial statements of related matters; and
- ensuring the expertise and experience of the Chief Financial Officer are appropriate.

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 Listings Requirements and that they fairly represent the financial position at 31 December 2016 for Anchor Group Limited and the results of operations and cash flows for the year ended. They were recommended to the Board of Directors for approval.

12. Comments on key audit matters, addressed by Grant Thornton 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 deemed 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 and Risk 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

07 INVESTMENT COMMITTEE REPORT

The Investment Committee is constituted as a formal Committee of the Board and is responsible for reviewing the Group's investment opportunities and making appropriate recommendations to the Board within the scope of its mandate.

The Committee is obliged to act within the parameters of the MOI, the Companies Act, the JSE Listings Requirements and applicable legislation.

Members

DIRECTOR	DESIGNATION
MS Teke	Non-executive director (Chairman)
N Dennis	Non-executive director
AJ Adams	Non-executive director
PG Armitage	Executive director
OZ Khan	Executive director

Role of the Committee

The Investment Committee considers and assesses investment opportunities proposed by the management team on an ongoing basis. Its primary responsibility is to consider business opportunities which integrate, assimilate and compliment the Anchor Group strategy. Anchor Group strives to continue building a world class investment product range across asset classes and geographies with distribution capacity and capability to generate growth in assets under management, returns for clients and value for shareholders.

The past year has seen substantial activity for this committee as several prospects were assessed with differing results. Whilst several business opportunities were not considered for not providing the strategic fit necessary, Anchor Group successfully completed three important transactions in 2016 including the acquisition of Capricorn Fund Managers, Anchor Securities Holdings and AG Capital Proprietary limited.

Anchor is in its sixth year of existence and we strongly believe that the Group will experience growth both organically and acquisitively. The Investment Committee is dedicated to the assessment of attractive business opportunities locally and globally.

MIKE TEKE
Chairman Investment Committee
17 March 2017

08 REMUNERATION AND NOMINATIONS COMMITTEE REPORT

Members of the Committee

NAME	DESIGNATION
N Dennis (Chairman)	Independent non-executive director
M Teke (Member)	Non-executive director
AJ Adams (Member)	Independent non-executive director

The Chief Executive Officer and Chief Operating Officer are invited to attend as required.

ATTENDANCE			
11 Feb 2016	MT	ND	X
18 Feb 2016	MT	ND	X
11 Aug 2016	MT	ND	AA
13 Sep 2016	MT	ND	AA

Role of the Committee

The Company's remuneration strategy aims to create sustainable stakeholder value by motivating and retaining competent leaders and people of talent. The Company aims to attract knowledgeable, skilful and dynamic people who are able to add value to the Group.

The primary objectives include the need to have credible remuneration policies that enhance key business goals and drive performance. The Committee was constituted formally during 2015 and meets as and when necessary.

The Committee ensures that the optimal remuneration structures are in place; to approve the Company's remuneration philosophy and processes to ensure that directors and employees are appropriately rewarded. This includes annual salaries in addition to short - and - long-term incentives in the form of bonuses and share options.

Remuneration Strategy and Policy

The Committee has met on numerous occasions to develop the remuneration philosophy and strategy. This is available to shareholders on the Anchor Group website (www.anchorgroup.co.za).

Anchor Group remunerates employees in line with the dynamics of the market, performance of the Company and the context in which we operate. It will at all times align with the strategic direction of Anchor Group. As such, remuneration will play a critical role in attracting and retaining high-performing individuals. We acknowledge that remuneration will never be a stand-alone management process, but is fully integrated into other management processes such as the performance management system and overall human resources policies.

In summary, the remuneration policy has the following purposes:

- It harmonises all the remuneration policies and practices for Anchor Group;
- It reflects the dynamics of the market and the context in which Anchor Group operates;
- It is aligned with the strategic direction of Anchor Group;
- It aims to attract, retain and motivate superior performance; and
- It provides clarity and understanding on remuneration issues at Anchor Group.

The guiding principles cover all levels of employees. The policy applies to all permanent employees of the Anchor Group.

Meetings

During 2016, the Committee was convened on four occasions. The key focus areas during this period were:

- To review, revise and expand on the Remuneration Strategy and Policy;
- The expansion of the Committee's oversight to include nominations. Henceforth the Committee will be known as the Remuneration and Nominations Committee;
- The Committee evaluates appointments at Board and Executive level;
- A review and consolidation of succession planning;
- A review of the Company's Leave Policy; and
- A review of staff movements (new appointments, transfers, retirements and resignations).

Special meetings were held in early 2017 to consider:

- Salary reviews
- Bonus pool quantum and allocations
- Share option quantum and allocations
- Non-executive fees for 2017
- Individual performance appraisals of the 1st tier Anchor Capital staff.

Salary Reviews

An inflationary increase was approved for all salaried staff employed for the preceding 12 months; with a pro rata increase for new staff. The Committee mainly confined their specific review to senior staff. Selected high-potential people and exceptional performers were identified for greater than an inflationary increase.

Bonus Pool Quantum and Allocations

The 2016 Financial results were interrogated by taking into account the growth in profit versus the bonus pool quantum. The Remuneration Policy provides a guideline for up to 30% of Profit before Tax to determine the bonus pool. The policy however stipulates that this is not a fixed metric and may be adjusted at the discretion of the committee – company performance being a key consideration. The final bonus pool was in line with Remuneration Policy. After careful consideration, the committee approved the proposed bonus quantum, which reflected a decline on the 2015 aggregate.

Share Options

A review of share options in issue, history of issues, cost and balance sheet impact was undertaken.

A formulaic approach of calculating share options is applied and followed annually. This approach forms a basis for the allocation schedule for senior staff and high-potential people who are evaluated individually.

The Anchor Capital philosophy of making staff members "owners of the business" is a significant motivating factor and a consideration for staff share option allocations. These new share option allocations were approved by the Committee and were effective from 1 April 2017.

This new issue of share options will result in a new vesting and exercise period starting 1 April 2018. This is to coincide with the end of the Anchor Group closed period.

Board Evaluation

The overall Board performance requires annual evaluation. Gender and diversity constitute additional remits of the Committee.

Non-Executive Director Fees

Fees are based on meeting attendance. Non-Executive Director fees remain unchanged for 2017.

NICK DENNIS
Chairman
17 March 2017

09 KING III COMPLIANCE

The Board endorses the principles contained in the King III Report on Corporate Governance and confirms its commitment to those principles where, in the view of the Board, they apply to the business. Compliance is monitored regularly and the Board has undertaken an internal review process in determining compliance, the results of which are listed below.

KING III REF	KING III PRINCIPLE	COMPLY/PARTIALLY COMPLY/ DO NOT	COMMENTARY
Principle 2.1	The Board acts as the focal point for and custodian of corporate governance.	Comply	The Board ensures that the Company applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices through the Group's governance structures, systems, processes and procedures.
Principle 2.2	The Board appreciates that strategy, risk, performance and sustainability are inseparable.	Comply	The Board, as a whole and through its Committees, approves and monitors the implementation of the strategy and business plan of the Company. It sets objectives, reviews key risks and evaluates performance against the background of economic, environmental and social issues relevant to the Company and global economic conditions.
Principle 2.3	The Board provides effective leadership based on an ethical foundation.	Comply	In accordance with the Board Charter, the Board is the guardian of the values and ethics of the Group. Our Board provides ethical leadership and through the Code of Conduct, sets values to which the Company will adhere. The Board is also assisted by the Social and Ethics Committee.
Principle 2.4	The Board ensures that the Company is and is seen to be as a responsible corporate citizen.	Comply	The Social and Ethics Committee oversees Anchor Group's commitment to responsible corporate citizenship.
Principle 2.5	The Board ensures that the Company's ethics are managed effectively.	Comply	Through the Code of Conduct, the Board is responsible for ensuring that the Company protects, enhances and contributes to the well-being of the economy, society and the natural environment.

KING III REF	KING III PRINCIPLE	COMPLY/PARTIALLY COMPLY/ DO NOT	COMMENTARY
Principle 2.6	The Board has ensured that the Company has an effective and independent audit committee.	Comply	The Board considers that it has an effective and independent Audit and Risk Committee. The Audit and Risk Committee comprises of four independent non-executive Directors and is thus considered independent. The effectiveness of the Committee is evaluated annually.
Principle 2.7	The Board is responsible for the governance of risk.	Comply	The Audit and Risk Committee assists the Board with this responsibility. The Company has established an ongoing risk management process that evaluates controllable and non-controllable risks continuously, as well as threats and opportunities to ensure that the risks are anticipated and managed appropriately.
Principle 2.8	The Board is responsible for information technology (IT) governance.	Comply	An IT Governance Framework, including processes, procedures and structures, has been completed and is interrogated during our audit process. This is reviewed by the Board.
Principle 2.9	The Board ensures that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Comply	The Audit and Risk Committee, together with the Social and Ethics Committee and Compliance team reviews the adequacy and effectiveness of the Group's procedures on an on-going basis to ensure compliance with legal and regulatory responsibilities.
Principle 2.10	The Board should ensure that there is an effective risk-based internal audit.	Do not comply	The Group operates in the regulated financial services industry. The Financial Services Board (FSB) has strict requirements with regards to the operating environment within the Group. The Audit and Risk 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 risk report on a quarterly basis prepared by the internal compliance team. No material issues of non-compliance were noted.
Principle 2.11	The Board should appreciate that stakeholder perceptions affect a Company's reputation.	Comply	The Company engages with its stakeholders on multiple levels and this allows the Company to manage issues effectively and timeously and reduces the likelihood of reputational risks.
Principle 2.12	The Board should ensure the integrity of the Company's integrated report.	Comply	The Board is responsible for the integrity of the integrated annual report.

KING III REF	KING III PRINCIPLE	COMPLY/PARTIALLY COMPLY/ DO NOT	COMMENTARY
Principle 2.13	The Board reports on the effectiveness of the Company's internal controls.	Do not comply	See Principle 2.10
Principle 2.14	The Board and its directors should act in the best interests of the Company.	Comply	Directors are mindful of their fiduciary duties and their duty to act in accordance with applicable legislation. Records of Directors' financial interests are kept and updated on an on-going basis. The Board as a whole acts as a steward of the Company and each Director acts with independence of mind in the best interests of the Company and its stakeholders. In its deliberations, decisions and actions, the Board is sensitive to the legitimate interests and expectations of the Company's stakeholders.
Principle 2.15	The Board has considered business rescue proceedings or other turnaround mechanisms in the event that the company becomes financially distressed as defined in the Companies Act, 71 of 2008.	Comply	The Board is aware of the requirements of the Companies Act regarding business rescue. The Company has established a risk management process that evaluates controllable and non-controllable risks continuously, as well as threats and opportunities to ensure that the Company is operating optimally and is not in distress. In connection with the issuance of the Interim and Provisional Results; management tables a solvency and liquidity memorandum; the content of which is considered and confirmed by the Board on a regular basis.
Principle 2.16	The Board has elected a chairman of the board who is an Independent Non-executive Director. The CEO of the company does not also fulfil the role of chairman of the Board.	Partially Comply	The Chairman of Anchor is a non-executive director. The roles of the Chairman and Chief Executive Officer are separate and clearly defined. As the Chairman is not considered independent, a lead independent director has been appointed.
Principle 2.17	The Board has appointed the Chief Executive Officer and has established a framework for the delegation of authority.	Comply	While retaining overall accountability and subject to matters reserved to itself, the Board has delegated authority to the Chief Executive Officer and other executive directors to run the day-to-day affairs of the Company. Peter Armitage has been appointed as CEO. An approval framework has been formulated and tabled, including a delegation of authority document, which has been approved by the Board.

KING III REF	KING III PRINCIPLE	COMPLY/PARTIALLY COMPLY/ DO NOT	COMMENTARY
Principle 2.18	The Board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent.	Comply	The Board has a majority of non-executive directors. There are five non-executive directors, of which four are independent, and three executive directors. The non-executive Chairman is of the view that he conducts himself in an independent manner and the Board supports this view.
Principle 2.19	Directors are appointed through a formal process.	Comply	To ensure a transparent process, any new appointments of Directors are processed through the Nomination Committee and subsequently considered by the Board as a whole. The selection process involves considering the existing balance of skills and experience on the Board, the need for gender diversity and a continual process of assessing the needs of the Company. Directors are appointed in terms of the Company's MOI and these appointments are confirmed at the subsequent Annual General Meeting.
Principle 2.20	The induction of and on-going training, as well as the development of Directors is conducted through a formal process.	Comply	New appointees to the Board are familiarised with the Company appropriately through an induction pack. On-going training is provided as needed including the completion of the IODSA's Directors Induction Program as mandated by the JSE.
Principle 2.21	The Board is assisted by a competent, suitably qualified and experienced Company Secretary.	Comply	The Company Secretary is appointed by the Board in accordance with the Companies Act and the JSE Listings Requirements and is evaluated annually. The Board is satisfied that the Company Secretary is independent and is properly qualified and experienced to competently carry out the duties and responsibilities of Company Secretary and that an arm's-length relationship is maintained with the Board.
Principle 2.22	The evaluation of the Board, its committees and individual directors is performed every year.	Comply	The performance of the Board as a whole, Board Committees and their constituted directors are evaluated on a periodic basis.
Principle 2.23	The Board delegates certain functions to well-structured committees without abdicating its own responsibilities.	Comply	The Board has delegated certain functions without abdicating its own responsibilities to the following committees: • Audit and Risk Committee; • Remuneration and Nominations Committee; • Investment Committee; and • Social and Ethics Committee.

KING III REF	KING III PRINCIPLE	COMPLY/PARTIALLY COMPLY/ DO NOT	COMMENTARY
Principle 2.24	A governance framework has been agreed between the Group and its subsidiaries' boards.	Comply	The governance framework between the Company and each of its subsidiaries that is not wholly-owned is set out in shareholders' agreements, and where applicable, related agreements. The governance of wholly-owned subsidiaries is handled by Board and Board Committee resolutions.
Principle 2.25	The Company remunerates its directors and executives fairly and responsibly.	Comply	The Board, with the assistance of the Remuneration and Nominations Committee, oversees the remuneration of directors and senior executives. It makes these determinations taking into account Company performance, market conditions, and expert advice from remuneration specialists and in accordance with the Remuneration Policy. Non-executive Directors' fees are submitted annually to shareholders for approval at the Annual General Meeting.
Principle 2.26	The Company has disclosed the remuneration of each individual director and prescribed officer	Comply	The remuneration of Directors and prescribed officers is included in the Annual Financial Statements.
Principle 2.27	The shareholders have approved the Company's remuneration policy.	Comply	The Company's Remuneration Policy is approved by the Board, and is tabled for a non-binding advisory vote at each Annual General Meeting of shareholders.

10 SOCIAL & ETHICS COMMITTEE REPORT

Members of the Committee

NAME	DESIGNATION
AP Nkuna (Chairman)	Independent non-executive director
AJ Adams (Member)	Independent non-executive director
TE Kaplan (Member)	Executive director

Attendance

9 June 2016	PN	AA	TK
30 Nov 2016	PN	AA	TK

Role of the Committee

The responsibilities, mandate and functioning of the Committee are in accordance with the requirements of the Companies Act 71 of 2008 and regulations thereto.

The Company subscribes to the highest ethical standards and behaviour in the conduct of its business and related activities. In line with the Company's vision and corporate governance requirements; the objectives of the Committee are to ensure that the high ethical standards are applied in all areas of the business; as well as to

review and approve the policy, strategy and structure for managing transformation and social issues. The Committee met twice during the year under review and adopted terms of reference to give effect to its responsibilities.

Social and Ethics Committee Initiatives

- Oversight of the Employment Equity Committee
- Adherence to the Employment Equity Act and development of an Employment Equity Policy
- BBBEE scorecard
- Corruption and Whistleblowing procedure and protocols
- Corporate Social Investment
- Pillars of Sustainability
- Development of a Social Media Policy
- Development of a Gender Diversity Policy.

Employment Equity

Under the auspices and direction of the Social and Ethics Committee; the Anchor Capital Employment Equity Committee completed the requisite Employment Equity Reports (EEA2 and EEA4) and submitted both together with 2017 and 2018 employment equity targets as required by the Employment Equity Act.

The Employment Equity Committee developed an Employment Equity Policy. This policy was presented to the Asset Management and Private Client divisions of Anchor Capital for review and comment. While the formal policy remains in draft format, a key principle has been selected and ratified; this being that all new administrative positions are to be filled by employment equity candidates.

The Employment Equity Committee has also undertaken to engage with the significant quantity of unsolicited CVs that are submitted to the Company. The CVs are reviewed to identify potential employment equity candidates for any open or future positions. Promising candidates are interviewed and these reviews are forwarded to the Heads of Department for consideration.

BBBEE Scorecard

The Employment Equity Committee completed the verification for the year ending 2015 and the Company attained a Level 6 rating. The current Certificate is valid until August 2017. The task will be undertaken annually. The Committee together with the Board evaluated the various criteria, being Ownership, Management and Control, Employment Equity, Skills Development and Learning Programmes, Preferential Procurement, Enterprise Development and Socio-Economic Development with an assessment of where improvements within each category may be achieved.

Corruption and Whistleblowing

During the period under review, no incidences of fraud or corruption were identified or highlighted to the Committee. As previously tasked, a confidential whistle-blowing mechanism was introduced. Staff members are able to contact each non-executive director individually or collectively; to report on issues of concern or incidences of malfeasance; none were reported during the year under review.

Corporate Social Investment

The allocation of the Company's Corporate Social Investment remained unchanged as being directed solely to the development, mentoring and nurturing of previously disadvantaged staff within the organisation.

In addition to the above, Anchor Group has continued to support the development of a Black Owner-managed and Empowered, Asset Management Company. Investment in this company has been ongoing since October 2013 with a cumulative capital expenditure of over R 3 million.

Social Media Policy

As part of the Committee's mandate, a Social Media Policy was developed and has been instituted throughout Anchor Group. This policy indicates procedures, rules and guidance for employee use of social media. For purposes of this policy, this is broadly understood to include blogs, wikis, microblogs, message boards, chat rooms, electronic newsletters, online forums, social networking sites, and other sites and services that permit users to share information with others via electronic media platforms.

Gender Diversity Policy

In terms of paragraph 3.84(k) of the JSE Listings Requirements, the Board is required to have a policy on the promotion of gender diversity at board level. Under the auspices of the Social and Ethics Committee, a Gender Diversity Policy has been drafted. This policy undertakes to earnestly and judiciously address gender diversity and has established targets of 25% women representation on the board by the end of 2018 and 33% women representation by 2020. Shareholders will be advised on the progress and implementation of these targets.

Sustainability Report

Lastly, the Committee is in the process of developing a framework for sustainability reporting.

PAUL NKUNA
Chairman
17 March 2017

11 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 Company's consolidated financial statements. The consolidated financial statements have been examined by the Group's external auditors and their report is presented on pages 38 to 40.

The consolidated annual financial statements set out on pages 46 to 83, 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

12 COMPANY SECRETARY'S CERTIFICATION

Declaration by the Company 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 Listings 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

13 INDEPENDENT AUDITOR'S REPORT

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 46 to 83, 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. The reasonableness of the forecasts of revenue growth and the assumptions with respect to the discount rates were assessed, as well as testing the accuracy of the calculations and performing sensitivity analyses around the key assumptions used in the models. We also focused 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 focused on the adequacy of the Group's disclosures that is required in terms of IFRS3 – Business Combinations, as included to note 25 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 focused 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 25 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

14 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 R45.8 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 – 66% 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 1 June 2015.
- Portfolio Bureau Proprietary Limited – 50% owned, provides independent financial advice based on integrity and trust, and great client service. Acquired on 1 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.
- Capricorn Fund Managers SA Proprietary Limited (CFM SA) - 48.49% owned, provides Hedge Fund products suitable private clients and institutional investors. Acquired 29 February 2016.
- Capricorn Fund Managers Malta Limited (CFM Malta) -48.49% owned, provides Hedge Fund products suitable private clients and institutional 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 1 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 74% 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 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 55.1 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 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 077 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 1 January 2016. 22.8 million shares were issued 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 9 June 2016
AJ Adams		Independent non-executive	
AP Nkuna		Lead independent non-executive	
N Dennis		Independent non-executive	
K Bissessor		Independent non-executive	
DK Rosevear		Executive	Retired 1 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: 20.90%) of its issued ordinary shares, as set out below.

INTEREST IN SHARES						
DIRECTORS	2016	2016	2016	2015	2015	2015
	Direct ('000)	Indirect ('000)	Total ('000)	Direct ('000)	Indirect ('000)	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 (#)	n/a	n/a	n/a	-	6 988	6 988
	10 595	18 464	29 059	9 968	24 922	34 890

Interest in options - note 27

(*) Retired, (#) Resigned.

SHARE OPTIONS		
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.

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:

ASSOCIATES	2016 R'000	2015 R'000
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 Annual General Meeting, the shareholders will be requested to re-appoint 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 Proprietary Limited. The Directors are satisfied as to the qualification and expertise of the Secretary to fulfil 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 1 August 2016. In accordance with the JSE Listings 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.

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

15 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

16 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

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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
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

18 STATEMENT OF CHANGES IN EQUITY

FIGURES IN R'000	SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	EQUITY RESERVE	RESERVES FOR OWN SHARES/ SHARE REPURCHASE RESERVE
BALANCE AT 01 JANUARY 2015	317 164	-	-	14 760
Profit for the year	-	-	-	-
Other comprehensive income	-	8	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	8		-
Issue of shares	304 022	-	-	-
Acquisition of subsidiary Portfolio Bureau	-	-	-	-
Shares to be issued	14 760	-	-	(14 760)
Share based payments	-	-	-	-
Dividends	-	-	-	-
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF COMPANY RECOGNISED DIRECTLY IN EQUITY	318 782	-	-	(14 760)
BALANCE AT 01 JANUARY 2016	635 946	8	-	-
Profit for the year	-	-	-	-
Other comprehensive income	-	1 151	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	1151	-	-
Issue of shares	268 064	-	-	-
Acquisition of subsidiary AG Capital	-	-	-	-
Acquisition of subsidiary CFM SA	-	-	-	-
Share Buyback CFM Malta	-	-	(4 800)	
Share based payments	-	-	-	-
Dividends	-	-	-	-
Changes in ownership interest control not lost	-	-	(1 005)	-
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF COMPANY RECOGNISED DIRECTLY IN EQUITY	268 064	-	(5 805)	-
BALANCE AT 31 DECEMBER 2016	904 010	1 159	(5 805)	-
Note	12			

SHARE BASED PAYMENT RESERVE	TOTAL RESERVES	RETAINED INCOME	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP/ COMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
629	15 389	20 536	353 089	-	353 089
-	-	82 028	82 028	2 214	84 242
-	8	-	8	-	8
-	8	82 028	82 036	2 214	84 250
-	-	-	304 022	-	304 022
-	-	-	-	1 459	1 459
-	(14 760)	-	-	-	-
3 951	3 951	-	3 951	-	3 951
-	-	(31 891)	(31 891)	(1 250)	(33 141)
3 951	(10 809)	(31 891)	276 082	209	276 291
4 580	4 588	70 673	711 207	2 423	713 630
-	-	138 346	138 346	33 634	171 980
-	1 151	-	1 151	-	1 151
-	1 151	138 346	139 497	33 634	173 131
-	-	-	268 064	-	268 064
-	-	-	-	1 816	1 816
-	-	-	-	32 164	32 164
-	(4 800)	-	(4 800)	-	(4 800)
5 656	5 656	-	5 656	-	5 656
-	-	(59 493)	(59 493)	(51 451)	(110 944)
-	(1 005)	-	(1 005)	(220)	(1 225)
5 656	(149)	(59 493)	208 422	(17 691)	190 731
10 236	5 590	149 526	1 059 126	18 366	1 077 492

19 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			
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**

20 ACCOUNTING POLICIES

1. Presentation of Consolidated Annual Financial Statements

The consolidated annual 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.

1.3 Equipment

Equipment is initially measured at cost 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 leading to 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.

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.

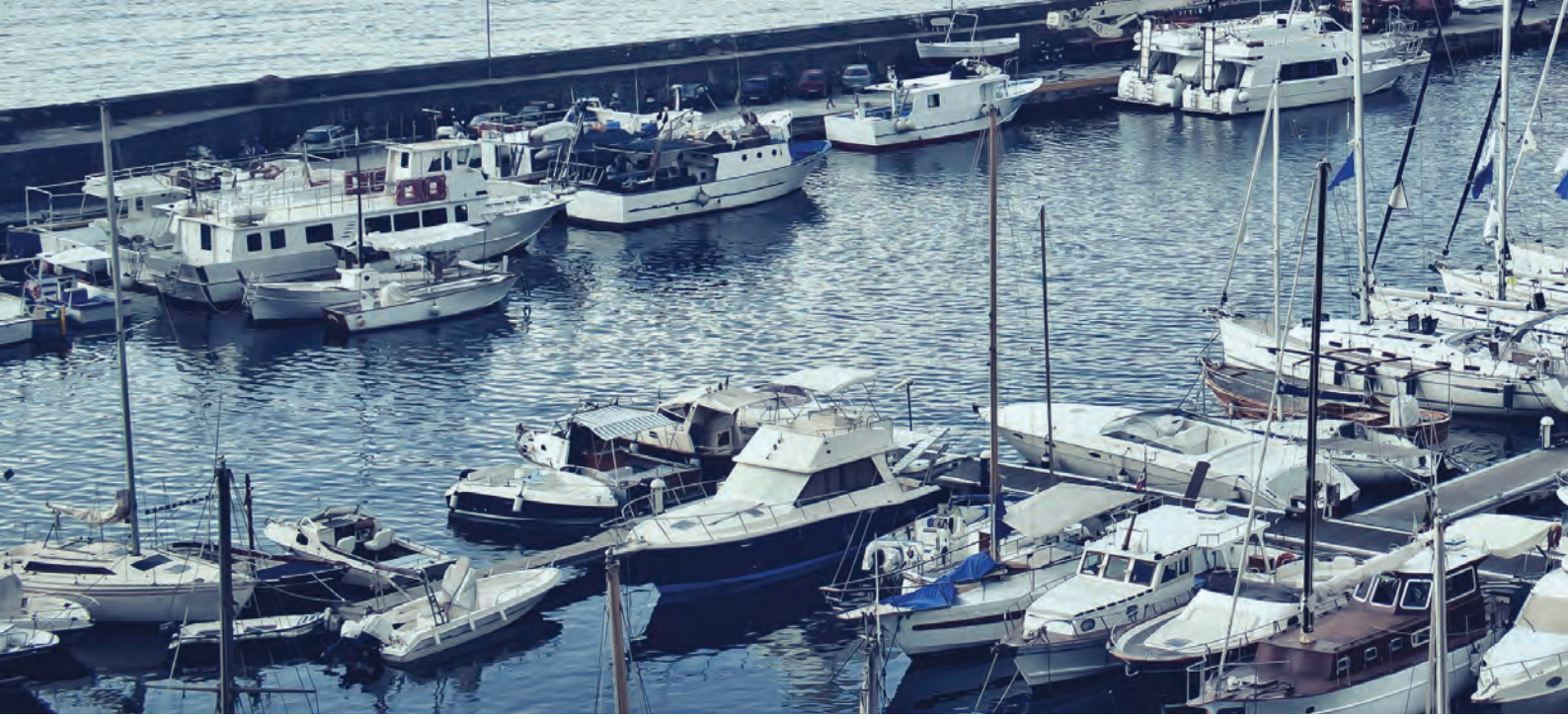
1.5.5 Set-off

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.



Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences a rising 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 a mount 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

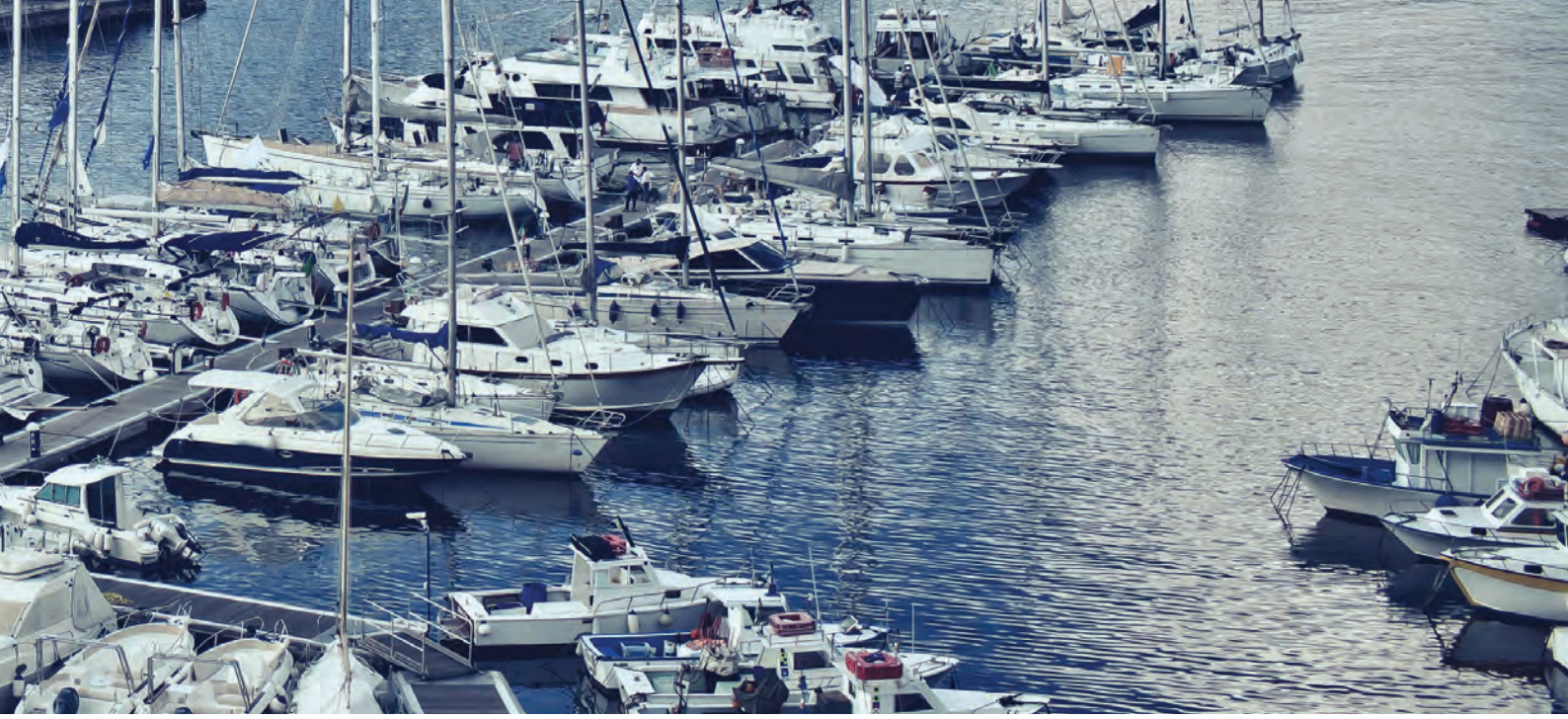
The award date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the 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.

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.

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 Management's significant judgements and estimates

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

21 NOTES TO THE CONSOLIDATED AFS

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 committee 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 allocated 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.

FIGURES IN R'000				
				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)	419 381
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
				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

FIGURES IN R'000					
					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 BUSINESSES	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 measurement 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

STANDARD	DETAILS OF AMENDMENTS	ANNUAL PERIODS BEGINNING OF AFTER
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 asset. Changes 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
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

STANDARD	DETAILS OF AMENDMENTS	ANNUAL PERIODS BEGINNING OF AFTER
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 Deferred Tax Assets for Unrealised Losses (Amendments to IAS12): Narrow-scope amendment 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

FIGURES IN R'000	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**

FIGURES IN R'000					
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**

FIGURES IN R'000						
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

FIGURES IN R'000	2016			2015		
	COST	ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED IMPAIRMENT	CARRYING VALUE
GOODWILL	520 710	-	520 710	288 440	-	288 440

FIGURES IN R'000			
RECONCILIATION OF GOODWILL - 2016			
	OPENING BALANCE	ADDITIONS THROUGH BUSINESS COMBINATIONS	TOTAL
GOODWILL	288 440	232 270	520 710

FIGURES IN R'000				
RECONCILIATION OF GOODWILL - 2015				
	OPENING BALANCE	ADDITIONS THROUGH BUSINESS COMBINATIONS	PURCHASE PRICE ALLOCATION	TOTAL
GOODWILL	24 401	248 739	15 300	288 440

FIGURES IN R'000		
ALLOCATION OF GOODWILL	2016	2015
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 from 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 latest approved budget by management. Refer to business combination note on finalisation of purchase price allocation.

6. Intangible assets

FIGURES IN R'000	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**

FIGURES IN R'000					
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.

FIGURES IN R'000				
RECONCILIATION OF INTANGIBLE ASSETS - 2015				
	OPENING BALANCE	ADDITIONS	AMORTISATION	TOTAL
Computer software	543	101	(376)	285
Website development cost	-	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

- 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 computer 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:

FIGURES IN R'000					
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	Anchor Capital 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 25.

FIGURES IN R'000					
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)

SUMMARISED STATEMENT OF FINANCIAL POSITION	NON-CURRENT ASSETS	CURRENT ASSET	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	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**

FIGURES IN R'000						
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)

FIGURES IN R'000						
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**

FIGURES IN R'000				
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

FIGURES IN R'000		
AT FAIR VALUE THROUGH PROFIT OR LOSS - DESIGNATED	2016	2015
Cartesian Capital Proprietary Limited	796	796
Edugro Holdings Proprietary Limited	9 948	-
Short-term investments	87 064	112 914
	97 808	**113 710**

FIGURES IN R'000		
LOANS AND RECEIVABLES - CURRENT	2016	2015
Anchor Consulting Proprietary Limited	2 493	1 947
Loans for investment purposes. The above is unsecured, interest at prime and repayable on demand.	16 898	-
Cartesian Capital Proprietary Limited. These loans are unsecured, interest-free and have no fixed terms of repayment	1 168	480
Foreign loan The above loan bears interest at LIBOR plus 1%, repayable on demand within 2 years	16 485	-
Loans to Anchor Securities Private Clients Proprietary Limited The above loan is unsecured, working capital loan bearing interest at prime, with no fixed terms of repayment.	15 729	-
	52 773	**2 427**
TOTAL OTHER FINANCIAL ASSETS	**150 581**	**116 137**

FIGURES IN R'000		
NON-CURRENT ASSETS	2016	2015
Designated as at fair value through profit or loss	10 744	796

FIGURES IN R'000		
CURRENT ASSETS	2016	2015
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

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.

FIGURES IN R'000	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 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.

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

9. Deferred tax

FIGURES IN R'000		
DEFERRED TAX LIABILITY	2016	2015
Originating from temporary differences	(15 928)	(4 954)
Unrealised loss in investments	(1 046)	(4 214)
TOTAL DEFERRED TAX LIABILITY	(16 974)	(9 168)

FIGURES IN R'000		
DEFERRED TAX ASSET	2016	2015
Originating 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**	**-**
Deferred tax liability	(16 974)	(9 216)
Deferred tax asset	2 075	48
TOTAL NET DEFERRED TAX LIABILITY	**(14 899)**	**(9 168)**

FIGURES IN R'000		
RECONCILIATION OF DEFERRED TAX ASSET / (LIABILITY)	2016	2015
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:

FIGURES IN R'000	2016	2015
Bank balances	42 396	265 710
Cash balances in investments	35 788	48 777
	78 184	**314 487**

11. Trade and other receivables

FIGURES IN R'000	2016	2015
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.

12. Share capital

NUMBER OF SHARES '000	2016	2015
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 2016	166 163	140 295
Issue of shares to acquire 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**
FIGURES IN R'000		
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 Proprietary Limited	-	30 723
Issue of shares Capricorn Fund Managers	93 677	-
Issue of shares to acquire Anchor Securities Holdings Proprietary Limited	110 446	-
Issue of shares to acquire AG Capital Proprietary Limited	56 632	-
Issue of shares for value	10 829	-
Share Issue costs	(3 519)	-
	904 010	**635 945**

13. Other financial liabilities

FIGURES IN R'000	2016	2015
HELD AT AMORTISED COST - NON-CURRENT		
Contingent Purchase Consideration - Portfolio Bureau Proprietary Limited ("PB")	-	15 300
Standard Bank Limited. The above loan is secured, repayable semi-annually over 3 years with instalments of R7 500 000 bearing interest at 10%pa.	29 976	-
Contingent Purchase Consideration - Methwold Investments Proprietary Limited ("Methwold"). 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.	26 344	35 094
Contingent Purchase consideration - AG Capital Proprietary Limited 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.	18 500	-
	74 820	**50 394**

FIGURES IN R'000	2016	2015
HELD AT AMORTISED COST		
Standard Bank Limited	15 000	-
Contingent Purchase Consideration - Portfolio Bureau Proprietary Limited ("PB") Additional purchase consideration with respect to share underpin. Payable within next 12 months.	13 625	-
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 R3 million 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

FIGURES IN R'000	2016	2015
NON-CURRENT LIABILITIES		
At amortised cost	74 820	50 394
CURRENT LIABILITIES		
At amortised cost	31 305	2 816
	106 125	53 210

14. Trade and other payables

FIGURES IN R'000	2016	2015
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

FIGURES IN R'000	2016	2015
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:

FIGURES IN R'000	2016	2015
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

FIGURES IN R'000	2016	2015
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**

18. Finance costs

FIGURES IN R'000	2016	2015
Interest paid on negative bank balance	365	-
Interest paid	608	984
	973	**984**

19. Taxation

FIGURES IN R'000	2016	2015
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**

FIGURES IN R'000	2016	2015
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.

	01 MARCH 2016	01 JANUARY 2015	30 JUNE 2015	01 MAY 2015	01 SEPTEMBER 2014
Number of options ('000)	3 317	4 779	977	787	9 256
Vested period	3 years	3 years	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	In the employ of the Company	In the employ of the Company
Expiry date	5 years	5 years	5 years	5 years	5 years
Weighted average share price	R14	R2 - R10.80	R2 - R10.80	R2 - R10.80	R2
Expected Volatility	27%	24% - 30%	24% - 30%	24% - 30%	30%
Exercise share price	R10	R1.40 - R10	R1.40 - R10	R1.40 - R10	R1.40
Expected dividend yield	7.9%	6% - 9%	6% - 9%	6% - 9%	9%
Risk-free interest rate	6.00%	5.29%	5,29%	5,29%	5.29%
Remaining vesting period	2 years	2 years	2 years	2 years	1 year

FIGURES IN '000	2016	2015
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 exercised	(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).

FIGURES IN '000				
DIRECTORS	NUMBER OF SHARE OPTIONS ISSUED 2015	NUMBER OF SHARE OPTIONS ISSUED 2016	NUMBER OF SHARE OPTIONS EXERCISED LAPSED 2016	TOTAL OUTSTANDING OPTIONS
PG Armitage	1 234	485	617	1 102
TE Kaplan	308	198	154	352
OZ Khan	66	100	33	133
DK Rosevear (*)	3 000	-	3 000	-
	4 608	**783**	**3 804**	**1 587**

(*) Resigned.

21. Earnings per share

	2016	2015
Earnings per share (cents)	77.7	55.1
Diluted earnings per share (cents)	75.9	54.5
Headline earnings per share (cents)	59.5	55.1
Diluted headline earnings per share (cents)	58.1	54.5
Adjusted headline earnings per share (cents)	64.7	57.7
Diluted adjusted headline earnings per share (cents)	63.2	57.1

FIGURES IN R'000	2016	2015
EARNINGS AND HEADLINE EARNINGS		
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

FIGURES IN R'000	2016	2015
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**

23. Tax paid

FIGURES IN R'000	2016	2015
Balance at beginning of the year	(7 569)	(1 703)
Current tax for the year recognised in profit or loss	(47 439)	(30 353)
Balance at end of the year	(30 612)	7 569
	(85 620)	**(24 487)**

24. Dividends paid

FIGURES IN R'000	2016	2015
Dividends paid by Anchor Group to external shareholders	(59 493)	(31 891)
Dividends paid by Subsidiaries to external shareholders	(51 451)	(1 250)
Total Dividends Paid	(110 944)	(33 141)

25. Business combinations

AG Capital (Pty) Ltd ("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.

FIGURES IN R'000	2016	2015
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)	-
GAIN ON BARGAIN PURCHASE	**(104 548)**	**-**

Capricorn Fund Managers SA Proprietary Limited ("Capricorn Fund Managers")

Anchor has acquired with effect from 29 February 2016, 47.41% of the issued share capital of Capricorn Fund Managers .

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, 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.

FIGURES IN R'000	2016	2015
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. Within Anchor Securities is a JSE stockbroking member firm, which was incorporated in 2016 as a separate entity. Anchor has 100% of the issued share capital, and therefore has effective control.

FIGURES IN R'000	2016	2015
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.

FIGURES IN R'000			
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**

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.

FIGURES IN R'000			
	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)	(15 300)	(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):

FIGURES IN R'000			
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
PURCHASE CONSIDERATION	**-**	**33 517**	**24 096**

FIGURES IN R'000			
	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 R'000	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 Operating 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 R'000	2016	2015
RELATED PARTY BALANCES		
LOAN ACCOUNTS - OWING (TO) BY RELATED PARTIES ANCHOR GROUP LIMITED		
Anchor Capital Proprietary Limited	913	51 744
Ripple Effect 4 Proprietary Limited	1 937	1 754
Cartesian Capital Proprietary Limited	1 168	480
Capricorn Fund Managers SA Proprietary Limited	1 748	-
Anchor Securities Stockbrokers Proprietary Limited	7 879	-
Anchor Consulting Proprietary Limited	2 786	-
Anchor Financial Services Proprietary Limited	6 975	2 480
Southridge Capital Proprietary Limited	(494)	(7)
Anchor Capital (Mauritius) Limited	2 090	2 086
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 Securities Stockbrokers Proprietary Limited	4 903	-

FIGURES IN R'000	2016	2015
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	4 301	-
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 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	-
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

FIGURES IN R'000	2016	2015
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	32 238	-
Capricorn Fund Managers Malta Limited	45 228	-
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 Consulting Proprietary Limited	1	-
Anchor Capital Cape Town Proprietary Limited	6	-
Anchor Capital (Mauritius) Limited	2	-
Anchor Financial Services Proprietary Limited	57	-
Ripple Effect 4 Proprietary Limited	3	-
Cartesian Capital Proprietary Limited	2	-
Anchor Securities Proprietary Limited	36	-
Methwold Investments Proprietary Limited	24	-
ACCOUNTING FEES RECOVERED ANCHOR CAPITAL (PROPRIETARY) LIMITED		
Anchor Securities Proprietary Limited	360	-
Anchor Capital Cape Town Proprietary Limited	90	-
Anchor Financial Services Proprietary Limited	1	-
COMMISIONS RECEIVED/(PAID) ANCHOR CAPITAL PROPRIETARY LIMITED		
Anchor Capital Cape Town Proprietary Limited	(4 747)	-

27. Directors' emoluments

FIGURES IN R'000				2016
SALARIES PAID BY ANCHOR CAPITAL PROPRIETARY LIMITED				
EXECUTIVE DIRECTORS	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

EXECUTIVE DIRECTORS	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

FIGURES IN R'000				2015
SALARIES PAID BY ANCHOR CAPITAL PROPRIETARY LIMITED				
EXECUTIVE DIRECTORS	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

FIGURES IN R'000		2016
ANCHOR GROUP LIMITED		
NON-EXECUTIVE	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

FIGURES IN R'000		2015
ANCHOR GROUP LIMITED		
NON-EXECUTIVE	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

28. Categories of financial instruments

FIGURES IN R'000					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)**

FIGURES IN R'000						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)**

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 is 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.

FIGURES IN R'000 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 interest rate 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 evaluates credit risk relating to customers on an ongoing basis.

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.

22 ANALYSIS OF SHAREHOLDERS

SHAREHOLDER SPREAD	NO OF SHAREHOLDERS	%	NO OF SHARES	%
1 - 5 000 shares	3 104	69,52	5 135 577	2,65
5 001 - 10 000 shares	553	12,39	4 213 729	2,18
10 001 - 50 000 shares	552	12,36	11 916 998	6,16
50 001 - 100 000 shares	91	2,04	6 387 579	3,30
100 001 - 1 000 000 shares	121	2,71	36 480 471	18,86
1 000 001 shares and over	44	0,99	129 318 007	66,85
TOTALS	4 465	100,00	193 452 361	100,00

DISTRIBUTION OF SHAREHOLDERS	NO OF SHAREHOLDERS	%	NO OF SHARES	%
Banks/Brokers	20	0,45	41 209 003	21,30
Close Corporations	49	1,10	6 081 251	3,14
Endowment Funds	3	0,07	162 017	0,08
Individuals	3 767	84,37	57 663 480	29,81
Insurance Companies	1	0,02	414 816	0,21
Mutual Funds	36	0,81	21 740 200	11,24
Other Corporations	28	0,63	1 299 378	0,67
Private Companies	122	2,73	14 329 248	7,41
Public Company	6	0,13	5 521 833	2,85
Retirement Funds	8	0,18	17 192 496	8,89
Trusts	424	9,50	22 108 639	11,43
*Acquisition Shares Issued (Not Allocated)	1	0,02	5 730 000	2,96
TOTALS	4 465	100,00	193 456 361	100,00

PUBLIC / NON - PUBLIC SHAREHOLDERS	NO OF SHAREHOLDERS	%	NO OF SHARES	%
Non - Public Shareholders	25	0,56	22 048 286	11,40
Director Holdings	16	0,36	14 986 054	7,75
Subsidiary Holdings	6	0,13	3 725 990	1,93
Share Trust	1	0,02	141 022	0,07
Funds managed by Executive	2	0,04	3 195 220	1,65
Public Shareholders	4 440	99,44	171 404 075	88,60
TOTALS	4 465	100,00	193 452 361	100,00

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE	NO OF SHARES	%
RMB Securities	15 655 796	8,09
Sentinel Retirement Fund	12 349 681	6,38
Armitage, PG	10 624 211	5,49
TOTALS	38 629 688	19,97

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NOTICE OF AGM & PROXY FORM

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

- MS Teke (Chairman)
  PG Armitage (Chief Executive Director)
  TE Kaplan (Chief Operating Officer)
  O Khan (Chief Financial Officer)
- AJ Adams
- AP Nkuna
- N Dennis (Snr)
- K Bissessor

- Non-executive
- Independent

Notice of Annual General Meeting of the Shareholders of the Company

Notice is hereby given that the Annual General Meeting ("AGM") of shareholders of the Company will be held at 10:00 on Tuesday, 4 July 2017 at 25 Culross Road, Bryanston to consider, and if deemed fit, to pass, with or without modifications, there solutions set out below.

Record Date to Attend and Vote at the AGM

The board of directors of the Company has determined that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of this annual general meeting is Friday, 26 May 2017 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Friday, 23 June 2017. Accordingly, only shareholders who are registered in the register of members of the Company on Friday, 23 June 2017 will be entitled to participate in and vote at the annual general meeting.

Who May Attend

1. If you are the registered holder of certificated shares or you hold dematerialised shares with "own name" registration:
   a. You may attend the AGM in person; or
   b. You may appoint a proxy to represent you at the AGM by completing the attached form of proxy in accordance with the instructions contained therein and by returning it to the transfer secretaries to be received at least 48 hours prior to the meeting, alternatively the proxy form may be provided to the transfer secretaries or the chairman of the Annual General Meeting at the Annual General Meeting or at any time prior to commencement of the Annual General Meeting.

   c. A proxy need not be a shareholder of the Company.

Proxy forms must reach the Company's transfer secretaries, Link Market Services South Africa Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, by email (meetfax@linkmarketservices.co.za) or posted to PO Box 4844, Johannesburg, 2000 . Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares and registered them in their own name.

2. If you hold dematerialised shares which are not registered in your name:
   a. and you wish to attend the AGM in person, you must obtain the necessary letter of representation from your Central Securities Depository Participant (CSDP) or broker or nominee (as the case may be); or
   b. If you do not wish to attend the AGM but would like your vote to be recorded at the meeting, you should contact your CSDP or broker or nominee (as the case may be) and furnish them with your voting instructions; and
   c. You must not complete the attached proxy form.

Electronic Participation at the AGM

In accordance with the provisions of section 61(10) of the Companies Act 71 of 2008, the Company intends to make provision for shareholders and their proxies to participate in the AGM by way of telephone conference call. Shareholders wishing to do so:

- Must contact the Company at +27 11 591 0692 by not later than 10:00 on Tuesday, 27 June 2017, to obtain a pin number and dial-in details for the conference call;
- Will be required to provide reasonably satisfactory identification;
- Will be billed separately by their own telephone service providers for the telephone call to participate in the meeting; and
- Must submit their voting proxies to the transfer secretaries, Link Market Services South Africa Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 10:00 on Friday, 30 June 2017 or alternatively may be tabled prior to the commencement of the meeting. No changes to voting instructions after this time and date can be accepted unless the Chairman of the meeting is satisfied as to the identification of the electronic participant.

Purpose of the Meeting

The purpose of the meeting is to present to the shareholders of the Company:

- The group audited financial statements for the year ended 31 December 2016;
- The directors' report;
- The report of the Audit Committee;
- The report of the Social and Ethics Committee; and
- To deal with any other business that may lawfully be dealt with at the AGM, and to consider and, if deemed fit, to pass, with or without modification, the resolutions set out herein:

Ordinary Resolutions

1. Ordinary resolution number 1

   Presentation and acceptance of annual financial statements

   "RESOLVED THAT the consolidated annual financial statements for the year ended 31 December 2016, including the directors' report, the independent auditors' report, the Audit and Risk Committee report thereon and the Social and Ethics Committee report, be and are hereby received and accepted."

   Explanatory Note:

   Ordinary resolution 1 is proposed to receive and accept the group audited annual financial statements for the year ended 31 December 2016, including the directors' report, the independent auditors' report, the Audit and Risk Committee report thereon and the Social and Ethics Committee report. In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

2. Ordinary resolution number 2

   Confirmation of the appointment of director – O Khan

   "RESOLVED THAT the appointment of Mr O Khan as an executive director of the Company with effect from 9 June 2016 be and is hereby confirmed and approved".

   Mr O Khan's curriculum vitae is set out on page 14 of this integrated annual report.

   Explanatory note for ordinary resolution 2:

   In terms of article 26.1.2 of the Company's Memorandum of Incorporation ("MOI"), all directors appointed to fill a casual vacancy or an interim appointment shall have their appointment confirmed by an ordinary resolution of the shareholders at the next general or annual general meeting of the Company.

   In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

3. Ordinary resolution number 3

   Director retirement and re-election – AP Nkuna

   " RESOLVED THAT Mr AP Nkuna, the lead independent non-executive director who retires in terms of the Company's MOI and, being eligible, offers himself for re-election as a director of the Company be and is hereby approved."

   Mr AP Nkuna's curriculum vitae is set out on page 14 of this integrated annual report. The directors past performance and contribution to the Company have been taken into account and the remuneration and nominations committee recommends AP Nkuna for re-election.

4. Ordinary resolution number 4

   Director retirement and re-election – N Dennis

   ""RESOLVED THAT Mr N Dennis, an independent non-executive director, who retires in terms of the Company's MOI and, being eligible, offers himself for re-election as a director of the Company be and is hereby approved."

   Mr N Dennis' curriculum vitae is set out on page 13 of this integrated annual report. The directors past performance and contribution to the Company have been taken into account and the remuneration and nominations committee recommends N Dennis for re-election.

   Explanatory note for ordinary resolutions 3 and 4:

   In accordance with the MOI of the Company, one-third of the non-executive directors for the time being are required to retire by rotation at each meeting and may offer themselves for re-election.

   In order for these resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolutions is required.

5. Ordinary resolution number 5

   Re-appointment and remuneration of auditors

   "RESOLVED THAT Grant Thornton be appointed as the external auditor of the Company and of the group, with Ms Soné Kock as the individual registered auditor, for the financial year ending 31 December 2017 and to remain in office until the conclusion of the next AGM and that its remuneration for the financial year ending 31 December 2017 be determined by the Audit and Risk Committee."

   Explanatory Note:

   Ordinary resolution 5 is proposed to approve the appointment of Grant Thornton as the external auditor of the Company and the group for the financial year ending 31 December 2017 and to remain in office until the conclusion of the next AGM, and to authorise the Audit and Risk Committee to determine its remuneration.

   Subject to the passing of the resolution, Ms Soné Kock will be the individual registered auditor who will undertake the audit for the financial year ending 31 December 2017.

   In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

6. Ordinary resolution number 6
Appointment of Audit and Risk Committee member – K Bissessor
"RESOLVED THAT Mrs. K Bissessor be and is hereby re-elected as a chairperson of the Audit and Risk Committee in terms of section 94(2) of the Companies Act 71 of 2008."

Mrs. K Bissessor's curriculum vitae is set out on page 13 of this integrated annual report.

7. Ordinary resolution number 7
Appointment of Audit and Risk Committee member – AJ Adams
"RESOLVED THAT Mr AJ Adams be and is hereby re-elected as a member of the Audit and Risk Committee in terms of section 94 (2) of the Companies Act 71 of 2008."

Mr AJ Adam's curriculum vitae is set out on page 13 of this integrated annual report.

8. Ordinary resolution number 8
Appointment of Audit and Risk Committee member – AP Nkuna
"RESOLVED THAT Mr AP Nkuna be and is hereby re-elected as a member of the Audit and Risk Committee in terms of section 94 (2) of the Companies Act 71 of 2008."

Mr AP Nkuna's curriculum vitae is set out on page 14 of this integrated annual report.

9. Ordinary resolution number 9
Appointment of Audit and Risk Committee member – N Dennis
"RESOLVED THAT Mr N Dennis be and is hereby re-elected as a member of the Audit and Risk Committee in terms of section 94 (2) of the Companies Act 71 of 2008."

Mr N Dennis' curriculum vitae is set out on page 13 of this integrated annual report.

Explanatory Note for ordinary resolutions number 6 to 9: Ordinary resolutions 6 to 9 are proposed to elect an audit committee in terms of section 94(2) of the Companies Act 71 of 2008 and the King Report on Corporate Governance for South Africa ("King III").

Section 94 of the Companies Act requires that, at each AGM, shareholders of the Company must elect an audit committee comprising at least three members to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act 71 of 2008 and in King III and to perform such other duties and responsibilities as may from time to time be delegated to it by the board.

The board is also satisfied that the proposed members meet the requirements of section 94(4) of the Companies Act 71 of 2008 and that they possess the required qualifications and experience as prescribed in Regulation 42 of the Companies Act Regulations, 2011, which requires that at least one third of the members of a company's audit committee at any particular time must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

10. Ordinary resolution number 10
Approval of Remuneration Policy
"RESOLVED THAT the Remuneration Policy, a summary of which has been set out below, be and is hereby endorsed by way of a non-binding advisory vote."

Remuneration Policy
The Remuneration Policy in place is to remunerate executive directors primarily on an incentive basis through profit share by way of a bonus pool and/or share options. Where monthly remuneration is paid, this is market related.

Anchor strives to be the industry leader in the provision of asset management services. This requires a remuneration strategy that is attractive, within reason, to attract individuals with the required skills to make the Company a success.

Executive director's remuneration currently comprises the following elements:
- Basic salary
- Additional fees
- Benefits – Incentive Bonus Scheme
- Bonuses
- Share options
- Other benefits.

Basic Salary is subject to annual reviews by the board and increases are dependent on Company performance.

Bonuses are a discretionary payment and are paid annually in December, based on performance.

Share Options are available for a period of five years from the end of each financial year. There are limits on the number of share options and these will lapse after a period of 5 years from date on which the option is granted.

Other benefits will be considered by the Remuneration Committee and recommended to the board for approval, where necessary. These will include fringe benefits payable to directors.

Non-executive directors receive a quarterly retainer fee and a further fee per meeting attended.

Explanatory Note:
The board is responsible for determining the remuneration of executive directors in accordance with the remuneration policy of the company. The remuneration committee assists the board in its responsibility for setting and administering remuneration policies in the company's long-term interests. The remuneration

committee considers and recommends remuneration for all levels in the Company, including the remuneration of senior executives and executive directors, and advises on the remuneration of non-executive directors. King III recommends that every year the company's remuneration policy should be tabled to shareholders for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. The remuneration committee prepared, and the board considered and accepted, the remuneration policy, as set out in the remuneration report in this integrated annual report, and shareholders are required to vote on it.

This ordinary resolution is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However the board will take the outcome of the vote into consideration when considering the Company's remuneration policy.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

11. Ordinary resolution number 11

Control over unissued shares

"RESOLVED THAT, 38 690 472 of the authorised but unissued shares of the Company, being 20% (twenty percent) of the Company's issued share capital, be and are hereby placed under,the control of the directors of the company until the next annual general meeting, with the authority to allot and issue all or,part thereof in their discretion,subject to the Companies Act, 71 of 2008, and the JSE ListingsRequirements."

In order for ordinary resolution number 11 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

12. Ordinary resolution 12

Specific authority to issue shares pursuant to a reinvestment option

"RESOLVED THAT, subject to the provisions of the Companies Act 71 of 2008, the Company's Memorandum of Incorporation and JSE Listings Requirements, the directors be and are hereby authorised by way of a specific standing authority to allot and issue ordinary shares, as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to reinvest their dividends in new shares of the Company pursuant to a reinvestment option."Inorder for ordinary resolution number 12 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders present in person or by proxy is required to pass this resolution.

13. Ordinary resolution number 13

General authority to allot and issue shares for cash

"RESOLVED THAT, subject to the provisions of the Companies Act 71 of 2008, the JSE Listings Requirements and the Company's Memorandum of Incorporation, as a general authority valid until the next annual general meeting of the Company and provided that it shall not extend past 15 months from the date of this annual general meeting, the authorised but unissued ordinary shares of the Company be and are hereby placed under the control of the directors who are hereby authorised to allot, issue, grant options over or otherwise deal with or dispose of these shares to such persons at such times and on such terms and conditions and for such consideration whether payable in cash or otherwise, as the directors may think fit, provided that:

- The shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- The shares must be issued only to public shareholders (as defined in the JSE Listings Requirements and not to related parties (as defined in the JSE Listings Requirements);
- The number of ordinary shares issued for cash shall not, in the current financial year, in aggregate, exceed 50% or 96 726 180 of the Company's issued ordinary shares (including securities which are compulsorily convertible into shares of that class); provided that any shares issued under this authority prior to lapsing, shall be deducted from the 96 726 180 shares the Company is authorised to issue in terms of this authority. In terms of a subdivision or consolidation the authority shall be adjusted to represent the same allocation ratio;and

- The maximum discount at which shares may be issued is 10% of the weighted average traded price of the company's shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company."
- Upon any issue of shares which, together with prior issues during any financial year, will constitute 5% or more of the number of shares of the class in issue, the company shall by way of an announcement on Stock Exchange News Service ("SENS"), give full details thereof including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the issue is agreed in writing between the Company and the party/ies subscribing for the shares and an explanation, including supporting documentation, if any, of the intended use of the funds.

Explanatory Note:

An ordinary resolution requiring the support of at least 75% of the total number of votes exercisable by shareholders present in person or by proxy is required in terms of the JSE Listings Requirements in order for shareholders to grant authority to the Company to issue shares for cash.

The proposed resolution to issue up to 96 726 180 ordinary shares represents approximately 50% of the issued share capital of the Company at the date of this notice. The Company is listed on the Alternative Exchange of the JSE and is entitled to issue up to 50% of its ordinary shares under this general authority.

In terms of the JSE Listings Requirements, in order for ordinary resolution Number 13 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Special Resolutions

14. Special resolution number 1

Non-executive Directors' remuneration

"RESOLVED THAT the fees payable to the non-executive directors for their services to the board and committees of the board, ,be approved for a period of two years from the passing of this resolution or until its renewal, whichever is earliest.

	ANNUAL REMUNERATION	REMUNERATION PER MEETING ATTENDANCE
Chairman: Remuneration	R80 000	R16 500
Board: Remuneration	R66 000	R12 000
Committee Meetings: Remuneration	RNil	R12 000

Explanatory Note:

Section 66(8) (read with section 66(9)) of the Companies Act 71 of 2008 provides that, to the extent permitted in the Company's Memorandum of Incorporation, the Company may pay remuneration to its directors for their services as directors provided that such remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous two years. The Company's Memorandum of Incorporation does not limit, restrict or qualify the power of the Company to pay remuneration to its directors for their service as directors in accordance with section 66(9) of the Companies Act. 71 of 2008. The remuneration committee has considered the remuneration for non-executive directors and the board has accepted the recommendations of the remuneration committee.

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

15. Special resolution number 2

General authority to enter into funding agreements, provide loans or other financial assistance

"RESOLVED THAT the directors of the Company be and are hereby authorised, in accordance with section 45 of the Companies Act 71 of 2008, to authorise the Company to provide direct or indirect financial assistance to any company, including a subsidiary of the Company incorporated in or outside the Republic of South Africa which is related or inter-related to the Company."

Explanatory Note:

Section 45 of the Companies Act 71 of 2008 provides, among other things, that, except to the extent that the Memorandum of Incorporation of a company provides otherwise, the board may authorise the Company to provide direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation and securing any debt or obligation) to a related or inter-related company or corporation, including a subsidiary of the company incorporated in or outside of the Republic of South Africa, provided that such authorisation shall be made pursuant to a special resolution of the shareholders adopted within the previous two years, which approved such assistance either for the specific recipient or generally for a category of potential recipients and the specific recipient falls within that category.

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

16. Special resolution number 3

General authority to acquire ("repurchase") shares

"RESOLVED THAT, the Company and any subsidiary of the Company be and are hereby authorised, subject to the provisions of the Companies Act 71 of 2008, the JSE Listings Requirements and the Company's Memorandum of Incorporation, to acquire, as a general repurchase, up to 20% (twenty percent) (or 10% where the repurchase is effected by a subsidiary) of the ordinary shares issued by the Company; provided that the Comp any and any subsidiary may only make such general repurchase subject to the following:

- Any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter-party;
- Authorisation thereto being given by the Company's or any subsidiary's memorandum of incorporation;
- The approval shall be valid only until the next AGM or for 15 months from the date of this resolution, whichever period is shorter;
- Repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;
- At any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;
- A resolution is passed by the board authorising the repurchase and confirming that the Company has passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Group;
- An announcement will be published as soon as the Company or any of its subsidiaries have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- Acquisitions of shares in aggregate in any one financial year may not exceed 20% of the Company's ordinary issued share capital (or 10% where the repurchase is effected by a subsidiary), as the case may be, as at the date of passing of this special resolution;

- The Company and/or its subsidiaries may not acquire any shares during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place, where the dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period.

Explanatory Note:

Special resolution 3 is proposed to authorise the acquisition by the Company, and any subsidiary of the Company, of up to 20% (twenty percent) of the ordinary shares issued by the Company.

The board's intention is for the shareholders to pass a special resolution granting the Company and its subsidiaries a general authority to acquire ordinary shares issued by the Company in order to enable the Company and its subsidiaries, subject to the requirements of the Companies Act 71 of 2008, the JSE Listings Requirements and the Company's or its subsidiary's Memorandum of Incorporation, to acquire ordinary shares issued by the Company, should the board consider that it would be in the interest of the Company and/or its subsidiaries to acquire ordinary shares issued by the Company while the general authority exists.

The directors have no specific intention, at present, for the Company or any of its subsidiaries to acquire any of the Company's shares, but are of the opinion that it is in the best interest of the Company and its shareholders to have such a general authority in place so as to enable the Company or any of its subsidiaries to acquire shares issued by the Company should the market conditions, tax dispensation and price justify such an action.

In the event that shareholders grant the requested authority to repurchase shares, any decision by the directors to authorise the Company or any of its subsidiaries to use the general authority to acquire shares of the Company will be taken with regard to the prevailing market conditions and other factors and will be subject to the proviso that, after such acquisition, the directors are of the opinion that:

- The Company and the Group will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of notice issued in respect of the AGM;
- The assets of the Company and the Group would be in excess of the liabilities of the Company and the Group. For this purpose, the assets and liabilities would be recognised and measured in accordance with the accounting policies used in the latest audited annual group annual financial statements;
- The ordinary capital and reserves of the Company and the Group will be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting; and
- The working capital of the Company and the Group will be adequate for a period of 12 months after the date of notice issue in respect of the AGM.

The JSE Listings Requirements require, in terms of paragraph 11.26, the following disclosures, which appear in this integrated annual report:

- Major shareholders – refer to page 84 of this integrated annual report.
- Share capital of the Company – refer to page 69 of this integrated annual report.

Directors' responsibility statement

The directors, whose names appear on page 5 of this integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in this integrated annual report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of the notice of Annual General Meeting.

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

17. Special resolution number 4

Issue of shares or a grant of options or a grant of any other rights exercisable for shares under the Anchor Group Limited Share Scheme.

"RESOLVED THAT, to the extent required by section 41 of the Companies Act, 71 of 2008, the board of directors of the Company may, subject to compliance with the requirements of the Company's Memorandum of Incorporation and the Companies Act, 71 of 2008, authorise the Company to issue shares in the Company or grant options for the allotment or subscription of authorised shares in the Company, as contemplated in section 42 of the Companies Act, 71 of 2008, or grant any other rights exercisable for shares to directors, future directors, prescribed officers or future prescribed officers of the Company or to a related or inter-related person (or to a nominee) of such persons pursuant to the Anchor Group Limited Share Scheme.

In order for this to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Explanatory Note:

The Company would like to be able to allot and issue shares or grant options for the allotment or subscription of shares or grant any other rights exercisable for shares in the Company to directors, future directors, prescribed officers or future prescribed officers of the Company pursuant to the Anchor Group Limited Share Scheme as required in terms of sections 41 and 42 of the Companies Act, 71 of 2008.

18. Ordinary resolution number 14

Signature of documentation

" RESOLVED THAT any director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of ordinary resolution numbers 1 to 13 and special resolution numbers 1 to 4 which are passed by the shareholders in accordance with and subject to the terms thereof."

In order for this to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Quorum

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the company personally present or represented by proxy (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the annual general meeting. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

Voting Rights

Each shareholder, whether present in person or represented by proxy, is entitled to attend and vote at the annual general meeting. On a show of hands every shareholder who is present in person or by proxy shall have one vote, and, on a poll, every shareholder present in person or by proxy shall have one vote for each share held by him/her.

By order of the Board

CIS Company Secretaries Proprietary Limited
(Registration Number 2006/026994/07)
Company Secretary

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

Form of Proxy

(for use by certificated and own name dematerialised shareholders only)

For use by certificated and "own name" registered dematerialised shareholders of the Company ("shareholders") at the Annual General Meeting of Anchor to be held at 10:00 on Tuesday, 4 July 2017 at 25 Culross Road, Bryanston ("the annual general meeting").

I/We (please print) _____

of (address) _____

being the holder/s of _____ ordinary shares of no par value in Anchor, appoint (see note 1):

1. _____ or failing him,

2. _____ or failing him,

3. the chairperson of the annual general meeting, as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	NUMBER OF VOTES		
	FOR	AGAINST	ABSTAIN
Ordinary Resolution Number 1: Presentation and acceptance of annual financial statements			
Ordinary Resolution Number 2: Confirmation of appointment of director – O Khan			
Ordinary Resolution Number 3: Director retirement and re-election – AP Nkuna			
Ordinary Resolution Number 4: Director retirement and re-election – N Dennis			
Ordinary Resolution Number 5: Auditors' appointment and remuneration – Grant Thornton			
Ordinary Resolution Number 6: Appointment of Audit and Risk Committee member – K Bissessor			
Ordinary Resolution Number 7: Appointment of Audit and Risk Committee member – AJ Adams			
Ordinary Resolution Number 8: Appointment of Audit and Risk Committee member – AP Nkuna			
Ordinary Resolution Number 9: Appointment of Audit and Risk Committee member – N Dennis			
Ordinary Resolution Number 10: Approval of Remuneration Policy			
Ordinary resolution number 11: Control over unissued shares			
Ordinary Resolution number 12: Specific Authority to issue shares pursuant to a reinvestment option			
Ordinary Resolution Number 13: General authority to allot and issue shares for cash			

	NUMBER OF VOTES		
	FOR	AGAINST	ABSTAIN
Ordinary Resolution number 14: Signature of documentation			
Special Resolution Number 1: Non-Executive Directors' remuneration			
Special Resolution Number 2: General authority to enter into funding agreements, provide loans or other financial assistance			
Special Resolution Number 3: General authority to acquire (repurchase) shares			
Special Resolution number 4: Issue of shares or a grant of options or a grant of any other rights exercisable for shares under the Anchor Group Limited Share Scheme			

Signed at _____ on _____ 2017

Signature _____

Assisted by me (where applicable) _____

Name _____ Capacity _____

Signature _____

1. **Certificated shareholders and dematerialised shareholders with "own name" registration**
   If you are a certificated shareholder or have dematerialised your shares with "own name" registration and you are unable to attend the annual general meeting of Anchor shareholders to be held on 10:000 on Tuesday, 4 July 2017 at the registered office of the Company at 25 Culross Road, Bryanston and wish to be represented thereat, you must complete and return this form of proxy in accordance with the instructions contained herein and lodge it with, or post it to, the transfer secretaries, namely Link Market Services South Africa Proprietary Limited at Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2000 (P O Box 4844, Johannesburg, 2000), or by e-mail to meetfax@linkmarketservices.co.za. so as to be received by them no later than 10:00 on Friday, 30 June 2017. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at the annual general meeting or at any time prior to the commencement of the AGM.
2. **Dematerialised shareholders other than those with "own name" registration**
   If you hold dematerialised shares in Anchor through a CSDP or broker other than with an "own name" registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the annual general meeting or be represented by proxy thereat, in order for your CSDP or broker to provide you with the necessary authorisation to do so, or should you not wish to attend the annual general meeting in person, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the annual general meeting.

Notes

1. This form is for use by certificated shareholders and dematerialised shareholders with "own-name" registration whose shares are registered in their own names on the record date and who wish to appoint another person to represent them at the meeting. If duly authorised, companies and other corporate bodies who are shareholders having shares registered in their own names may appoint a proxy using this form, or may appoint a representative in accordance with the last paragraph below.

   Other shareholders should not use this form. All beneficial holders who have dematerialised their shares through a Central Securities

Depository Participant ("CSDP") or broker, and do not have their shares registered in their own name, must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial owner and the CSDP or broker.

2. This proxy form should be received by the transfer secretaries of the Company, Link Market Services South Africa Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), not later than 10:00 on Friday, 30 June 2017. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at the annual general meeting or at any time prior to the commencement of the AGM.
3. This proxy shall apply to all the ordinary shares registered in the name of shareholders at the record date unless a lesser number of shares are inserted.
4. A shareholder may appoint one person as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the Company. If the name of the proxy is not inserted, the chairman of the meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this proxy form may delegate the authority given to him in this proxy by delivering to the Company, in the manner required by these instructions, a further proxy form which has been completed in a manner consistent with the authority given to the proxy of this proxy form.
5. Unless revoked, the appointment of proxy in terms of this proxy form remains valid until the end of the meeting even if the meeting or a part thereof is postponed or adjourned.
6. If:
   6.1. a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
   6.2. the shareholder gives contrary instructions in relation to any matter; or
   6.3. any additional resolution/s which are properly put before the meeting; or
   6.4. any resolution listed in the proxy form is modified or amended, the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the proxy shall comply with those instructions.
7. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this proxy form will not be effective unless:
   7.1. it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
   7.2. the Company has already received a certified copy of that authority.
8. The chairman of the meeting may, at his discretion, accept or reject any proxy form or other written appointment of a proxy which is received by the chairman prior to the time when the meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.
9. Any alterations made in this form of proxy must be initialled by the authorised signatory/ies.
10. This proxy form is revoked if the shareholder who granted the proxy:
    10.1. delivers a copy of the revocation instrument to the Company and to the proxy or proxies concerned, so that it is received by the Company prior to the commencement of the meeting; or
    10.2. appoints a later, inconsistent appointment of proxy for the meeting; or
    10.3. attends the meeting in person.
11. If duly authorised, companies and other corporate bodies who are shareholders of the Company having shares registered in their own name may, instead of completing this proxy form, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received by the transfer secretaries of the Company, Link Market Services South Africa Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), not later than 10:00 on Friday, 30 June 2017.

Summary of rights established by section 58 of the Companies Act, 71 of 2008 ("Companies Act"), as required in terms of subsection 58(8)(b)(i)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).
2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (section 58(2)).
3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).
4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the memorandum of incorporation ("MOI") of the Company at least 48 hours before the meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy:
   - 6.1. the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58)4)(a));
   - 6.2. the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
   - 6.3. if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).
8. If the proxy instrument has been delivered to a Company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
10. If a Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:
    - 10.1. the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));
    - 10.2. the invitation or form of proxy instrument supplied by the Company must:
      - 10.2..1. bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));
      - 10.1..2. contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and
      - 10.1..3. provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));
    - 10.3. the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
    - 10.4. the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).