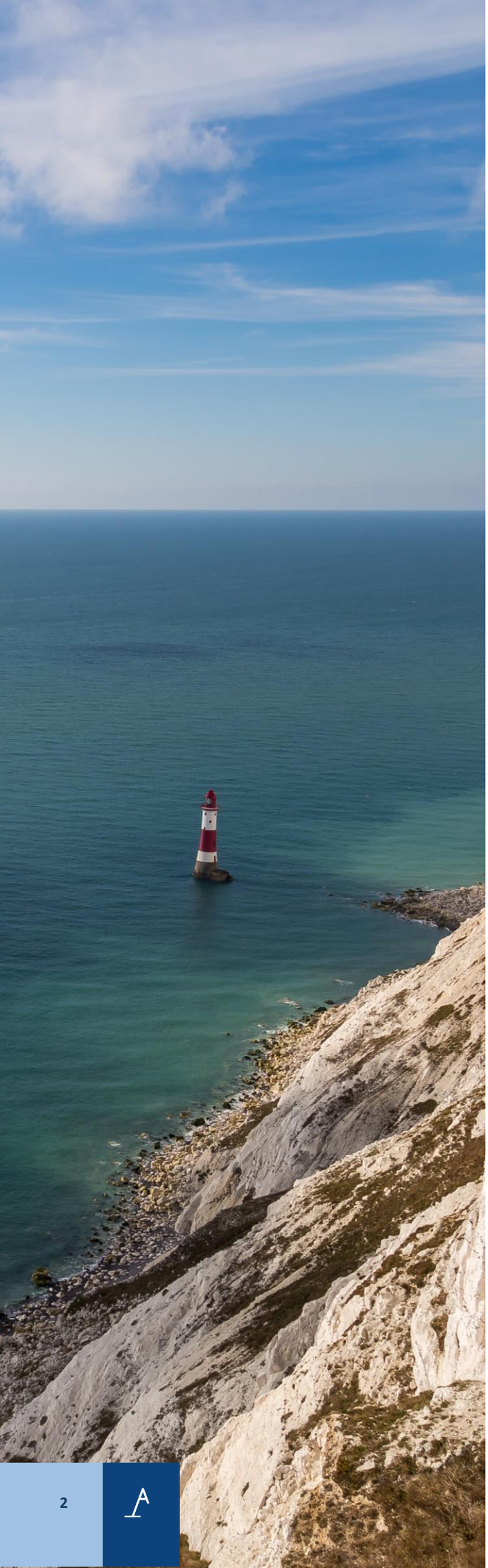
ANCHOR GROUP

INTEGRATED
ANNUAL REPORT

2017



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01 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 2008.

Designated Advisors
Java Capital Trustees and Sponsors Proprietary Limited

Transfer Secretaries
Link Market Services South Africa (Proprietary) Limited

02 CHAIRMAN'S REPORT

2017 marks the sixth year of the existence of the Anchor Group, which sees a pause in the rapid profit growth of this entrepreneurial entity. We are very proud of what has been achieved in this short period and we ended the year with R52.3 billion of assets under management and administration, 14% up on the prior year.

At first glance it seems a little incongruous that profits have declined in a year when assets and turnover grew meaningfully in real terms. This is attributable to lower margins detailed further on in this report.

The positives from a financial perspective are that, in spite of profit decline, the business still generated a 27% operating margin and more than 100% of the profits were generated in cash. The nature of our business is that the working capital cycle is virtually non-existent with low capital intensity. The resultant cash generation provides us options to either create value via acquisitions, or returning funds to our shareholders. We sit in the comfortable position of having in excess of R200 million in cash and short-term investments. The Board continues to evaluate how best these funds might be deployed.

As the non-executive Chairman I am in the privileged position of being able to look far deeper into the group than the financial outcome. What I observe is a business that has developed and grown in many ways during the 2017 year. The platform has been established for sustainable growth well into the future and we are targeting improved margins as the scale of the business expands, with many of the costs of a fixed nature.

The quality of our employees is exceptional and during the year we improved our systems and processes. The investment process is running smoothly and we invest heavily in our intellectual capital to ensure that every investment that is made for our clients is thoroughly researched and assessed for its risks and potential returns. The depth of our team ensures that we can confidently deploy client's capital across most asset classes, both locally and globally.

We take the stewardship of our clients' money very seriously as investors are understandably very selective about who they are willing to trust with their funds. We are proud that, as a relatively young asset manager, we are pitching against some of the long established brands in the country and winning over material clients. In 2017 we added over 1,600 high net worth private clients to our base and signed mandates with large corporate clients.

Our business thrives on the growth in the market and this in turn is reliant on underlying growth in the economy. We are very encouraged by the political changes that occurred in South Africa in recent months, which have resulted in an improved economic outlook after the decline in the growth rates in recent years.

Anchor has over 240 highly talented and motivated individuals intent on servicing and creating wealth for their clients every day. The result for shareholders is a growing asset base and revenues. We look forward to a positive 2018.

MIKE TEKE
Chairman
26 March 2018

03 CHIEF EXECUTIVE OFFICER'S REPORT

Highlights

- Top quartile investment performance and strong long-term track record.
- Assets under management and advice grew 14% during 2017 to R52.3 billion (31 December 2016: R45.9 billion).
- Cash and cash equivalents and short-term investments balance of R206 million (R218 million at 31 December 2016).
- The business is highly cash generative and 106% of operating profits were generated in cash.
- Adjusted Headline Earnings down 36% to R73.8 million (R115.2 million to 31 December 2016).
- Adjusted HEPS down 41% to 38 cents per share (64.7 cents to 31 December 2016).
- Final dividend of 10 cents (15 cents in 2016).
- Share buy back in line with the SENS release 15 August 2017

Commentary

Anchor began managing assets in 2012 and has grown rapidly to reach group-wide assets under management and advice at 31 December 2017 of R52.3 billion, up by 14% from R45.9 billion on 31 December 2016. Anchor has three primary divisions – Private Clients, Asset Management and Stockbroking. The long term strategy of Anchor is to become a major player in South African asset management, with an increasing focus on offshore investment. This will be achieved by both organic and acquisitive growth.

Introduction

The 2017 year was a difficult one for the investment industry, with activity levels well down on the previous year. Anchor has reacted proactively to this environment, attracting over 1,600 new high net worth private clients in this reporting period, diversifying income streams and increasing global exposure. Anchor made meaningful progress in asset growth in 2017. The investment performance was solid and new initiatives delivered ahead of expectations. This was against a challenging backdrop in South Africa, with slow economic growth, low levels of local confidence and investors taking a cautious stance. The much stronger currency also weighed on the market.

The business progressed well in 2017, although profits decreased. While turnover increased by 14%, the operating margin of 27% (2016: 40%) declined as a result of:

- A decline in the profitability of our hedge fund business;
- Performance fees earned in 2016 not being repeated in 2017;
- Lower activity levels resulting in lower private client brokerage revenue;
- A stronger Rand
- A change in asset mix (more fixed income revenues, where fees are lower);
- Investment "ahead of the curve" in new initiatives which are still building matching revenue.

The Company is well placed to take advantage of a more positive environment. The operating margin of 27% was the lowest since the inception of the business. This will increase as the scale of operations increases. In addition, there are a number of newer businesses which are still operating at low operating margins.

Results

The turnover of the group grew by 14% to R476 million (2016: R419 million). The average yield on assets (R49 billion) for the period was 0.97% (2016: 1.01%).

Costs grew by 39%, to R350 million (2016: R252 million). There was a like-for-like cost increase of 6%, with the new stockbroking business and newly consolidated businesses adding the remainder. The margin of certain new businesses is expected to increase going forward. The group also continued to invest in new distribution staff and partnerships throughout the country to accelerate growth. Additional costs were also incurred in respect of compliance, as well as system enhancements to enhance the client experience.

Costs grew faster than turnover, resulting in an operating margin of 27% (2016: 40%). This resulted in operating profits declining by 24% to R127 million (2016: R167 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 largely due to the Rand/US$ exchange rate strengthening by 9.6% for the year (and especially the 10% strengthening of the currency in December 2017).

The share of losses from equity accounted associates was a negative R1.9 million (2016: R7.8 million profit). Our offshore associate had lower earnings in 2017.

Adjusted headline earnings per share declined by 41% to 38 cents (2016: 64.7 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 business is highly cash generative and 106% of operating profits were generated in cash.

Shareholders' equity grew to R1.13 billion (2016: R1.08 billion). The net asset value per share is 574 cents. Cash and other liquid instruments were R206 million at 31 December 2017, which represents 104 cents per share.

Operational Review

Private Clients and Asset Management

Anchor is performing well, with the growth in assets previously outlined. Assets under management at year-end were R35.6 billion (+6%, 2016: R33.7 billion) and assets under advice of R16.7 billion (+38%, 2016: R12.1 billion). Anchor does not own 100% of all of its subsidiaries. If one only includes Anchor's attributable share of assets under management, the R35.6 billion reduces to R30.5 billion (up 10.5% on 31 December 2016: R27.6 billion).

The business welcomed a record number of new clients and group net inflows remain strong. We are pleased that:

- Anchor Capital has a strong institutional pipeline of committed mandates which should increase Assets Under Management materially in 2018. The private client pipeline is the strongest that it has ever been.
- Offshore managed assets grew by 12% to just over R14.5 billion, in spite of the Rand strengthening by 10% against the US$.
- We received 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 14% to R14.8 billion from R13 billion at 31 December 2016.
- Anchor's fixed income business was launched late in 2015 and has grown impressively with a strong pipeline.

Group marketing initiatives are proving to be effective and Anchor has achieved net inflows of over R400 million per month in 2017.

The investment performance of the Group has been strong since inception. The majority of assets are managed in segregated portfolios. Anchor Capital is relatively new to the CIS space, with three of the Anchor-branded funds now having a three year track record. The Anchor BCI Equity Fund will have a five year track record in April 2018 and has, since inception, averaged a compound 15.3% return per annum against a peer group average of 9.6%. The Anchor BCI Worldwide Flexible Fund is third in its category (out of 29) for the same period (source: MoneyMate).

After a disappointing 2016, Capricorn Fund Managers bounced back in 2017. The SA team won the Hedge News Africa Award 2018 award for best SA Long Short Hedge Fund. The team won the same award for their 2015 performance. The Lyxor Capricorn GEMS UCITS Fund won the Hedge Fund Journal UCITS Hedge Awards 2018 for Best Emerging Market Long/Short Equity performance in 2017. They won the same award for their 2015 performance.

Portfolio Bureau produced solid growth for the period and AG Capital performed ahead of budget. The contribution from Capricorn Fund Managers was lower than the prior period with a low level of performance fees. The company is exploring the launch of a long only global emerging market fund, to leverage off the long term investment performance of an experienced team.

Investment markets delivered reasonable returns in 2017: the SA All Share total return was 21%, the MSCI World was up 20% and the Rand strengthened by 10% against the US$. In the 2017 year Anchor's offshore performance was ahead of benchmark, while the local performance was below the benchmark. As Anchor increases in size, sensitivity to market returns and exchange rates, increase. To balance this, Anchor is focused on growing annuity revenue streams and increasing the mix of asset classes.

Anchor has a long term strategy of being a meaningful South African asset management company and places a great deal of emphasis on fundamental research. Accordingly it has, relative to its size, assembled a large investment team. The group has 15 CA(SA)s, 15 CFA charter holders and a 20 strong investment team.

Stockbroking

Anchor Securities Stockbroking was granted a JSE stockbroking license in September 2016 and this business generated profits in its first full year of operation in 2017, with excellent prospects.

Capital allocation and corporate activity

Anchor has developed critical mass in all of its pillars. No material acquisitions were concluded in 2017. We still see opportunity for bolt-on acquisitions and strategic partnerships.

Anchor repurchased 1.35m shares, held as treasury shares, in 2017 at an average price of R4.50. Anchor has a stated, long-term intention of paying half of adjusted headline earnings as a dividend. The Group deviated from this in the first half of 2017 to build up its balance sheet and provide capacity to buy back shares.

The second half dividend is 10c per share. Given the strong balance sheet and anticipated cash generation, the group commits to the 50% pay-out ratio in addition to any share buybacks in 2018.

Strategy and new initiatives

Anchor is in its seventh 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 challenge the status quo. The private client market in South Africa has shown a strong appetite to support a relatively new player. Penetration of other segments of the market requires a longer track record.

The company now has a six year track record in its current form with some of its CIS products approaching five year track records. As the track record lengthens, and the asset base grows, we become a viable asset management alternative for bigger pools of assets. This is an industry where size begets size and we are encouraged by the early successes in winning mandates with bigger clients. Our critical mass has enabled us to conclude deals with South Africa's major platforms, which increases access to a broader set of potential investors.

Anchor Capital has taken a non-traditional approach to building an asset management business by investing heavily in marketing and distribution capabilities from inception, which is bearing fruit through the growth of assets under management. We are aiming for consequent financial leverage to follow in coming years.

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

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

- Marketing to traditional channels with the asset management function outsourced 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 employ individuals who can attract assets and have over 50 high quality investment professionals who sign on clients. We will also pursue partnerships and acquisitions of businesses which have a distribution capability and an existing client base. This strategy will continue into 2018.

Prospects

Anchor views the financial performance in this period as disappointing, with the operating margin below historic levels. Management is targeting higher margins. In this period the asset base continued to grow and the client experience was a positive one. These factors underpin the future growth prospects of the business. Management is focused on delivering on key metrics and building an attractive business.

Assuming reasonable investment markets, Anchor looks forward to a stronger 2018. The key driver for the business is assets under management, which averaged R49 billion for the 2017 financial year. The 2018 financial year began with R52.3 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 of 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 2017 were 194.3 million and the starting shares in issue at 1 January 2018 are 197 million.

Anchor intends paying a dividend of at least 50% of adjusted headline earnings per share in 2018, in addition to any moneys expended on share repurchases.

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

Changes to the board of Directors

There were no changes to the board of Directors during the period under review.

Changes to the Designated Advisor and Company Secretary

There were no changes to the designated advisor or company secretary during the period under review.

PETER ARMITAGE
Chief Executive Officer
26 March 2018

04

DIRECTORS

Peter Armitage

(49) (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 between 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

(53) (Non-executive Chairman) BA (Ed), BA (Hons), MBA

Mike holds 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 and CEO of Optimum Coal and was part of the listing of Optimum Coal on the JSE in March 2010. In September 2012, after Glencore purchased and delisted Optimum Coal, Mike resigned as CEO and became Non-Executive Chairman, a position that he held 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 currently Chairman of Council at the University of Johannesburg, was appointed Vice President of the Chamber of Mines in 2011/12, and on 5 November 2013 was appointed President of the Chamber of Mines where he remained until May 2017. 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 Holdings, a JSE-listed company and is the founder, Executive Chairman and controlling shareholder of Masimong Group Holdings, a diversified investment company which, among other investments, holds a material interest in Anchor Group. Mike is the CEO of Seriti Resources Holdings.

In addition to his role as Anchor Group Chairman, Mike is a member of the Remuneration & Nominations and Investment Committees.

Kajal Bissessor
(36) (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 & Risk Committee in December 2015.

Nick Dennis
(71) (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. Prior to joining Colgate Palmolive he obtained his BComm (Honours) degree. 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 subsequently becoming a Director of Barlow Rand in 1993. 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. 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.

Nicks serves on the Advisory Board of Medu Capital. He is an Operating Partner at Sango Capital. He serves on the board of Metta Capital and is a non-executive director of Universal Paint.

Nick's other non-executive, not-for-profit directorship involvements include ChildLine Gauteng and The African Children's Feeding-Scheme. He also serves on the Finance Committee Jeppe High School for Boys. He previously served as chairman of the board of St Stithians college for 10 years. Nick serves as a member on Anchor Group's Audit & Risk Committee and is Chairman of the Remuneration & Nominations Committee, and a member of the Investment Committee.

Alastair Adams
(38) (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, 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 is an Independent Non-executive Director of Anchor Group and serves on the Audit & Risk, Remuneration & Nominations, Investment and Social & Ethics Committees.

Paul Nkuna
(66) (Lead Independent Non-executive Director)

Paul's qualifications include an Advanced Management Programme (MAP) Certificate from the Botshabelo Training Institution and an Effective Directorship Certificate from the University of the Witwatersrand Business School, in addition to attending the Kagiso Leadership School and Gordon Institute of Business. He participated in the mining industry from 1977 to 1996 as a multi-skilled worker at East Rand Gold & Uranium ("ERGO"). 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. Paul was elected NUM Regional Secretary (Wits Region) in 1984; elected COSATU Regional Chairperson (Wits Region) in 1985 and elected NUM National Treasurer in 1987. He served as the Chairperson of the Executive Committee of the Brakpan Transitional Local Council in 1994, 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 is the Lead Independent Non-executive Director of Anchor and serves as a member of the Audit & Risk Committee and Chairman of the Social & Ethics Committee.

Todd Kaplan
(45) (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 & Nominations and Investment Committees as an invitee, and is a member of the Social & Ethics Committee.

Omair Khan
(29) (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 takes 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 IV Report ("King IV"). The Directors 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 ensure a balance of power, independent, unbiased decision making and that no one individual has unfettered powers of decision-making.

As at 31 December 2017, the Board comprised three executive directors and five non-executive directors, of which four are independent.

The Board, through consultation with, 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. The Non-executive Directors are experienced professionals and have the requisite 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. This includes policy decision-making, financial control, risk management, communication with stakeholders, regulatory compliance, adherence to the JSE Listings Requirements and internal controls.

Board and Board Committee Meetings

The Board meets a minimum of once each quarter, 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 Advisor and to any information pertaining to the Company.

The Board has delegated authority to the Chief Executive Officer and executive management to conduct 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, Audit & Risk, Social & Ethics, Remuneration & Nominations and Investment Committees 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 Group's 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 & Nominations Committee. The Directors have the power to appoint and remove Directors, as may be required by the Company from time to time. Any interim appointments are subject to confirmation by shareholders 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	Invitee
TE Kaplan (Chief Operating Officer)	04/08/2014	n/a	n/a	Member	Invitee	Invitee
OZ Khan (Chief Financial Officer)	09/06/2016	n/a	n/a	n/a	Member	n/a

Board Meeting attendance record of directors:

	STRATEGY 30/01/2017	BOARD 22/03/2017	BOARD 12/06/2017	BOARD 15/08/2017	BOARD 30/11/2017
PG Armitage	✓	✓	✓	✓	✓
TE Kaplan	✓	✓	✓	✓	✓
OZ Khan	✓	✓	✓	✓	✓
MS Teke	✓	✓	✓	✓	✓
N Dennis	✓	✓	✓	✓	✓
K Bissessor	✓	✓	✓	×	✓
AJ Adams	✓	✓	✓	✓	✓
AP Nkuna	✓	✓	✓	✓	✓

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(h) 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.

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 create & deliver value creation for its stakeholders.

The following areas of materiality have been identified:

- Investment returns: To develop and maintain a strong track record for all client returns across our full range of investment products and opportunities.

This is achieved by crafting an experienced investment team with the requisite experience, calibre and qualifications. The investment team develops the Investment Philosophy appropriate to the developed product range and diverse risk profiles. We strive for excellence through deep-value investing, backed by meticulous research, to provide active management solutions. Continuous monitoring and measuring of performance against benchmarks completes the feedback loop on our investment philosophy and results in the investment returns pursued being realised.

- People and culture**:** To attract, nurture and retain a skilled and motivated workforce.

Anchor endeavours to attract and retain a motivated, talented and exceptional staff complement. We critically analyse staff turnover and continually revise and refine our succession planning. Anchor has invested substantially in the development of our corporate culture, to nurture innovation and collaboration, values and proficient conduct. Continuous professional development and training initiatives are key in addition to maintaining professional body accreditations. We are particularly cognisant of the need to diversify and transform a traditionally non-empowered industry and have established an internal employment equity committee to formulate and guide recruitment practices. Anchor promotes a performance driven incentive culture.

- Strong client relationships**:** To build a reputation and provide superior client service that develops the Group as a Financial Services Provider of choice.

Anchor has crafted a diverse and relevant product offering. This spans a range of asset classes, geographies and risk profiles with appeal to a broad range of clients. There is a specific offshore focus, strategy, infrastructure and team including a physical offshore presence. We strive to offer competitive pricing and provide superior client care.

- Shareholder value: To deliver meaningful and sustainable shareholder returns.

We continually strive to achieve this through growing profitability by driving efficiencies, diverse revenue streams, disciplined cost management, constant innovation, organic and acquisitive growth and a resilient business strategy, adaptable to dynamic market and geopolitical conditions.

- Citizenship**:** To conduct business as a Responsible Corporate citizen in the context of a transformative South African company.

Anchor conducts its operations and develops, with clients, partners, suppliers, affiliates and the myriad statutory bodies honesty, with integrity and fidelity.

Anchor has also committed to an employee transformative philosophy with race and gender diversity policies.

- 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. The current committees constituted are:

- Audit & Risk
- Remuneration & Nominations
- Social & Ethics
- Investment

06 AUDIT & RISK COMMITTEE REPORT

The Audit & Risk Committee of Anchor Group Limited, which acts as the Audit & 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 & Risk Committee also has its own statutory responsibilities.

1. Members of the Audit & Risk Committee

The members of the Audit & 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 & Risk Committee

The Audit & Risk Committee performs the duties outlined in Section 94(7) of the Companies Act 71 of 2008 and pursuant to the JSE Listings Requirements, 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 in the year, and the Chief Financial Officer, Chief Executive Officer, Chief Operations Officer attend by invitation. The External Auditor, Company Secretary and Designated Advisor are also in attendance.

√ - Attended.

NAME	Q1 15 MARCH 2017	Q2 12 JUNE 2017	Q3 11 AUGUST 2017	Q4 30 NOVEMBER 2017
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 the individual registered auditor Ms S Kock are independent, as defined by the Companies Act, 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.

Accordingly, the committee confirms that the appointment of Grant Thornton is in accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements.

The audit firm has taken responsibility for the previous five audit periods. They are the first firm appointed to the Company. The designated external audit partner, Ms Kock, having overseen five consecutive audits, is due for rotation and Ms Vianca Pretorius be appointed as designated audit partner with effect from January 2018.

The committee has assessed the qualifications and experience of both Ms Kock and Ms Pretorius and approves their appointments.

During the external audit firm's tenure, the company has engaged three Financial Directors which mitigates the attendant risk of familiarity between the external auditor and management.

The Audit & 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 and scope of the work required.

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.

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 & Risk Committee on an ongoing basis in order to adapt 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.

- The Committee must also confirm that it has satisfied itself that the Group has established appropriate Financial Reporting Procedures and that those procedures are operating in accordance with paragraph 3.84 (g)(ii) of the JSE Listings Requirements

6. Legal requirements

The Audit & 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 and the JSE Listings Requirements 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 and further confirms that it is satisfied with the appropriateness of the financial function.

8. Going concern

The Committee has reviewed a detailed 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 effective oversight provided by management on the various operating entities, the need for a dedicated internal audit function is not 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 noncompliance were noted during the period under review.

10. Purpose

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

- assessing the independence, 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 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 any complaints and/or concerns regulating the accounting policies, the content and audit of financial statements and related matters; and
- Assessing & confirming 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 2017, 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 2017 for Anchor Group Limited and the results of operations and cash flows for the year ended. They were recommended to the Board of the 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:

13. King IV Compliance

Principle 8.

External Auditor: addressed above, point 3.

Non-Audit Services provided by the external auditor comprises tax compliance and return submissions.

Quality of the external audit: The committee has considered the results of the recent IRBA review on Ms Kock and are satisfied that adequate systems are in place going forward to address the matters raised.

Effectiveness of the chief audit executive and internal audit: The committee is satisfied with the effectiveness of the Financial Director, who assumes overall responsibility for the audit. During the year under review, the Company has also appointed Ms Kirsty Lucas CA(SA) to lead and conduct internal audit services.

Effectiveness of the design and implementation of internal financial controls: addressed above, point 5.

Effectiveness of the CFO and the finance function: Addressed above, point 7.

Combined assurance : A combined assurance model is not followed as this was not considered appropriate for the year under review. This will be re-assessed on a annual basis.

K BISSESSOR

Chairperson Audit & Risk Committee
26 March 2018

Key Audit Matters:

Assessment of Goodwill for impairment: The Committee reviewed the management assessment of the recoverability of the carrying value of goodwill. They assessed the assumptions and judgements applied by management. Furthermore the committee discussed the matter with the external auditors to understand their related audit process and views. No impairment was deemed necessary.

Assessment of Customer Lists for impairment : The audit committee reviewed management's assessment of customer lists for indicators of impairment, through confirmation that actual cashflows achieved since initial acquisition exceeded forecasted cashflows to determine the initial purchase consideration. The committee is satisfied that no impairment indicators exist.

Finalisation of provisional accounting : The group finalised its provisional accounting with respect to the business combination of AG Capital Proprietary Limited. The committee reviewed the calculations with respect to the purchase price finalisation and confirmed its satisfactions therewith.

Assessment of the recoverable amount of the carrying value of associate in Capricorn Fund Managers Malta Limited: Due to the deterioration in the performance of CFM Malta, impairment indicators were identified. Management reviewed the recoverable amount of the Associate and the committee satisfied itself, through the review of the assumptions and judgements applied by management, that no impairment was required.

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% of the issued share capital 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.

Audit & Risk Committee Charter

Purpose Of The Audit And Risk Committee Charter

1. The purpose of this document is to set out the role, duties and responsibilities of the Audit and Risk Committee ("the Committee") and its relationship to the Internal and External Audit functions and the Board of Anchor Group Limited ("the Board").

2. The Committee is constituted as a statutory committee of the Board of Anchor Group Limited (the Company) in respect of its statutory duties in terms of section 94(7) of the Companies Act 71 of 2008 (“the Companies Act”) and is a Committee of the Board in respect of all other duties assigned to it by the Board.

3. The Charter aims to ensure that the Committee performs its functions in compliance with statutory functions as set out in the Companies Act, the recommendations of the King IV Code on Corporate Governance (“King IV”) and the JSE Listings Requirements.

4. This Charter will be made available to the shareholders of Anchor Group Limited at the Annual General Meeting. A summary of the Charter follows below and the full Charter is disclosed on the website of Anchor Group Limited.

5. This Charter is confirmed by the Board and reviewed annually by the Committee and the Board.

Summary of the Charter

- Purpose Of The Audit And Risk Committee Charter
- Purpose Of The Audit And Risk Committee
- Membership and Quorum
- Responsibilities and Functions of the Audit & Risk Committee
- External Audit
- Internal audit
- Integrated reporting
- Combined Assurance
- Risk management
- Finance function and Chief Financial Officer
- Anchor Group Limited’s Social & Ethics Committee
- Meetings and Proceedings
- Authority of the Committee and Resources Available to it
- Reporting Procedure
- Fees and Expenses
- Additional Governance Reporting
- Whistle-blower's Report

The full Charter is available on the Company’s website (www.anchorgroup.co.za)

07 INVESTMENT COMMITTEE REPORT

The Investment Committee is 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 company's Memorandum of Incorporation, the Companies Act, the JSE Listings Requirements and applicable legislation.

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 complement 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.

Members

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

ATTENDANCE	26 JAN 2017	03 NOV 2017	16 NOV 2017	01 NOV 2017
MS Teke	✓	✓	✓	✓
N Dennis	✓	✓	✓	✓
AJ Adams	✓	✓	✓	✓
PG Armitage	✓	✓	✓	✓
OZ Khan	✓	✓	✓	✓
● **TE Kaplan**	✓	✓	✓	✓

● invitee

MIKE TEKE
Chairman Investment Committee
26 March 2018

08 REMUNERATION & NOMINATIONS COMMITTEE REPORT

Members of the Committee

DIRECTOR	DESIGNATION
N Dennis	Chairman and Independent, Non-executive director
M Teke	Non-executive director
A Adams	Independent, Non-executive director

The Chief Executive Officer and Chief Operating Officer are invited to attend as required. They were present at all meetings.

ATTENDANCE	10 FEB 2017	21 FEB 2017
N Dennis	✓	✓
M Teke	✓	✓
A Adams	✓	✓

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 formally constituted during 2015 and meets as and when necessary.

The Committee ensures that the optimal remuneration structures are in place and approves 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 Remunerations Strategy and Policy 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. Remuneration 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:

- Harmonising all the remuneration policies and practices for Anchor Group;
- Reflecting the dynamics of the market and the context in which Anchor Group operates;
- Aligning with the strategic direction of Anchor Group;
- Aiming to attract, retain and motivate superior performers; and
- Provision of clarity and understanding in respect of 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 2017, the Committee met twice. The key focus areas during this period were:

- To review, revise and expand on the Remuneration Strategy and Policy;
- 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).

Meetings were held to consider:

- Salary reviews;
- Bonus pool quantum and allocations;
- Share option quantum and allocations;
- Non-executive director fees for 2017; and
- 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 primarily confined their review to senior staff. Selected high-potential people and exceptional performers were identified for above inflationary increases.

Bonus Pool Quantum and Allocations

The 2017 Financial Results were interrogated, taking into account the growth in profit versus the bonus pool quantum. The Remuneration Policy provides a guideline of 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 2016 aggregate.

Board Evaluation

The Committee additionally considered the process of Board Evaluation . The Company Chairman, Mike Teke undertook to drive this process with the assistance of the Company Secretary. Assessments/evaluations of performance of the directors was undertaken during the year and feedback was provided by the Chairman in individual face-to-face sessions. No corrective or remedial action was required. No changes to the Board structure were implemented.

Share Options

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

A formula is applied in respect of the calculation of share options performed annually. This approach forms the basis for the awards to senior staff and high-performing employees who are evaluated individually.

The Anchor Group philosophy of making staff members "owners of the business" is a significant motivating factor and a consideration for staff share option allocations. The new share option allocations were approved by the Committee and will be effective from 1 October 2018.

Non-Executive Director Fees

Remuneration of non-executive directors is split between annual remuneration and remuneration payable per meeting attended. These fees cover remuneration for both Board and various committee memberships. Non-Executive Director fees remain unchanged for 2018.

Remuneration Implementation Report 2017

Introduction

In accordance with the principles contained in Anchor Group's Remuneration Strategy and Policy, the Remuneration and Nomination Committee performed its duties with regard to oversight of all remuneration matters, and made recommendations to the Board regarding remuneration during the year under review. The Remuneration Policy was implemented as set out below:

Executive director remuneration

In line with the Group's Remuneration Policy, the remuneration of executive directors is composed of the following components:

- Guaranteed pay (on a cost-to-company basis); and
- Variable pay (Short and Long-Term Incentives);

For the year ended 31 December 2017, the remuneration paid to executive management aligned with the Anchor Group Strategy and Policy and, accordingly comprised in a combination of Basic salary, Performance bonus, as well as the exercise and issue of Share Options. Details of these are these may be found in the Directors' Emoluments section on page 91 of this annual report.

Non-executive directors 'remuneration

Non-executive directors are paid by Anchor Group for their services as directors of Anchor Group Limited. In accordance with Section 66(9) of the Companies Act, non-executive directors' fees must be approved by a special resolution of shareholders at a general/annual general meeting of the Company, which approval is valid for two years.

The Remuneration and Nomination Committee considers the remuneration of non-executive directors and recommends such remuneration to the Board.

Remuneration of non-executive directors is split between annual remuneration and remuneration payable per meeting attended. These fees cover remuneration for both Board and various committee memberships.

At the annual general meeting of shareholders held on 4 July 2017, the Company's shareholders approved the non-executive directors fees for a period of 2 years. Details of these are these may be found in the Directors' Emoluments section on page 92 of this annual report.

Full disclosure of all Directors' remuneration is contained in note 27 of the annual financial statements. The Board will review the Remuneration Policy and the Remuneration Implementation Report annually in accordance with King IV and the JSE Listings requirements.

Both the Remuneration Policy and the Remuneration Implementation Report will be tabled at the company's annual general meeting, for a separate non-binding advisory vote by shareholders, each by way of separate, non-binding advisory votes. This allows shareholders to express their views on the Company's Remuneration Policy and the Remuneration Implementation Report.

In the event of 25% or more shareholders voting against either of these resolutions, the Directors are committed to engaging with shareholders in order to address all legitimate and reasonable objections and concerns.

NICK DENNIS

Remuneration & Nominations Committee Chairman
26 March 2018

09 KING IV COMPLIANCE

The Board endorses the principles contained in the King IV 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.

Anchor Group, as an AltX listed company, is required to disclose compliance with Principles 6 – 10 of King IV Code, together with the principles mandated by paragraph 3.84 (g)(h)(i), (j) and (k) of the JSE Listings Requirements:

(g) – Duties of the Audit & Risk Committee

(h) – Appointment of the Company Secretary

(i) – Gender Diversity policy at board level

(j) – Policy on promotion of Race Diversity at board level

(k) – Remuneration Policy and Remuneration Implementation Report

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KING IV REF	GOVERNING STRUCTURES AND DELEGATION	REPORTING / DISCLOSURE	COMPLIANCE
Principle 6	The governing body should serve as the focal point and custodian of corporate governance in the organisation	a. the number of meetings held during the reporting period, and attendance at this meetings b. whether the governing body is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period	During 2017, the Board and sub-committees convened on 17 occasions. These includes full Board meetings (5), Audit & Risk (4), Remuneration & Nominations (2), Social & Ethics (2) and Investment (4). Attendance by both Executive and Non-executive Directors was exemplary with a 99% attendance rate across all 17 meetings. Full details of the composition, schedule and attendance are disclosed in this Integrated Report. On reflection, the Board and sub-committees are satisfied that they have collectively fulfilled the responsibilities as mandated by each Committee charter. 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 & Ethics Committee.

KING IV REF	GOVERNING STRUCTURES AND DELEGATION	REPORTING / DISCLOSURE	COMPLIANCE
Principle 7	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The following should be disclosed with regards to composition of the governing body: a. Whether the governing body is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence b. The targets set for gender and race representation in the membership of the governing body and progress made against these targets c. The categorisation of each member as an executive or non-executive d. The categorisation of each non-executive member as independent or not and, when a non-executive member of the governing body has been serving for longer than nine years, a summary of the views of the governing body on the independence of the member e. The qualifications and experience of members f. Each member's period of service on the governing body g. The age of each member h. Other governing body and professional positions held by each member i. The reasons why any members of the governing body have been removed, resigned or retired The following should be disclosed in relation to the chair: a. whether the chair is considered to be independent b. whether or not an independent non-	The Board is composed of a rich diversity of skills and experience across a wide range of disciplines. The mix of Non-executive Directors showcases prior participation and involvement on the boards of other listed businesses. This aggregates into a distinct multifariousness of skills, knowledge and competence. Qualifications, experience and ages of each Director, in addition to an abridged CV, appear in this Integrated Report as well as other professional appointments. This Integrated Annual Report addresses race and gender representation and targets. The differentiation in scope of roles of Executive and Non-executive Directors is well defined. The Chairman of Anchor Group 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. All other Non-executive Directors are independent. At this point the longest-serving Non-executive directors have been with the Company for four years. Details of any Board appointments, resignations, removals and retirements are contained within this Integrated Annual Report.

KING IV REF	GOVERNING STRUCTURES AND DELEGATION	REPORTING / DISCLOSURE	COMPLIANCE
Principle 8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties	The following should be disclosed in relation to each committee of the governing body: a. its overall role and associated responsibilities and functions b. the composition, including each member's qualifications and experience c. any external advisors or invitees who regularly attend committee meetings d. key areas of focus during the reporting period e. the number of meetings held during the reporting period and attendance at those meetings f. whether the committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period The following should be disclosed in relation to the audit committee: a. A statement as to whether the audit committee is satisfied that the external auditor is independent of the organisation. The statement should specifically address: - The policy and controls that address the provision of non-audit services by the external auditor, and the nature and extent of such services rendered during the financial year - The tenure of the external audit firm and, in the event of the firm having been involved in a merger or acquisition, including the tenure of the predecessor firm - The rotation of the	The Committees of Board, namely Audit & Risk Remuneration & Nominations, Social & Ethics and Investment all produce a separate report on their actions within the year under review. These reports appear in this Integrated Report and contain details of their responsibilities and functions, composition, number of meetings, attendance, external invitees and compliance with the terms of reference of the Committee. The Audit & Risk Committee annually reviews the independence and quality of the external auditor. Significant matters considered in relation to the Annual Financial Statements and how they were addressed are dealt with in the Audit & Risk Committee Report in this Integrated Report. The Audit & Risk Committee also annually reviews compliance with International Standards for the Professional Practice of Internal Auditing – Independent Quality Assurance reviews conducted. The Financial Director's qualifications and experience are assessed on an annual basis and a statement in this regard is contained in the Audit & Risk Report in this Integrated Report. All matters a. through g. are addressed within the Audit & Risk Committee Report in this Integrated Report.

KING IV REF	GOVERNING STRUCTURES AND DELEGATION	REPORTING / DISCLOSURE	COMPLIANCE
		b. Significant matters that the audit committee has considered in relation to the annual financial statements and how these were addressed by the committee c. The audit committee's views on the quality of the external audit, with reference to the audit quality indicators such as those that may be included in inspection reports issued by external audit regulators d. The audit committee's views on the effectiveness of the chief audit executive and the arrangements for internal audit e. The audit committee's views on the effectiveness of the design and implementation of internal financial controls, and on the nature and extent of any significant weaknesses in the design, implementation or execution of internal financial controls that resulted in material financial loss, fraud, corruption or error f. The audit committee's views on the effectiveness of the CFO and the finance function g. The arrangements in place for combined assurance and the committee's views on its effectiveness	

KING IV REF	GOVERNING STRUCTURES AND DELEGATION	REPORTING / DISCLOSURE	COMPLIANCE
Principle 9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness	The following should be disclosed in relation to evaluation of the performance of the governing body: a. a description of the performance evaluations undertaken during the reporting period, including their scopes whether they were formal or informal and whether they were externally facilitated or not b. an overview of the evaluation results and remedial actions taken c. whether the governing body is satisfied that the evaluation process is improving its performance and effectiveness	Performance evaluations facilitated by the Company Secretary are conducted annually. Evaluations are of the Board, its sub-Committees, individual Directors, the Chairman, CEO, CFO and COO. In addition, the CEO, CFO and COO undergo 360º performance appraisals by the company's senior management team, the results of which are shared with the Board. The results of the evaluations are discussed with individual board members, with remedial action required, and the overall results of the evaluations, reported to the Board. The Board is of the opinion that these formal evaluations are effective in improving the performance and effectiveness of all Board members.

KING IV REF	GOVERNING STRUCTURES AND DELEGATION	REPORTING / DISCLOSURE	COMPLIANCE
Principle 10	The governing body should ensure that the appointment of and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities	The following should be disclosed in relation to the CEO: a. the notice period stipulated in the CEO's employment contract and the contractual conditions related to termination b. other professional commitments of the CEO, including membership of governing bodies outside the organisation c. whether succession planning is in place for the CEO position Delegation disclosure: A statement by the governing body on whether it is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities should be disclosed. Corporate governance services: The arrangements in place for accessing professional corporate governance services and a statement on whether the governing body believes those arrangements are effective should be disclosed.	There is a formal contract of employment in place between the Company and the CEO. The CEO does not have other professional commitments outside of the Anchor Group. The CEO is a non-executive Board member on several of the subsidiary companies within Anchor Group. A formal succession plan, which is reviewed annually, is in place for the CEO. The Board has delegated certain functions, without abdicating its own responsibilities, to the following Committees: • Audit & Risk Committee; • Remuneration & Nominations Committee; • Investment Committee; and • Social & Ethics Committee. The delegation of authority framework is updated on a regular basis and contributes to role clarity and effective exercise of authority. The board has engaged the services of an experienced professional Company Secretary to ensure that all corporate governance services are effective.

IT Charter

Preamble

Computer security in the Group is a shared objective that can only be achieved in an atmosphere of loyalty and mutual trust. The purpose of this Information Technology (IT) Charter is to define the rules concerning the use of computers and other IT systems at Anchor Group.

The constant progress of information processing and communication techniques has increased the need to specify the rules required to protect the privacy of Anchor Group employees, while also maintaining theintegrity of system administrators and security.

This Charter is applicable to all Anchor Group IT services users

Introduction

The rapid development of Information Technology and digital networks within firms, and throughout the world, constitutes extraordinary collective wealth but has also revealed both abuses and weaknesses that cannot be ignored.

Thus, there are many potential IT-related risks. Compliance with the rules is the inevitable price of freedom in communication and use of computer systems.

The user shall be held personally liable for failure to comply with the IT Charter of Anchor Group which may be directly or indirectly detrimental to all or part of the Company. The Company is itself subject to rules governing the proper use of computer systems, and must therefore uphold both the code of good practice and the law. Security will be achieved if everyone abides by the rules and is vigilant.

Summary of the Charter

- Scope of application
- Rules of good practice
- System administrators Duties, Responsibilities & Rights
- Accounts and Passwords
- Security
- Privacy and personal data
- Software and copyright
- Sanctions

The Full IT Charter may be found on the Company's website: www.anchorgroup.com

10 SOCIAL & ETHICS COMMITTEE REPORT

Role of the Committee

The responsibilities, mandate and functioning of the Committee are in accordance with the requirements of the Companies Act and Regulations.

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 commitments, the objectives of the Committee are to ensure that the highest ethical standards are applied to 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.

Members of the Committee

NAME	DESIGNATION
AP Nkuna	Chairman and Independent non-executive director
AJ Adams	Independent non-executive director
TE Kaplan	Executive director

Attendance

ATTENDANCE	04 JUL	14 DEC
AP Nkuna	✓	✓
AJ Adams	✓	✓

Social & Ethics Committee Initiatives

- Oversight of the Employment Equity Committee
- Adherence to the Employment Equity Act and development of an Employment Equity Policy
- B-BBEE scorecard
- Corruption and Whistleblowing procedure and protocols
- Corporate Social Investment
- Pillars of Sustainability
- Development / review of the Social Media Policy
- Development / review of the Gender Diversity Policy
- Development / review of the Racial Diversity Policy

Employment Equity

Under the direction of the Social & 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. The key principles included are that all new administrative positions are to be filled by employment equity candidates. For all other vacant positions, an EE candidate is preferable and any divergence from this requires substantiation/justification.

The Employment Equity Committee has also undertaken to review 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.

B-BBEE Scorecard

The Employment Equity Committee completed the B-BBEE verification for the year ending 2017 and the Company attained a Level 8 rating. The current Certificate is valid until November 2018. The task will be undertaken annually.

With the gazetting, in November 2017, of the Financial Services Charter with the revised BBBEE codes, this Committee has been charged with a review of the impact and consequences of the revision, and the formulation of a B-BEEE strategy for the Group.

Corruption and Whistleblowing

During the period under review, no incidences of fraud or corruption were identified or highlighted to the Committee. A confidential whistleblowing mechanism is in place. 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 direction of the Company's Corporate Social Investment spend remained unchanged and is 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 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

This is addressed as a separate standalone report.

Racial Diversity Policy

This is addressed as a separate standalone report.

PAUL NKUNA
Chairman
26 March 2018

Gender Diversity Policy

In terms of paragraph 3.84(i) 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 & Ethics Committee, and with guidance from the Board, a formal Gender Diversity Policy has been adopted.

This policy undertakes to earnestly and judiciously address gender diversity at board level, and to set an example to be followed at all levels of management, throughout the Group and in all subsidiaries, divisions and business units.

This Policy has established targets of 25% female representation at board level by the end of 2018.

A further target of 33% female representation at Board level by the end of 2020 has been included in the policy.

Shareholders will be advised on the progress and implementation of these targets.

Racial Diversity Policy

As a young and dynamic company in the Financial Services sector, Anchor Group recognises its corporate responsibility to embrace the diversity that is characteristic of the Republic of South Africa. We strive to develop a sustainable transformation process and strategy to address race diversity within our organisation.

Through this policy we aim to :

- promote the empowerment and advancement of previously disadvantaged employees in order to create racial equity;
- improve the level of representation of black management and talent across all levels in the company;
- redress any imbalances and injustices created by the previous governmental policies and practices of unfair discrimination;
- ensure representivity in the composition of staff structure; and
- provide guidelines to all subsidiaries within the Group regarding recruitment, skills development and staff upliftment.

Recruitment and selection will be in keeping with the Group's business strategy and will be based on fairness, objectivity, having regard for competency and seeking to redress historical imbalances to achieve broader representation. All new staff must be suitably qualified, and priority must be given to EE candidates.

This forms the basis for our racial diversity policy and shareholders will be advised on the progress and implementation together with targets set.

PAUL NKUNA
Chairman
26 March 2018

Broad-Based Black Economic Empowerment Commission

Compliance Report by Companies Listed on the Johannesburg Stock Exchange (JSE)

(in terms of Section 13G (2) of the Act)

Case Number | **FORM BBBEE 1**

SECTION A: DETAILS OF ENTITY

Name of Entity / Organisation	ANCHOR GROUP LIMITED
Registration Number	2009/005143/06
Physical Address	25 Culross Road,Bryanston, Sandton, 2191
Telephone Number	+27 11 591 0677
Email Address	tkaplan@anchorcapital.co.za
Indicate Type of Entity / Organisation	Asset managers
Industry / Sector	Financial Sector
Relevant Code of Good Practice	Financial Sector Code (gazette no. 35914)
Name of Verification Agency	D. KALMIN & COMPANY
Name of Technical Signatory	David Kalmin

SECTION B: INFORMATION AS VERIFIED BY THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION PROFESSIONAL AS PER SCORECARDS

B-BBEE Elements	Target Score Including	Bonus Points	Actual Score Achieved
Ownership	e.g. 25 points		
Management Control	e.g. 19 points		
Skills Development	e.g. 20 points		
Enterprise and Supplier Development	e.g. 40 points		
Socio-Economic Development	e.g. 5 points		
Total Score	e.g. 109 points		
Priority Elements Achieved	YES / NO and specify them		
Empowering Supplier Status	YES / NO and specify them		
Final B-BBEE Status Level	See the attached Scorecard below		

***indicate how each element contributes to the outcome of the scorecard**

SECTION C: FINANCIAL REPORT

1. BASIC ACCOUNTING DETAILS:

a. Accounting Officer's Name: OMAIR KHAN

b. Address:

25 CULROSS ROAD
BRYANSTON
SANDTON

c. Accounting Policy: (*Your accounts are done?)*

Weekly	Monthly	Other (specify)
	X	

d. Has the attached Financial Statements and Annual Report been approved by the entity? YES

2. PLEASE ATTACH THE FOLLOWING:

i) Copy of Annual Financial Statement including Balance Sheet and Income and Expenditure Report. ATTACHED

ii) Annual Report ATTACHED

3. Entity Annual Turnover: **R** 419,331,000.00

4. Sign-off and Date

Signature	Date
Kaplan	01 June 2017

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) CERTIFICATE

D. KALMIN & COMPANY

Registered Auditors
D.Kalmin IRBA Reg No: 192244B
D.Kalmin & Company IRBA Reg No: 935654

GENERIC CERTIFICATE

Certificate No:
GEN/24/08/2016/001

LEVEL 6

Awarded to:	
Name of Entity:	ANCHOR GROUP LIMITED INCORPORATING ANCHOR CAPITAL (PTY) LTD
Entity Registration Number:	2009/005143/06
Vat Number:	4380267833
Physical Address:	25 Culross Road,Bryanston, Sandton, 2191.

Verification Standard Applied:	Financial Charter
Issue of the rating standard applied:	Section 9 of the B-BBEE Act 53 of 2003 (Government Gazette no: 325914 (Issued 26 November 2012)
Scorecard Applied:	Generic Scorecard (> R35 Million annual turnover*)

Element	Weighting	Score
Ownership	14	7.02
Management Control	8	1.83
Employment Equity	15	1.91
Skills Development	10	0.00
Preferential Procurement	16	9.21
Enterprise Development	15	15.00
Socio-Economic Development	3	3.00
Overall Score	**81**	**37.97**

Broad Based BEE status level	:	A level 6 Contributor to B-BBEE (Effective score = 46.88%)
BEE procurement recognition level	:	60.00%
Black Ownership	:	9.94%
Black Women Ownership	:	3.59%
Value Adding Supplier (Yes/No)	:	YES

**Although the abovementioned is the current level of turnover/income and is closely related to the economic indicators, it may be more or less in future. Consequently, this Certificate does not serve as a guarantee that the income reflected will continue at the same levels.*

David Kalmin
Registered Auditor
Approved by IRBA to Conduct Assurance Engagements on B-BBEE Verification Certificates

Based on our work performed, we have no reason to believe that the B-BBEE status reflected in this Certificate has not been calculated in all material respects, in accordance with the Codes of Good Practice on Black Economic Empowerment, gazetted on 9 February 2007 in terms of the Broad-Based Black Economic Empowerment Act of South Africa.

Our independent limited assurance report dated 24 August 2016 is available for inspection at the registered office of DEI PROJECTS (PTY) LTD together with the accompanying detailed B-BBEE Scorecard and should be referred to for an understanding of our limited assurance engagement and the extent of work performed.

This Certificate has been determined, on the basis of information provided by management. We do not accept or assume responsibility to anyone other than DEI PROJECTS (PTY) LTD, for our work, for this report, or for the conclusion we have reached.

Date of issue:	24 August 2016
Expiry date:	23 August 2017
Period of validity:	12 Months

27 Bompas Road | Dunkeld West | Johannesburg 2196 | P.O. Box 891527 | Lyndhurst 2106
Tel (011) 325 2480 | Fax: 086 5199 301 | E-mail : bee@dkalmin.co.za | Website: www.dkalmin.co.za
David Kalmin : BCom, BCompt (Hons) CA (SA) (Managing Partner)

LANDEL SERVICES CC

This is to certify that

ANCHOR GROUP LTD

INCORPORATING ANCHOR CAPITAL (PTY) LTD

has been independently verified in accordance with the Financial Services Sector Code, issued in terms of section 9(1) of the Broad Based Black Economic Empowerment Act 53 of 2003 (Gazetted 26 November 2012). This Broad-Based BEE Verification Certificate is based on information provided to Landel Services CC, a SANAS accredited BEE Verification agency.

LEVEL 8 CONTRIBUTOR

MEASURED ENTITY:	
Company Name:	Anchor Group Ltd incorporating Anchor Capital (Pty) Ltd
Address:	25 Culross Road, Bryanston, 2191
Registration Number:	2009/005143/06
VAT Number:	4380267833
BEE STATUS	
Scorecard:	GENERIC – FINANCIAL SECTOR
Procurement Recognition Level:	10.00%
Black Owned:	15.94% Black Owned
Black Female Owned:	3.95% Black Female Owned
Value Adding:	YES

Scorecard Information	Score	Target Score
Ownership	7.03	14
Management Control	1.63	8
Employment Equity	0.00	15
Skills Development	0.00	10
Preferential Procurement	12.11	16
Enterprise Development	4.05	15
Socio-Economic Development	0.00	3

Date Issued: 03 November 2017	**Date Expired:** 02 November 2018

Technical Signatory: M. Breetzke

Certificate Number: LS11/17/001

Signature:

For any enquiries contact Michael: (011) 325 2480 or
bee@landel.co.za

sanas BBBEE Verification Agency
BVA196

Physical Address: 27 Bompas Road, Dunkeld West, 2196
Postal Address: P.O. Box 55096, Northlands, 2116
Telephone: 011 325 2480

Landel Services CC
Reg. (1997/036015/23)
Members: D. Kalmin, M. Breetzke & V. Moodley

11 DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors are required in terms of the Companies Act 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. 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 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 ending 31 December 2018 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 46 to 49.

The consolidated annual financial statements set out on pages 55 to 95, which have been prepared on the going concern basis, were approved by the Board on 26 March 2018 and were signed on its behalf by:

PG ARMITAGE

OZ KHAN

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, 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.

In terms of Section 88 (2)(e) of the Companies Act, 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 (PTY) LTD
Company Secretary
26 March 2018

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 55 to 95, which comprise the consolidated statement of financial position as at 31 December 2017, 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 2017, 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 IAS 36 – Impairment of assets, the Group is required to test the goodwill acquired in a business combination for impairment annually. Goodwill is assessed using discounted cash flow models. As disclosed in note 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 balance as at 31 December 2017 is material to the financial statements as a whole.	Our audit procedures included, among others, the verification of the accuracy and methodology appropriateness of the underlying model calculations. We 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 was tested by reference to the actual historical achievement of growth and the assumptions with respect to the discount rates were assessed with reference to the cost of capital of the Group, as well as testing the accuracy of the calculations and performance of sensitivity analyses around the key assumptions used in the models. We also focussed on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive to the determination of the recoverable amount.

KEY AUDIT MATTERS (KAM)	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
ASSESSMENT OF CUSTOMER LISTS FOR IMPAIRMENT	
In accordance with, IAS38 – Intangible assets, the Group is required to consider whether there are indicators of impairment with respect to other intangible assets, specifically customer lists. The impairment test is considered a KAM to our audit as the balances as at 31 December 2017 are material to the financial statements as a whole.	Our audit procedures included a comparison between the initial cash flows used to determine the purchase consideration and the actual cash flows achieved to confirm that there is no indicator of impairment.
FINALISATION OF PROVISIONAL ACCOUNTING	
The Group has finalised its accounting with respect to the business combinations of AG Capital Proprietary Limited that was provisional in 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 finalisation of the accounting of the acquisition to ensure that the adjustments to the fair value of assets and liabilities and the purchase consideration takes into account information that was available at the effective date of the business combination and that the mathematical calculation of the goodwill or gain on bargain purchase is accurate. We reviewed the contingent consideration and the purchase price allocation for reasonableness. We also focussed on the adequacy of the Group's disclosures that is required in terms of IFRS3 – Business Combinations, with respect to the finalisation of the purchase consideration as included to note 26 of the financial statements.
ASSESSMENT OF THE RECOVERABLE AMOUNT OF THE CARRYING VALUE OF ASSOCIATE IN CAPRICORN FUND MANAGERS MALTA LIMITED	
In accordance with IAS36 – Impairments of assets, the Group shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indicators exist the entity shall assess the recoverable amount. The impairment test performed on the investment in Capricorn Fund Managers Malta Limited is considered a KAM to our audit as the carrying value as at 31 December 2017 is material to the financial statements as a whole.	Our audit procedures include amongst others considering indicators of impairment to the carrying value of investments in associates. 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 the investment in associates. The reasonableness of the forecasts of revenue growth, the assumptions in relation to crystallisation of the performance fees in relation to hurdle rates, the assumptions around inflows of funds and the reasonableness with respect to the discount rates were assessed, as well as testing the accuracy of the calculations and we performed sensitivity analyses around the key assumptions used in the models. We also focussed on the adequacy of the Group's disclosures in note 7 about those assumptions to which the outcome of the impairment test is most sensitive to the determination of the recoverable amount.
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 whether effective control exists. This area is considered a KAM as management's assessment of control is highly judgemental and an annual assessment is required to be performed by management.	Our audit procedures included the review of the acquisition agreements, the Memorandums of Incorporation and Mandates of Investment Committees to determine whether there has been any amendments to these agreements, which would affect the assessment done by management of control in terms of IFRS10 – Consolidated Financial Statements. We also focussed on the adequacy of the Group's disclosures that is required in terms of IFRS in relation to the basis on which they believe that they have control as disclosed in the accounting policies 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 rom 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 4 years.

Grant Thornton

GRANT THORNTON
Registered Auditors Practice Number: 903485E

SJ KOCK
Registered Auditor Chartered Accountant (SA)

26 March 2018

@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 2017.

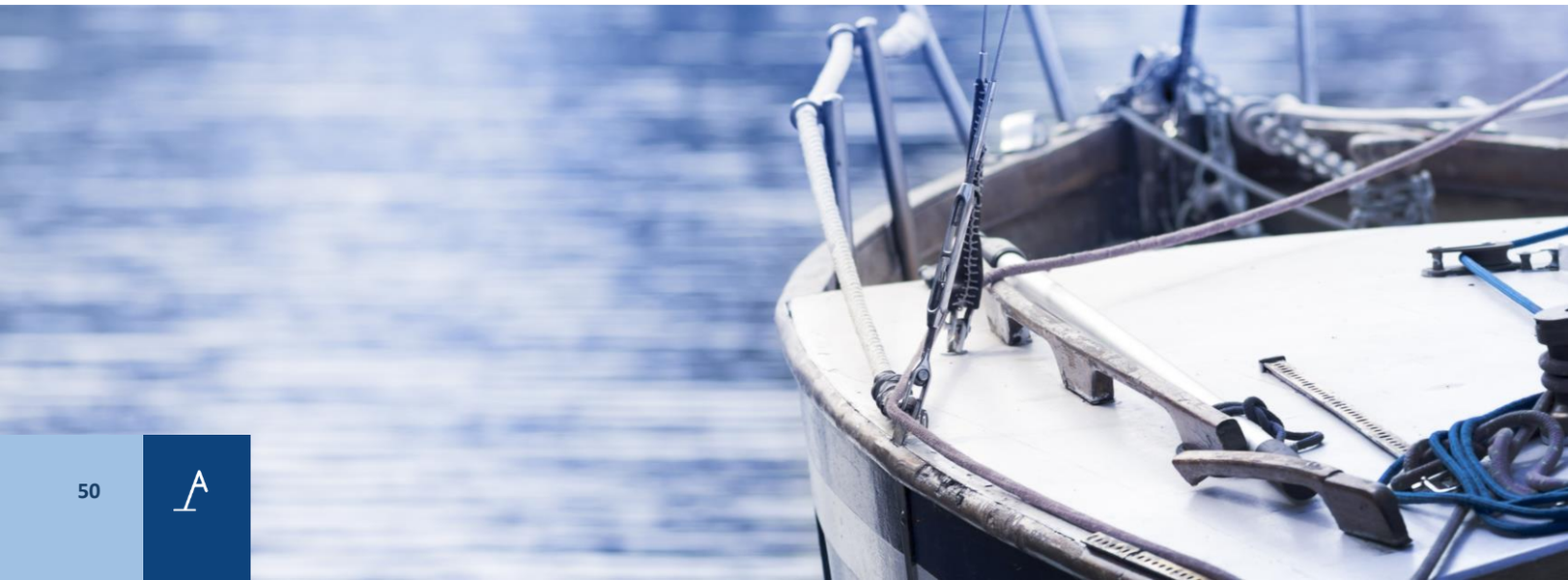
1. Nature of business

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated annual financial statements.

Anchor began managing assets in 2012 and has grown rapidly to reach group-wide assets under management and advice at 31 December 2017 of R52.3 billion, up by 14% from R45.9 billion on 31 December 2016. 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, offering asset management products with superior performance and great client service.
- Anchor Capital Cape Town Proprietary Limited – 100% owned, providing asset management service to private clients in Cape Town.
- Anchor Capital (Mauritius) Limited – 100% owned, providing asset management service to offshore clients.
- Ripple Effect 4 Proprietary Limited – 65% owned, providing financial services education and research, primarily to Anchor Capital.
- Methwold Investments Proprietary Limited – effective 100% owned, primarily Robert Cowen Investments Proprietary Limited, providing 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, providing 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, providing trading and portfolio management services to private clients in Johannesburg and Kwa-Zulu Natal.
- Anchor Financial Services Proprietary Limited – 20% owned, offering 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, providing Hedge Fund products suitable private clients and institutional investors. Acquired 29 February 2016.
- Capricorn Fund Managers Malta Limited (CFM Malta) - 48.49% owned, providing Hedge Fund products suitable private clients and institutional investors. Acquired 29 February 2016.
- AG Capital Proprietary Limited (AG Capital) - 50% owned; providing brokerage solutions suitable for private clients and institutional investors. Acquired on 1 December 2016.
- Anchor Securities Stockbroking Proprietary Limited - 100% owned; JSE member firm which executes trades predominantly in local markets.
- Anchor Securities Private Clients Proprietary Limited - 14.12% owned; providing asset management services to private clients in Durban.
- Stylo Investments Proprietary Limited - 36.75% owned; providing low-cost asset management products to private clients and institutions.



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.

The turnover of the group grew by 14% to R476 million (2016: R419 million). The yield on average assets (R49 billion) for the period was 0.97% (2016: 1.01%).

Costs grew by 39% to R350 million (2016: R252 million). There was a like-for-like cost increase of 6%, with the new stockbroking business and newly consolidated businesses adding the remainder. The margin of certain new businesses is expected to increase going forward. The group also continued to invest in new distribution staff and partnerships throughout the country to accelerate future growth. Additional costs were also incurred in compliance and system enhancements to enrich the client experience.

Costs grew faster than turnover, resulting in an operating margin of 27% (2016: 40%). This resulted in operating profits declining by 24% to R127 million (2016: R167 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 largely due to the Rand/US$ exchange rate strengthening by 9.6% for the year (and especially the 10% strengthening of the currency in December 2017).

The share of losses from equity accounted associates was R1.9 million (2016: R7.8 million profit). Our offshore associate had lower earnings in 2017.

Adjusted headline earnings per share declined by 41% to 38 cents (2016: 64.7 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 business is highly cash generative and 106% of profits were generated in cash.

Shareholders' equity grew to R1.13 billion (2016: R1.08 billion), as a result of the profit generated and the issue of new shares. The net asset value per share is 574 cents. Cash and other liquid instruments were R206 million at 31 December 2017, which represents 104 cents per share.

3. Share capital

188 million shares were in issue on 1 January 2017. 22.8 million shares were issued to senior management and previous owners of various acquisitions, which is done to align the interests of parties in growing the group company. A further 6.95 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	
AJ Adams		Independent non-executive	
AP Nkuna		Lead independent non-executive	
N Dennis		Independent non-executive	
K Bissessor		Independent non-executive	

5. Directors interests in shares

As at 31 December 2017, the Directors of the Company held direct and indirect beneficial interests of 15.76% (2016: 15.02%) of its issued ordinary shares, as set out below.

INTEREST IN SHARES						
DIRECTORS	2016	2016	2016	2017	2017	2017
	Direct ('000)	Indirect ('000)	Total ('000)	Direct ('000)	Indirect ('000)	Total ('000)
MS Teke	-	9 256	9 256	-	10 846	10 846
PG Armitage	6 364	9 208	15 572	6 364	9 207	15 572
TE Kaplan	2 708		2 708	2 767	-	2 767
OZ Khan	248		248	281	-	281
AJ Adams	200		200	200	-	200
N Dennis	1 075		1 075	1 428	-	1 428
	10 595	18 464	29 058	11 040	20 053	31 093

Interest in options - note 27

SHARE OPTIONS		
DIRECTORS	2016 DIRECT ('000)	2017 DIRECT ('000)
PG Armitage	1 102	1 556
TE Kaplan	352	362
OZ Khan	199	314
	1 653	2 232

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.

6. Directors' interests in contracts

During the financial year, no contracts were entered into in 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 are 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 2017 is as follows:

ASSOCIATES	2017 R'000	2016 R'000
Total share of equity accounted profits /(losses)	(1 895)	7 763

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, other than the dividend declared on 26 March 2018.

9. Auditors

Grant Thornton Johannesburg Partnership continued in office as auditors of the company for 2017.

At the Annual General Meeting to be held on Friday, 29 June 2018, shareholders will be requested to reappoint Grant Thornton Johannesburg Partnership as the independent external auditors of the Company. Ms S Kock has been the designated lead partner for Anchor Group Limited since 2013. In accordance with the regulations, Anchor Group Limited has designated Ms V Pretorius as the lead audit partner for the 2018 financial year.

10. Secretary

CIS Company Secretaries Proprietary Limited was appointed as Company Secretary by the Board in accordance with the Companies Act, with effect from 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 its 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 its arm's-length relationship with the Board.

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2107

Business address
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

11. Borrowing Limitation

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

12. Date of authorisation for issue of financial statements

The consolidated annual financial statements have been authorised for issue by the Directors on 26 March 2018. No authority was given to anyone to amend the annual financial statements after the date of issue.

PG Armitage

OZ khan
26 March 2018

15 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

16 STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

FIGURES IN R'000	NOTES	2017	RESTATED 2016
ASSETS			
NON-CURRENT ASSETS			
Equipment	4	7 325	7 806
Goodwill	5	557 287	551 910
Intangible assets	6	87 222	67 677
Investments in associates and joint operations	7	334 309	341 764
Financial assets	8	14 660	10 744
Deferred tax	9	4 299	2 075
		1 005 102	981 976
CURRENT ASSETS			
Cash and cash equivalents	10	93 672	78 187
Financial assets	8	111 882	139 837
Trade and other receivables	11	69 764	81 602
Current tax receivable		2 288	6 107
Amounts receivable on stockbroking activities	25	251 566	-
		529 172	305 730
TOTAL ASSETS		**1 534 274**	**1 287 706**
Share Capital		913 902	904 010
Reserves		6 308	5 590
Retained income		183 845	149 526
Equity Attributable to Equity Holders of Parent		1 104 055	1 059 126
Non-controlling interest		27 492	18 366
		1 131 547	1 077 492
LIABILITIES			
Non-current liabilities			
Financial liabilities	13	52 714	106 020
Deferred tax	9	19 308	16 974
		72 022	122 944
Current liabilities			
Financial liabilities	13	37 094	31 305
Trade and other payables	14	26 800	45 038
Current tax payable		14 357	10 877
Amounts payable in respect of stockbroking activities	25	252 454	-
		330 705	87 220
TOTAL LIABILITIES		**402 727**	**210 214**
TOTAL EQUITY AND LIABILITIES		**1 534 274**	**1 287 706**

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FIGURES IN R'000	NOTES	2017	2016
Revenue	15	**476 283**	**419 331**
Operating expenses		**(349 520)**	**(252 096)**
OPERATING PROFIT	16	**126 763**	**167 235**
Other income	17	**12 666**	**8 643**
Gain on bargain purchase of subsidiary		**-**	**1 661**
Share of (losses)/profits from associates	7	**(1 895)**	**7 763**
Fair value gain on acquisition of former associate		**-**	**30 645**
Finance costs	18	**(4 413)**	**(973)**
PROFIT BEFORE TAXATION		133 121	214 974
Taxation	19	**(36 384)**	**(42 994)**
PROFIT FOR THE YEAR		96 737	171 980
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS			
Net foreign currency translation differences for foreign operation		**(554)**	**1 159**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**96 183**	**173 139**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of the parent		**62 783**	**139 505**
Non-controlling interest		**33 400**	**33 634**
		96 183	**173 139**
EARNINGS PER SHARE			
PER SHARE INFORMATION			
Earnings per share (cents)	21	**32.60**	**77.7**
Diluted earnings per share (cents)	21	**32.60**	**75.9**

18 STATEMENT OF CHANGES IN EQUITY

FIGURES IN R'000	SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	EQUITY RESERVE	TREASURY SHARES
BALANCE AS AT 01 JANUARY 2016	635 946	8	-	-
Profit for the year	-	-	-	-
Other comprehensive income	-	1 151	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1 151	-	-
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 01 JANUARY 2017	904 010	1 159	(5 805)	-
Profit for the year	-	-	-	-
Other comprehensive income	-	(554)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(554)	-	-
Issue of shares	9 892	-	-	-
Share based payments	-	-	-	-
Treasury shares	-	-	-	(5 121)
Dividends	-	-	-	-
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF COMPANY RECOGNISED DIRECTLY IN EQUITY	9 892	-	-	-
BALANCE AT 31 DECEMBER 2017	913 902	605	(5 805)	(5 121)
Note	12			

SHARE BASED PAYMENT RESERVE	TOTAL RESERVES	RETAINED INCOME	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP/ COMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
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
	(4800)	-	(4 800)	-	(4800)
5 656	5656	-	5656	-	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
-	-	63 337	63 337	33 400	96 737
-	(554)	-	(554)	-	(554)
-	(554)	63 337	62 783	33 400	96 183
-	-	-	9 892	-	9 892
6 393	6 393	-	6 393	-	6 393
-	(5 121)	-	(5 121)	-	(5 121)
-	-	(29 018)	(29 018)	(24 274)	(53 292)
6 393	**1 272**	**(29 018)**	**(17 854)**	**(24 274)**	**(42 128)**
16 629	6 308	183 845	1 104 055	27 492	1 131 547

19 STATEMENT OF CASH FLOWS

FIGURES IN R'000	NOTES	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	22	**140 736**	**157 260**
Interest income		**6 538**	**6 748**
Finance costs		**(4 413)**	**(973)**
Tax paid	23	**(29 750)**	**(85 620)**
NET CASH FROM OPERATING ACTIVITIES		**113 111**	**77 415**
FINANCE ACTIVITIES			
Purchase of equipment and intangible assets	4&6	**(9 256)**	**(4 121)**
Cash acquired through Business combination	26	**4 363**	**12 254**
Proceeds/(Purchase) of financial assets		**22 892**	**(34 444)**
Decrease in investments in associates		**(21 499)**	**(237 057)**
Proceeds on sale of associates		**-**	**5 200**
NET CASH UTILISED FROM INVESTING ACTIVITIES		**(3 500)**	**(258 168)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in stated capital/share capital	12	**4 299**	**10 829**
(Decrease) / Increase of financial liabilities		**(39 891)**	**44 976**
Purchase of ACG shares		**(5 121)**	**-**
Dividends paid	24	**(53 292)**	**(110 944)**
NET CASH FROM FINANCING ACTIVITIES		**(94 075)**	**(55 139)**
TOTAL CASH AND CASH EQUIVALENTS MOVEMENT FOR THE YEAR			
Total cash and cash equivalents movement for the year		**15 536**	**(235 892)**
Cash and cash equivalents at the beginning of the year		**78 184**	**314 486**
Effect of exchange rate movement on cash balances		**(48)**	**(410)**
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**10**	**93 672**	**78 184**

20 ACCOUNTING POLICIES

1. Presentation of Consolidated Annual Financial Statements

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below.

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 3.

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. Anchor consolidates entities where it has less than 51% of the voting rights. In these instances Anchor has the casting vote on key decisions such as investment committee decisions and decisions to change key contracts.

Business combinations

The annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Non-controlling interests in the net assets of consolidated subsidiaries 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 interests.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Anticipated acquisition and contingent consideration

Forward contracts are held by non-controlling interests in the Groups that entitle the non-controlling interest to sell its interest in the subsidiary to the Group at predetermined values and on contracted dates.

In such cases the Group consolidates the non-controlling interests' share of the equity in the subsidiary and recognises the fair value of the non-controlling interest's forward, being the fair value of the estimated future purchase price, as a financial liability in the statement of financial position. In raising this liability, the non-controlling interest is derecognised and any excess or shortfall is recognised as the cost of the Investment in Subsidiary.

The contingent financial liability is fair valued at the end of each financial year and any changes in the value of the liability as a result of changes in assumptions used to estimate the future purchase price are recorded directly in the statement of comprehensive income.

Goodwill

Goodwill arising on acquisition of a business is carried at cost, as established at the date of the acquisition of the business, less accumulated impairment losses. For purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units which are the Investments in subsidiaries. Impairment testing is performed at each reporting date.

Investment in associate

The consolidated financial statements include the group's share of the income and expenses and equity movements of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the group's share of losses exceeds its interest in an associate, the group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of an associate.

Investments in associates are initially recognised at cost less impairment.

1.2 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.

1.3 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.

1.4 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:

1.4.1 Financial assets

The Groups' financial assets consist of the following:

Trade and other receivables

Trade and other receivables are measured at amortised cost, using the effective interest rate method.

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 measured at amortised cost as a follows.

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.

1.4.2 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.

1.4.3 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.

1.4.4 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.

1.5 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.

Dividend withholding tax

Dividend withholding tax is payable at a rate of 20% on dividends paid to shareholders. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the South African Revenue Services on behalf of the shareholder.

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.

1.6 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.

1.7 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.

1.8 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 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.

1.9 Other Income

Other income comprises of exchange rates gains and losses, interest received and realised and unrealised profits and losses on listed and other financial assets. Realised and unrealised profits and losses on listed and other financial assets are carried at fair value through profit and loss.

Interest income is recognised in profit and loss as it accrues using effective interest rate.

1.10 Finance expenses

Finance expenses comprises of interest payable on borrowings calculated using the effective interest rate.

1.11 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.12 Management's significant judgements and estimates

Significant judgements and assumptions applied by management have been detailed in the notes to the relevant financial statement items. Management applies their judgements and assumptions on the following items:

- Recoverable amount of goodwill, intangible assets.
- Fair value of financial assets
- Share options
- Fair value of financial liabilities

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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'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.

FIGURES IN R'000					
					2017
	NON-ASSET MANAGEMENT BUSINESSES	**ASSET MANAGEMENT BUSINESSES**	***STOCKBROKING**	**INTERCOMPANY ELIMINATIONS**	**TOTAL**
Revenue	55 292	372 050	129 850	(80 909)	476 283
Operating expense	(23 827)	(270 283)	(92 078)	36 668	(349 520)
Operating profit	31 465	101 767	37 772	(44 241)	126 763
Other income	8 106	8 093	3 259	(6 792)	12 666
Share of (losses) from associate	(1 895)	-	-	-	(1 895)
Finance costs	(548)	(5 081)	(1 491)	2 707	(4 413)
PROFIT BEFORE TAX	**37 128**	**104 779**	**39 540**	**(48 326)**	**133 121**
					2016
	NON-ASSET MANAGEMENT BUSINESSES	**ASSET MANAGEMENT BUSINESSES**	**INTERCOMPANY ELIMINATIONS**	**TOTAL (RESTATED)**	
Revenue	90 883	407 906	(79 457)	419 331	
Operating expense	(32 883)	(234 886)	15 673	(252 096)	
Operating profit	58 000	173 020	(63 784)	167 235	
Other income	24 095	39 966	(23 112)	40 949	
Share of profit from associate	8 012	329	(578)	7 763	
Finance costs	(347)	(626)	-	(973)	
PROFIT BEFORE TAX	**89 760**	**212 689**	**(87 474)**	**214 974**	

* This is the first year Anchor Stockbroking Proprietary Limited is being consolidated in Anchor Group Limited. Management views Stockbroking as a separate segment from asset management activities and non-asset management activities.

FIGURES IN R'000					2017
	NON-ASSET MANAGEMENT BUSINESSES	**ASSET MANAGEMENT BUSINESSES**	***STOCKBROKING**	**INTERCOMPANY ELIMINATIONS**	**TOTAL**
Non-current assets	988 442	251 717	8 889	(243 946)	1 005 102
Current assets	109 636	170 121	288 225	(38 810)	529 172
Assets	1 098 078	421 838	297 114	(282 756)	1 534 274
Non-current liabilities	(63 468)	(11 456)	(17 237)	20 139	(72 022)
Current liabilities	(1 948)	(79 235)	(251 674)	2 152	(330 705)
Liabilities	(65 416)	(90 691)	(268 911)	22 291	(402 727)
EQUITY	**1 032 662**	**331 147**	**28 203**	**(260 465)**	**1 131 547**
					2016
	NON-ASSET MANAGEMENT BUSINESSES	**ASSET MANAGEMENT BUSINESSES**	**INTERCOMPANY ELIMINATIONS**	**RESTATED TOTAL**	
Non-current assets	924 434	252 001	(194 459)	981 976	
Current assets	134 364	206 705	(35 339)	305 730	
Assets	1 058 798	458 706	(229 798)	1 287 706	
Non-current liabilities	(75 772)	(84 801)	37 579	(122 994)	
Current liabilities	(49 876)	(70 050)	32 706	(87 220)	
Liabilities	(125 648)	(154 851)	70 285	(210 214)	
EQUITY	**964 350**	**303 855**	**(159 513)**	**1 077 492**	

3. New standards and interpretations issued not yet effective.

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

STANDARD	DETAILS OF AMENDMENTS	ANNUAL PERIODS BEGINNING OR 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 sharebased 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. do not materially impact Anchor.	1 January 2018

STANDARD	DETAILS OF AMENDMENTS	ANNUAL PERIODS BEGINNING OR 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 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. • The new standard supersedes: - IAS 11 Construction Contracts; - IAS 18 Revenue; - IFRIC 13 Customer Loyalty Programmes; - IFRIC 15 Agreements for the Construction of Real Estate; -IFRIC 18 Transfers of Assets from Customers; and - SIC -31 Revenue-Barter Transactions Involving advertising Services. • There are no long-dated goods or services to customers within Anchor and therefore the impact of the above is not material.	1 January 2019

STANDARD	DETAILS OF AMENDMENTS	ANNUAL PERIODS BEGINNING OR AFTER
IFRS 16 Leases	• New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. • IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. • IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases for finance leases, and to account for those two types of leases differently. • IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. • IFRS 16 supersedes the following Standards and Interpretations: - IAS 17 Leases; - IFRIC 4 Determining whether an Arrangement contains a lease; - SIC -15 Operating Leases -Incentives; and - SIC -27 Evaluating the Substance of Transactions • Involving the Legal Form of a Lease. • The major lease within Anchor Group is negotiated annually. Due to this, the impact of the above amendment is not material.	1 January 2019

4. Equipment

FIGURES IN R'000	2017			2016		
	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
Furniture and fixtures	8 072	(3 572)	4 500	7 075	(2 242)	4 833
Motor vehicles	776	(263)	513	531	(139)	392
Office equipment	3 441	(2 528)	913	2 778	(1 734)	1 044
IT equipment	4 013	(2 614)	1 399	3 182	(1 645)	1 537
TOTAL	**16 302**	**(8 977)**	**7 325**	**13 566**	**(5 760)**	**7 806**

FIGURES IN R'000					
					RECONCILIATION OF EQUIPMENT – 2017
	OPENING BALANCE	ADDITIONS	DISPOSALS	DEPRECIATION	TOTAL
Furniture and fixtures	4 833	1 173	(170)	(1 336)	4 500
Motor vehicles	392	245	-	(124)	513
Office equipment	1 044	688	(55)	(764)	913
IT equipment	1 537	831	-	(969)	1 399
	7 806	**2 937**	**(225)**	**(3 193)**	**7 325**

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**

5. Goodwill

FIGURES IN R'000	2017			2016		
	COST	ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED IMPAIRMENT	CARRYING VALUE
GOODWILL	557 287	-	**557 287**	551 910	-	**551 910**

FIGURES IN R'000			
			RECONCILIATION OF GOODWILL – 2017
	OPENING BALANCE	ADDITIONS THROUGH BUSINESS COMBINATIONS	TOTAL
GOODWILL	551 910	5 377	557 287

				RECONCILIATION OF GOODWILL – 2016 [RESTATED] (REFER TO NOTE 26)
	OPENING BALANCE	ADDITIONS THROUGH BUSINESS COMBINATIONS	PURCHASE PRICE ALLOCATION	TOTAL
GOODWILL	288 440	232 270	31 200	551 910

FIGURES IN R'000		
ALLOCATION OF GOODWILL	**2017**	2016 (RESTATED)
Anchor Capital Proprietary Limited	856	856
Ripple Effect 4 Proprietary Limited	2 263	2 263
Anchor Capital Cape Town Proprietary Limited	21 828	21 828
Methwold Investments Proprietary Limited	124 272	124 272
Portfolio Bureau Proprietary Limited	139 767	139 767
AG Capital Proprietary Limited	132 116	132 116
Anchor Securities Holdings Proprietary Limited	131 354	131 354
Anchor Stockbroking Proprietary Limited	5 377	
	557 287	551 910

MATERIAL ASSESSED RECOVERABLE AMOUNTS FROM ABOVE ARE DISCLOSED BELOW:	CARRYING VALUES FOR GOODWILL	ASSESSED RECOVERABLE AMOUNTS FOR INVESTMENTS
Methwold Investments Property Limited	124 272	136 682
AG Capital Proprietary Limited	132 116	232 838
Portfolio Bureau Proprietary Limited	139 767	156 812
Anchor Securities Holdings Proprietary Limited	131 354	155 959
	527 509	682 291

The assessed recoverable amounts were determined by calculating the value in use of each company.
A Discounted cash flow model was used to calculate the value in use over a five year forecast.
The key assumptions in this model were:

1. Revenue growth (Incorporating market returns and net asset flows)
2. Expenses growth (Incorporating variable and fixed expenses)
3. Discount Rate
4. Terminal Price Earnings ratio

In management's view, the assumptions are assessed to be reasonable and conservative based on historic information.

Sensitivity analysis on significant cash generating units				
Assumptions	Revenue growth	Expenses growth	Discount Rate	Terminal PE
Methwold Investments Proprietary Limited	12.50%	8%	15%	8
AG Capital Proprietary Limited	15%	10%	15%	8
Portfolio Bureau Proprietary Limited	10%	6%	15%	8
Anchor Securities Holdings Proprietary Limited	20%	8%	15%	8
Sensitivities - Revenue Growth		10% on inputs		-10% on inputs
Methwold Investments Proprietary Limited		139 011		134 353
AG Capital Proprietary Limited		253 810		212 607
Portfolio Bureau Proprietary Limited		161 989		151 758
Anchor Securities Holdings Proprietary Limited		166 152		146 080
Sensitivities - Expenses Growth		10% on inputs		-10% on inputs
Methwold Investments Proprietary Limited		134 496		138 824
AG Capital Proprietary Limited		225 196		240 290
Portfolio Bureau Proprietary Limited		156 193		157 421
Anchor Securities Holdings Proprietary Limited		154 621		157 275
Sensitivities - Discount Rate		10% on inputs		-10% on inputs
Methwold Investments Proprietary Limited		146 401		126 963
AG Capital Proprietary Limited		249 664		216 011
Portfolio Bureau Proprietary Limited		165 879		147 744
Anchor Securities Holdings Proprietary Limited		167 429		144 488
Sensitivities – Terminal PE		10% on inputs		-10% on inputs
Methwold Investments Proprietary Limited		146 401		126 963
AG Capital Proprietary Limited		249 664		216 011
Portfolio Bureau Proprietary Limited		165 879		147 744
Anchor Securities Holdings Proprietary Limited		167 429		144 488

6. Intangible assets

FIGURES IN R'000	2017			2016		
	COST	ACCUMULATED AMORTISATION	CARRYING VALUE	COST	ACCUMULATED AMORTISATION	CARRYING VALUE
Computer software	3 929	(2 613)	1 316	3 075	(2 263)	812
Website development costs	4 312	(599)	3 713	1 090	(251)	839
Acquired customer list	90 961	(12 463)	78 498	69 692	(6 305)	63 387
Web-based software	3 695	-	3 695	2 639	-	2 639
TOTAL	**102 897**	**(15 675)**	**87 222**	**76 496**	**(8 819)**	**67 677**

FIGURES IN R'000						
	RECONCILIATION OF INTANGIBLE – 2017					
	OPENING BALANCE	ADDITIONS	ADDITIONS THROUGH BUSINESS COMBINATIONS	INTERCOMPANY TRANSFERS	AMORTISATION	TOTAL
Computer software	812	1 113	-	(382)	(227)	1 316
Website development costs	839	4 150	-	(45)	(1 231)	3 713
Acquired customer list	63 387	-	21 269	-	(6 158)	78 498
Web-based software	2 639	1 056	-	-	-	3 695
	67 677	**6 319**	**21 269**	**(427)**	**(7 616)**	**87 222**

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 costs	272	790	-	(223)	839
Acquired 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.
- Impairment testing was performed on these assets still in development phase, and no impairment was recognised.
- 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 4-10 years.

7. Investments in associates and joint operations

The following table lists all of the associates and joint operations in the group:

FIGURES IN R'000					
NAME OF COMPANY	HELD BY	% OWNERSHIP INTEREST 2017	% OWNERSHIP INTEREST 2016	CARRYING AMOUNT 2017	CARRYING AMOUNT 2016
*Arengo 203 Proprietary Limited	Anchor Group Limited	50.00%	50.00%	16 276	10 660
Southridge Global Capital Proprietary Limited	Anchor Group Limited	25.00%	25.00%	1 634	1 381
Anchor Financial Services Proprietary Limited	Anchor Group Limited	20.00%	20.00%	14 877	11 439
Stylo Investment Proprietary Limited	Anchor Group Limited	36,75%	-	3 894	-
Anchor Private Clients Proprietary Limited	Anchor Capital Proprietary Limited	14.12%	14.12%	1	(328)
Capricorn Fund Managers Malta Limited	Anchor Group Limited	48.49%	48.49%	297 627	305 830
**Anchor Stockbroking Proprietary Limited	Anchor Capital Proprietary Limited	100%	25,10 %	-	12 782
				334 309	**341 764**

*Anchor Group Limited considers Arengo 203 Proprietary Limited a joint operation as no decisions can be made without mutual agreement.
**Anchor Group Limited has acquired the remainder of the shares effective 1 March 2017 in Anchor Stockbroking Proprietary Limited with the result that Anchor Group Limited has increased its shareholding from 25% to 100%.

FIGURES IN R'000 SUMMARISED FINANCIAL INFORMATION OF ASSOCIATES				
				2017
SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**REVENUE**	**OTHER EXPENSES**	**TAXATION**	**TOTAL COMPREHENSIVE INCOME**
Southridge Global Capital Proprietary Limited	1 587	(1 820)	66	(167)
Anchor Financial Services Proprietary Limited	4 957	(8 512)	995	(2 560)
Arengo 203 Proprietary Limited	6 106	(4 744)	(381)	981
Stylo Investment Proprietary Limited	815	(2 180)	-	(1 365)
Capricorn Fund Managers Malta Limited	32 307	(37 447)	644	(4 496)
	45 772	**(54 703)**	**1 324**	**(7 607)**

SUMMARISED STATEMENT OF FINANCIAL POSITION	NON-CURRENT ASSETS	CURRENT ASSET	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	TOTAL NET ASSETS
Southridge Global Capital Proprietary Limited	287	892	-	(38)	1 141
Anchor Financial Services	3 533	5 241	-	(11 404)	(2 630)
Arengo 203 Proprietary Limited	65 777	1 020	(31 892)	(1 571)	33 334
Capricorn Fund Managers Malta Limited	43 964	29 174	-	(49 834)	23 304
Stylo Investment Proprietary Limited	1 116	3 281	(1 163)	(38)	3 196
	114 677	**39 608**	**(33 055)**	**(62 885)**	**58 345**

RECONCILIATION OF INVESTMENTS IN ASSOCIATES	INVESTMENTS IN COST (INCLUDING GOODWILL)	SHARE OF PROFIT / (LOSSES) FROM ASSOCIATES	LOAN TO ASSOCIATES	SHAREBUY BACK	DIVIDENDS	TOTAL
Southridge Global Capital Proprietary Limited	1 868	(48)	(186)	-	-	1 634
Anchor Financial Services Proprietary Limited	5 000	(1 126)	11 003	-	-	14 877
Arengo 203 Proprietary Limited	10 620	1 020	4 635	-	-	16 276
Anchor Securities Private Clients Proprietary Limited	1	-	-	-	-	1
*Capricorn Fund Managers Malta Limited	322 396	6 480	-	(4 800)	(26 449)	297 627
Stylo Investment Proprietary Limited	4 036	(142)	-			3 894
	343 921	**6 184**	**15 452**	**(4 800)**	**(26 449)**	**334 309**

*The value in use of CFM Malta was determined using the Discounted Cash Flow model. Cash flows were projected on actual reflecting results and a 5 year forecast.
The Value in use assessed is R341 892.
The key assumptions used in the model were:
1. Growth rate: 6%
2. Discount Rate: 15%

3. AUM Flows		('000)
GEM Strategy	Yr 1-2	20 000 USD
	Yr 3-5	50 000 USD
SA Hedge	Yr 1-5	200 000 ZAR
SA Long Only	Yr 1-5	180 000 ZAR
4. Performance of Funds (post fees)	12%	
5. Rand USD rate	11,89	
6. Rand GBP rate	16,91	

The performance fee assumption of 12% is based on the Compounded Annual Growth Rate (CAGR) of the CFM funds, and is assessed as being reasonable.

The AUM assumptions are based on historic information, and is assessed as being reasonable.

Sensitivity Analysis (Value in Use):	10% on inputs ('000)	-10% on inputs ('000)
Growth rate	363 450	323 030
Discount rate	284 030	423 565
AUM Flows	359 735	324 046
Performance of Funds	384 693	300 800
Rand USD rate	381 141	302 613
Rand GBP rate	332 103	351 661
GBP USD rate	371 376	312 407

FIGURES IN R'000

				2016
SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	REVENUE	OTHER EXPENSES	TAXATION	TOTAL COMPREHENSIVE INCOME
Southridge Global Capital Proprietary Limited	2 074	(2 048)	-	26
Anchor Financial Services Proprietary Limited	4 585	(7 546)	-	(5 330)
Arengo 203 Proprietary Limited	13 091	(12 980)	(31)	(40)
Anchor Securities Private Clients Proprietary Limited	8 408	(11 727)	(990)	(6 309)
Anchor Securities Private Clients Proprietary Limited	45 516	(26 102)	(2 059)	8 228
	73 674	**(60 403)**	**(3 080)**	**(3 345)**

SUMMARISED STATEMENT OF FINANCIAL POSITION 2016	NON-CURRENT ASSETS	CURRENT ASSET	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	TOTAL NET ASSETS
Southridge Global Capital Proprietary Limited	233	1 133	-	(51)	1 310
Anchor Financial Services Proprietary Limited	3 010	3 435	-	(7 345)	(3 269)
Arengo 203 Proprietary Limited	66 195	1 664	36 166	(1 272)	102 713
Anchor Securities Private Proprietary Limited	3 310	2 578	(15 729)	(63)	(11 904)
Capricorn Fund Managers Malta Limited	1 190 481	962 080	(334 284)	(431 308)	1 377 842
	1 263 229	**970 890**	**(313 847)**	**(440 039)**	**1 466 692**

RECONCILIATION OF INVESTMENTS IN ASSOCIATES 2016	INVESTMENTS IN COST (INCLUDING GOODWILL)	SHARE OF PROFIT / (LOSSES) FROM ASSOCIATES	SHAREBUY BACK	DIVIDEND	LOAN TO ASSOCIATES	INVESTMENT END OF 2016
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	10 620	40	-	-	-	10 660
Anchor Securities Private Proprietary Limited	-	(328)	-	-	-	(328)
Capricorn Fund Managers Malta Limited	322 396	(8 660)	(4 800)	(20 425)	-	305 831
Anchor Securities Stockbroking Proprietary Limited	-	-	-	-	12 782	12 782
	339 884	**7 843**	**(4 800)**	**(20 425)**	**19 263**	**341 765**

8. Other financial assets

FIGURES IN R'000		
AT FAIR VALUE THROUGH PROFIT OR LOSS – DESIGNATED	2017	2016
Cartesian Capital Proprietary Limited	796	796
Edugro Holdings Proprietary Limited	12 350	9 948
Short-term investments	63 482	87 064
	76 628	**97 808**
HELD AT AMORTISED COST- NON CURRENT		
Hatch Corp Proprietary Limited	1 514	-
The loan is unsecured, interest free and has no fixed terms of repayment.		
LOANS AND RECEIVABLE-CURRENT		
Anchor Consulting Proprietary Limited The loan is unsecured, interest free and has no fixed terms of repayment.	2 493	2 493
Loans for investment purposes The loan is unsecured, interest free and has no fixed terms of repayment.	6 381	16 898
Cartesian Capital Proprietary Limited The loan is unsecured, interest free and has no fixed terms of repayment.	1 204	1 168
Foreign loan The above loan bears interest LIBOR plus 1% repayable on demand.	14 872	16 485
Anchor Securities Private Clients Proprietary Limited The loan is unsecured, interest is at prime and repayable on demand.	17 200	15 729
Deposit for Land Deposit was paid to conveyances for purchase of land in 27 Culross Road. At year end the title deed was not transferred to the Anchor Group's name.	6 250	
	48 400	**52 773**

FIGURES IN R'000		
NON-CURRENT ASSETS	2017	2016
Designated as at fair value through profit or loss	13 146	10 744
At amortised	1 514	-
	14 660	**10 744**
CURRENT ASSETS		
Designated as at fair value through profit or loss	63 482	87 064
Loans and receivables at amortised cost	48 400	52 773
	111 882	**139 837**
	126 542	**150 581**

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	2017	2016
LEVEL 1		
Short-term investment and unit trusts	63 482	87 064
LEVEL 2		
Option on listed equity	-	3 843
LEVEL 3		
Unlisted investments	14 660	10 744
	78 142	**101 651**

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. The cash flows are discounted using a rate between 15% - 20%, which represent the range of weighted average cost of capital.

9. Deferred tax

FIGURES IN R'000		
DEFERRED TAX LIABILITY	2017	2016
Originating from temporary differences	(21 034)	(15 928)
Unrealised loss in investments	1 726	(1 046)
TOTAL DERRED TAX LIABILITY	**(19 308)**	**(16 974)**

FIGURES IN R'000		
DEFERRED TAX ASSET	2017	2016
Originating from temporary differences	4 299	980
Unrealised loss in investments	-	1 095
Deferred tax balance from temporary differences other than unused tax losses	**4 299**	**2 075**
TOTAL DEFERRED TAX ASSET	**4 299**	**2 075**
Deferred tax liability	(19 308)	(16 974)
Deferred tax asset	4 299	2 075
TOTAL NET DEFERRED TAX LIABILITY	**(15 009)**	**(14 899)**
RECONCILIATION OF DEFERRED TAX ASSET / (LIABILITY)		
At beginning of year	(14 899)	(9 168)
Originating from provisions and accruals	1 986	(669)
Originating from temporary difference on straight lining of operating leases	46	197
Originating from fair value gain on acquisition of further investment	-	-
Originating from other temporary differences	1 556	
Originating from temporary differences on intangible asset	(2 396)	(9 556)
Originating from unrealised gain in investments	(1 302)	4 058
Prior year adjustment	-	239
	(15 009)	**(14 899)**

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	86 637	42 396
Cash balances in investments	7 035	35 788
	93 672	**78 184**

11. Trade and other receivables

Trade receivables	55 771	73 344
Other resources	5 495	1 485
Staff loans	8 498	6 773
	69 764	**81 602**

There are no material debtors past due not impaired.

12. Share capital

NUMBER OF SHARES '000	2017	2016
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	193 456	166 163
Issue of shares to acquire customer list	919	-
Issue of shares to purchase consideration settlement – Methwold Investments Proprietary Limited	137	-
Issue of shares	2 708	7 002
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
	197 220	**193 456**

VALUE OF SHARES ISSUED		
Opening balance as at 01 January 2017	904 010	635 945
Issue of shares to acquire customer list	5 000	
Issue of shares to purchase consideration settlement – Methwold Investments Proprietary Limited	663	-
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	4 229	10 829
Share Issue costs		(3 519)
	913 902	**904 010**

During the year 1.351 million shares at an average market price of R4.50 were bought in the open market by Anchor Capital Proprietary Limited. These shares are classified as Treasury shares.

13. Other financial liabilities

HELD AT AMORTISED COST – NON-CURRENT		
Standard Bank Limited. The above loan is secured, repayable semi-annually over 3 years with instalments of R7 500 000 bearing interest at JIBAR +2,67%.	15 036	29 976
HELD AT FAIR VALUE-NON CURRENT		
Contingent Purchase Consideration - Methwold Investments Proprietary Limited (''Methwold''). Anchor will acquire the remaining 26% of Methwold in three (3) annual tranches based on a price earnings ratio of 8 times audited profit after taxation commencing from the year ending 31 December 2017. The purchase consideration for the remaining 34% has been capped at a maximum of the initial purchase consideration.	15 584	26 344
Contingent Purchase consideration - AG Capital Proprietary Limited An additional amount is payable to external shareholders. This is for underpin on the share issued for the acquisition.	22 094	49 700
	52 714	**106 020**

FIGURES IN R'000	2017	2016
HELD AT AMORTISED COST		
Standard Bank Limited The above loan is secured, repayable semi-annually over 3 years with instalments of R7 500 000 bearing interest at JIBAR +2.65%.	15 000	15 000
Held at fair value-Current		
Contingent Purchase Consideration - Portfolio Bureau Proprietary Limited ("PB") Additional purchase consideration with respect to share underpin. This was settled in the current financial year.		13 625
Purchase consideration - Anchor Capital Cape Town		2 680
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 was settled in the current financial year.		
Contingent Purchase consideration- AG Capital Proprietary Limited An additional amount is payable to external shareholders. This is for the underpin on the share issued for the acquisition	22 094	-
	37 094	**31 305**
	89 808	**137 325**
NON-CURRENT LIABILITIES		
At amortised cost	15 036	29 976
At fair value	37 678	76 044
	52 714	**106 020**
CURRENT LIABILITIES		
At fair value	22 094	16 305
At amortised cost	15 000	15 000
	37 094	**31 305**
	89 808	**137 325**

14. Trade and other payables

Trade payables	26 800	45 038

15. Revenue

Sale of course materials	2 015	1 616
Asset management fees	474 268	417 715
	476 283	**419 331**

16. Operating profit

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

FIGURES IN R'000	2017	2016
Premises lease rentals	11 773	8 491
Amortisation on intangible assets	7 616	5 248
Depreciation	3 193	1 766
Employee costs	160 725	130 344
Commission costs	10 805	-
Research and development costs	2 247	1 868
Share-based payment expense	6 393	5 283
Gain on deemed disposal on stepped acquisition	-	30 645
Gain on bargain purchase	-	1 661

17. Other income

Interest received	6 538	6 748
Fair value gain on contingent consideration	5 512	-
Other income	1 786	1 260
Fair value gain on investments	(1 170)	219
Gain on sale of Corion Capital Proprietary Limited	-	416
	12 666	**8 643**

18. Finance costs

Interest on shareholders loan	-	365
Interest paid	4 413	608
	4 413	**973**

19. Taxation

MAJOR COMPONENTS OF THE TAX EXPENSE		
CURRENT		
Local income tax – current period	37 049	47 439
DEFERRED		
Originating and reversing temporary differences	(665)	(4 445)
	36 384	**42 994**

FIGURES IN R'000	2017	2016
RECONCILIATION OF THE TAX EXPENSE		
RECONCILIATION BETWEEN ACCOUNTING PROFIT AND TAX EXPENSE		
Accounting profit	133 121	214 974
Tax at the applicable tax rate of 28% (2016: 28%)	37 274	60 193
TAX EFFECT OF ADJUSTMENTS ON TAXABLE INCOME		
Equity Settled Share Scheme	1 680	1 480
Fair value on Anchor Securities Holdings	-	(8 581)
Corporate Finance expenses	107	280
Other	735	186
Share of profits from Associates	531	(2 174)
Unrealised gain/(loss)	(975)	(239)
Provisions	299	3 846
Fair value underpin on AG Capital Proprietary Limited	(1 543)	-
Intangible assets	(1 724)	(11 997)
	36 384	**42 994**

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.

	01 OCTOBER 2017	01 MARCH 2016	01 JANUARY 2015	30 JUNE 2015	01 MAY 2015	01 SEPTEMBER 2014
Number of options	**6 954**	**3 317**	**4 779**	**977**	**787**	**9 256**
Vested period	3 years	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	In the employ of the Company
Expiry date	5 years	5 years	5 years	5 years	5 years	5 years
Weighted average share price	R4.50	R14	R2 – R6.50	R2 – R10.80	R2 – R10.80	R2
Expected volatility	30%	27%	24% - 30%	24% - 30%	24% - 30%	30%
Exercise price	R3.40	R10	R1.40 - R5	R1.40 - R10	R1.40 - R10	R1.40
Expected dividend yield	7.3%	7.9%	6% - 9%	6% - 9%	6% - 9%	9%
Risk-free interest rate	5.36%	6.00%	5.29%	5.29%	5.29%	5.29%
Remaining vesting period	3 years	2 years	2 years	2 years	2 years	1 years

RECONCILIATION OF SHARE OPTIONS (FIGURES IN '000)	NUMBER OF SHARE OPTIONS OUTSTANDING – 2017	NUMBER OF SHARE OPTIONS OUTSTANDING – 2016
Opening balance	8 913	11 935
Number of options granted during the year	6 954	3 431
Number of options exercised	(2 708)	(4 503)
Number of options lapsed	(329)	(1 950)
	12 830	**8 913**

The weighted average share price at the date of exercise was R4.50 (2016: R12.85).

FIGURES IN R'000				
DIRECTORS	NUMBER OF SHARE OPTIONS OUTSTANDING 2016 ('000)	NUMBER OF SHARE OPTIONS ISSUED 2017	NUMBER OF OPTIONS EXERCISED LAPSED 2017	TOTAL OUTSTANDING OPTIONS
PG Armitage	1 102	454	-	1 556
TE Kaplan	352	164	(154)	362
OZ Khan	199	148	(33)	314
	1 653	**766**	**(187)**	**2 232**

21. Earnings per share

	2017	2016
Earnings per share (cents)	32.6	77.7
Diluted earnings per share (cents)	32.6	75.9
Headline earnings per share (cents)	32.6	59.5
Diluted headline earnings per share (cents)	32.6	58.1
Adjusted headline earnings per share (cents)	38.0	64.7
Diluted adjusted headline earnings per share (cents)	37.9	63.2
EARNINGS AND HEADLINE EARNINGS		
Earnings attributable to shareholders	**96 737**	**171 980**
Non-controlling interest	(33 400)	(33 634)
Earning attributable to ordinary shareholders	**63 337**	**138 346**
Gain on bargain purchase	-	(1 661)
Fair Value gain on acquisition of former associate	-	(30 645)
Headline earnings attributable to ordinary shareholders	63 337	106 040
Amortisation of intangible asset net of tax	4 065	3 578
Equity settled share option costs	6 393	5 656
ADJUSTED HEADLINE EARNINGS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	**73 795**	**115 274**

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 share options costs, amortisation on intangible assets, and the business combination adjustment are all non-cash flow items and are therefore excluded from adjusted headline earnings.

Number of shares in issue	197 217	193 455
Weighted average number of shares in issue	194 310	178 120
Employee share incentive scheme	244	4 253
DILUTED WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE	**194 554**	**182 374**

22. Cash generated from operations

FIGURES IN R'000	2017	2016
Profit before taxation	133 121	214 974
ADJUSTMENTS FOR		
Depreciation and amortisation	10 809	7 083
Income from equity accounted investments	1 895	(7 763)
Interest received – investment	(6 538)	(6 748)
Finance costs	4 413	973
Share option costs	6 393	5 656
Gain on disposal of associate	-	(419)
Gain on bargain purchase of subsidiary	-	(1 661)
Fair value gain	-	(4 144)
Fair value gain on stepped acquisition	1 846	(30 645)
CHANGES IN WORKING CAPITAL		
Trade and other receivables	12 490	2 472
Trade and other payables	(23 693)	(22 518)
	140 736	**157 260**

	LONG TERM BORROWINGS	CONTINGENT PURCHASE CONSIDERATION	TOTAL
1 January 2017	44 976	92 349	137 325
Cash-flows: Repayment	(14 940)	(24 891)	(39 831)
Non-cash: Fair value adjustment	-	(7 686)	(7 686)
	30 036	59 772	89 808

23. Tax paid

Balance as beginning of the year	4 770	(7 569)
Current tax for the year recognised in profit or loss	37 049	(47 439)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements		(30 612)
Tax balance end of the year	(12 069)	
	29 750	**(85 620)**

24. Dividends paid

Dividends paid by Anchor Group to external shareholders	(29 018)	(59 493)
Dividends paid by Subsidiaries to external shareholders	(24 274)	(51 451)
Total Dividends Paid	**(53 292)**	**(110 944)**

25. Amounts owing (to)/by stockbroking activities

Amounts receivable on stockbroking activities	251 566	-
Amounts payable in respect of stockbroking activities	(252 454)	-
Total Dividends Paid	**(888)**	**-**

In terms of Section 21 of the Financial Markets Act of 2012, cash held for client accounts and in the client's name is held with JSE Trustees Proprietary Limited ("JSE Trustees"). The amounts owing to and from clients represent unsettled exchange traded transactions at year end.

26. Business combinations

Anchor Stockbroking Proprietary Limited

Anchor Group Proprietary Limited has acquired the remainder of the shares effective 1 March 2017 in Anchor Stockbroking Proprietary Limited with the result that Anchor Group Proprietary Limited has increased its holding from 25% to 100%.

FIGURES IN R'000	2017	2016
PROVISIONAL FAIR VALUE OF ASSETS ACQUIRED AND LIABILITIES ASSUMED		
Property, plant and equipment	132	-
Intangible assets	2 270	-
Deferred tax	1 850	-
Trade and other receivables	562	-
Cash and cash equivalents	12 406	-
Loans from intragroup companies	(15 207)	-
Trade and other payables	(6 343)	-
GOODWILL	**(5 377)**	**-**

Acquisition of customer list

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

BOOK PURCHASES	FINANCIAL ADVISORS	DEFERRED TAX – FINANCIAL ADVISORS	TOTAL
01/01/2017	2 042	794	2 836
01/03/2017	2 270	883	3 153
09/06/2017	200	78	278
30/06/2017	10 157	3 950	14 107
28/09/2017	644	251	895
	15 313	**5 956**	**21 269**

Restatement of consolidated financial statements due to goodwill

On 1 December 2016, the group acquired 50% of the issued shares and voting rights of AG Capital 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 identifiable assets.

**The unknown facts were the potential liability created due to underpin on the share price. At 30 November 2017, an addition at acquisition contingent purchase consideration liability was raised as part of the finalisation of the provisional fair values. The effect resulted in a change to goodwill of the 2016 financial results were applicable.

* A liability on acquisition arose for an amount payable to the previous owners if the profit warranty was exceeded. This was not the case and the liability was derecognized through the statement of comprehensive income.

	PROVISIONAL FAIR VALUES REPORTED AS AT ACQUISITION	ADJUSTMENTS	FINAL FAIR VALUES ON ACQUISITION DATE
Equipment	3 231	-	3 231
Cash and cash equivalents	4 588	-	4 588
Trade and other receivables	6 864	-	6 864
Current tax payable	(5 180)	-	(5 180)
Trade and other payables	(5 871)	-	(5 871)
Total identifiable net assets	3 632	-	3 632
Non-controlling interest	(1 816)	-	(1 816)
Consideration paid in shares	56 632	-	56 632
Cash	27 660	-	27 660
Contingent purchase consideration – Additional warranty payment	18 500	-	Adjustment (18 500) Fair value = Nil
Contingent purchase consideration – Share underpin	-	31 200	31 200
	104 548	**31 200**	**135 748**

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):

27. 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 • Capricorn Fund Managers South Africa Proprietary Limited • AG Capital Proprietary Limited • Anchor Capital Cape Town Proprietary Limited • Anchor Private Clients Proprietary Limited • Anchor Stockbroking Proprietary Limited
Associates	• Arengo 203 Proprietary Limited • Anchor Financial Services Proprietary Limited • Southridge Capital Proprietary Limited • Capricorn Fund Managers Malta Limited • Stylo Investments Proprietary Limited
Members of key management	• PG Armitage (Chief Executive Officer) • TE Kaplan (Chief Operating Officer) • OZ Khan (Chief Financial Officer)
Non-executive directors	• 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	2017	2016
RELATED PARTY BALANCES		
LOAN ACCOUNTS – OWING (TO) BY RELATED PARTIES ANCHOR GROUP LIMITED		
Anchor Capital Proprietary Limited	33 121	913
Ripple Effect 4 Proprietary Limited	486	1 934
Cartesian Capital Proprietary Limited	1 204	1 168
Capricorn Fund Managers SA Proprietary Limited	-	1 748
Arengo 203 Proprietary Limited	(4 636)	
Anchor Securities Stockbrokers Proprietary Limited	8 736	7 879
Anchor Consulting Proprietary Limited	2 493	2 786
Anchor Financial Services Proprietary Limited	11 003	6 975
Southridge Capital Proprietary Limited	(186)	(494)
Anchor Capital (Mauritius) Limited	-	2 090
RELATED PARTIES ANCHOR CAPITAL PROPRIETARY LIMITED		
Anchor Mauritius Limited	2 944	-
Anchor Securities Private Clients Proprietary Limited	13 020	15 486
Anchor Capital Cape Town Proprietary Limited	5 406	(1 224)
Anchor Group Limited	(13 121)	
Anchor Securities Stockbrokers Proprietary Limited	5 433	4 903

FIGURES IN R'000	2017	2016
LOAN ACCOUNTS – OWING (TO) BY RELATED PARTIES ANCHOR CAPITAL CAPE TOWN PROPRIETARY LIMITED		
Hobo Trust	1 500	1 500
Anchor Capital Proprietary Limited	(5 406)	-
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	17 200	15 729
Anchor Securities Stockbrokers Proprietary Limited	2 270	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	10
Anchor Securities Proprietary Limited	269	76
Anchor Securities Private Clients Proprietary Limited	12	6
Anchor Securities Stockbrokers Proprietary Limited	1 279	1 198
Cartesian Capital Proprietary Limited	37	94
Portfolio Bureau Investments Proprietary Limited	9	9
Ripple Effect 4 Proprietary Limited	22	22
SouthRidge Global Proprietary Limited	77	77
Anchor Capital Proprietary Limited	438	31
AG Capital Proprietary Limited	379	-
Capricorn Fund Mangers SA	29	-
Methwold Investments Proprietary Limited	61	-
AMOUNTS INCLUDED IN TRADE RECEIVABLE (TRADE PAYABLE) REGARDING RELATED PARTIES ANCHOR GROUP LIMITED		
Anchor Capital Proprietary Limited	(438)	31
AMOUNTS INCLUDED IN TRADE RECEIVABLE (TRADE PAYABLE) REGARDING RELATED PARTIES ANCHOR CAPITAL CAPE TOWN PROPRIETARY LIMITED		
Anchor Capital Proprietary Limited	2 111	1 289
AMOUNTS INCLUDED IN TRADE RECEIVABLE (TRADE PAYABLE) REGARDING RELATED PARTIES ANCHOR SECURITIES PRIVATE WEALTH PROPRIETARY LIMITED		
Anchor Capital Proprietary Limited	63	38
Anchor Securities Private Clients Proprietary Limited	36	92
Anchor Securities Stockbrokers Proprietary Limited	2 633	2 417
RELATED PARTY TRANSACTIONS		
INTEREST PAID TO (RECEIVED FROM) RELATED PARTIES ANCHOR GROUP LIMITED		
Anchor Financial Services Proprietary Limited	(955)	(519)
INTEREST PAID TO (RECEIVED FROM) RELATED PARTIES ANCHOR CAPITAL PROPRIETARY LIMITED		
Anchor Stockbroking Proprietary Limited	(533)	(257)
Anchor Securities Proprietary Limited	(1 534)	(223)
Interest paid to (received) from (sales to) related parties: Anchor Stockbroking Proprietary Limited		
Anchor Group Limited	857	421
Anchor Capital Proprietary Limited	533	257
RENT PAID TO (RECEIVED FROM) RELATED PARTIES ANCHOR GROUP LIMITED		
Anchor Securities Proprietary Limited	-	(267)
Arengo 203 Proprietary Limited	5 624	5 551
Anchor Capital Proprietary Limited	(8 571)	(7 070)
HEAD OFFICE COSTS RECEIVED ANCHOR GROUP LIMITED		
Anchor Capital Proprietary Limited	(917)	523

FIGURES IN R'000	2017	2016
SHARE OPTIONS ANCHOR GROUP LIMITED		
Anchor Capital Proprietary Limited	5 999	5 284
Anchor Capital Cape Town Proprietary Limited	-	(3)
Methwold Investments Proprietary Limited	394	373
DIVIDENDS RECEIVED ANCHOR GROUP LIMITED		
Anchor Capital Proprietary Limited	-	23 000
Portfolio Bureau Proprietary Limited	16 345	15 701
Capricorn Fund Managers SA Proprietary Limited	1 455	32 238
Capricorn Fund Managers Malta Limited	-	45 228
AG Capital Proprietary Limited	8 828	-
Methwold Investments Proprietary Limited	8 812	10 780
Anchor Capital (Mauritius) Limited	5 546	
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	1 588	1 372
INSURANCE RECOVERED ANCHOR CAPITAL (PROPRIETARY) LIMITED		
Anchor Consulting Proprietary Limited	-	1
Anchor Capital Cape Town Proprietary Limited	24	6
Anchor Capital (Mauritius) Limited	-	2
Anchor Financial Services Proprietary Limited	62	57
Ripple Effect 4 Proprietary Limited	12	3
Cartesian Capital Proprietary Limited	-	2
Anchor Securities Proprietary Limited	139	36
Methwold Investments Proprietary Limited	107	24
AG Capital Proprietary Limited	72	-
Southridge Capital Proprietary Limited	9	-
Anchor Private Clients Proprietary Limited	6	-
Anchor Stockbroking Proprietary Limited	37	-
Stylo Investments Proprietary Limited	2	-
ACCOUNTING FEES RECOVERED ANCHOR CAPITAL (PROPRIETARY) LIMITED		
Anchor Securities Proprietary Limited	-	360
Anchor Capital Cape Town Proprietary Limited	90	90
Anchor Financial Services Proprietary Limited	2	1
Southridge Capital Proprietary Limited	30	-
COMMISIONS RECEIVED/(PAID) ANCHOR CAPITAL PROPRIETARY LIMITED		
Anchor Capital Cape Town Proprietary Limited	(16 357)	(4 747)

27. Directors' emoluments

FIGURES IN R'000				2017
SALARIES PAID BY ANCHOR CAPITAL PROPRIETARY LIMITED				
EXECUTIVE DIRECTORS	**EMOLUMENTS**	**BONUS AND PERFORMANCE RELATED PAYMENTS**	**GAINS ON EXERCISE OF OPTIONS**	**TOTAL**
PG Armitage	2 130	730	-	2 853
TE Kaplan	1 155	358	505	2 028
OZ Khan	1 017	460	109	1 604
	4 302	**1 548**	**614**	**6 485**

EXECUTIVE DIRECTORS	NUMBER OF SHARE OPTIONS OUTSTANDING 2016 ('000)	NUMBER OF SHARE OPTIONS ISSUED 2017 ('000)	NUMBER OF SHARE OPTIONS EXERCISED 2017 ('000)	TOTAL OUTSTANDING OPTIONS ('000)
PG Armitage	1 102	454	-	**1 556**
TE Kaplan	352	164	(154)	**362**
OZ Khan	199	148	(33)	**314**
	1 653	**766**	**(187)**	**2 232**

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**
DK Rosevear	828	700	353	**1 881**
	3 861	**3 100**	**8 529**	**15 490**

FIGURES IN R'000		2017
ANCHOR GROUP LIMITED		
NON-EXECUTIVE	**DIRECTOR'S FEES**	**TOTAL**
MS Teke	328	328
AJ Adams	270	270
AP Nkuna	198	198
N Dennis	245	245
K Bissessor	162	162
	1 203	**1 203**

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

28. Categories of financial instruments

FIGURES IN R'000					2017
	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	63 482	49 914	-	-	126 542
Non-financial assets	-	-	-	992 730	992 730
Trade and other receivables	-	8 498	61 266	-	69 764
Cash and cash equivalents	93 672	-	-	-	93 672
Amounts receivable to stockbroking activities	-	251 566	-	-	251 566
TOTAL ASSETS	**157 154**	**309 978**	**61 266**	**992 730**	**1 534 274**
Financial liabilities	(56 767)	-	-	(30 036)	(86 803)
Non-financial liabilities	-	-	-	(36 670)	(36 670)
Trade and other payables	-	-	(26 800)	-	(26 800)
Amounts payable to stockbroking activities	-	(252 454)	-	-	(252 454)
TOTAL LIABILITIES	**(74 808)**	**(252 454)**	**(26 800)**	**(48 665)**	**(402 727)**

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**
Financial liabilities	(106 020)	-	-	-	(106 020)
Non-financial liabilities	-	-	-	(16 974)	(16 974)
Trade and other payables	-	(25 323)	-	(49 539)	(74 862)
TOTAL LIABILITIES	**(106 020)**	**(25 323)**	**-**	**(66 513)**	**(197 856)**

30. 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 AS AT 31 DECEMBER 2017	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 3 YEARS
AG Capital Contingent Purchase consideration	22 094	22 094	-
Methwold Contingent Purchase consideration	6 427	6 427	6 427
Standard Bank Loan	15 000	15 036	-
	43 521	**43 557**	**6 427**

FIGURES IN R'000 AS 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
	36 625	**66 844**

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	2 791	64.71	4 566 722	2.32
5 001 – 10 000 shares	583	13.52	4 536 059	2.30
1 001 – 50 000 shares	669	15.51	15 433 300	7.83
50 001 – 100 000 shares	91	2.11	6 670 076	3.38
100 001 – 1 000 000 shares	137	3.18	42 337 659	21.47
1 000 001 shares and over	42	0.97	123 673 105	62.71
TOTALS	**4 313**	**100.00**	**197 216 921**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	NO OF SHAREHOLDERS	%	NO OF SHARES	%
Banks/Brokers	17	0.39	36 387 478	18.45
Close Corporations	45	1.04	9 086 243	4.61
Endowment Funds	2	0.05	47 000	0.02
Individuals	3 727	86.41	71 606 441	36.31
Insurance Companies	31	0.72	14 705 874	7.46
Mutual Funds	31	0.72	2 321 667	1.18
Other Corporations	131	3.04	39 929 306	20.25
Private Companies	6	0.14	4 014 833	2.04
Public Company	8	0.19	693 301	0.35
Retirement Funds	1	0.02	141 022	0.07
Trusts	314	7.28	18 283 756	9.27
TOTALS	**4 313**	**100.00**	**197 216 921**	**100.00**

PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	**25**	**0.20**	**39 265 802**	**19.19**
Director holdings	16	0.16	31 177 446	15.81
Subsidiary holdings	6	0.02	3 725 990	1.89
Share trusts	1	0.00	141 022	0.07
Treasury shares	1	0.01	1 351 124	0.70
Funds managed by Executive	1	0.01	2 870 220	1.48
Public shareholders	4 288	0.80	157 951 119	80.09
TOTALS	**4 313**	**100.00**	**197 216 921**	**100.00**

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE	NO OF SHARES	%
RMB Securities	14 170 012	7.32
Sentinel Retirement Fund	11 529 438	5.96
TOTALS	**25 699 450**	**13.28**

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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)
  OZ Khan (Chief Financial Officer)
  TE Kaplan (Chief Operations Officer)
- AJ Adams
- AP Nkuna
- N Dennis
- 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 09:00 on Friday, 29 June 2018 at 25 Culross Road, Bryanston to consider, and if deemed fit, to pass, with or without modifications, the resolutions set out below.

Record Date to Attend and Vote at the AGM

The board of directors of the Company ("Board") 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, 20 April 2018 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, 22 June 2018. Accordingly, only shareholders who are registered in the register of members of the Company on Friday, 22 June 2018 will be entitled to participate in and vote at the AGM.

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, for administrative purposes, 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 AGM or any time prior to commencement of the AGM or prior to voting on any resolution proposed at the AGM.

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

Proxy forms should be submitted to the Company's transfer secretaries, Link Market Services South Africa Proprietary Limited, 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 will 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 Thursday, 28 June 2018, 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
- Should submit their voting proxies to the transfer secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by 09:00 on Wednesday, 27 June 2018. Alternatively the proxy form may be provided to the transfer secretaries or the chairman of the AGM at the AGM or prior to voting on any resolution proposed at the AGM.

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 2017;
- The directors' report;
- The report of the Audit & Risk Committee;
- The report of the Social & 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 2017, including the directors' report, the independent auditors' report, the Audit & Risk Committee report thereon and the Social & Ethics Committee report, be and are hereby received and accepted."

   Explanatory Note:

   Ordinary resolution number 1 is proposed to receive and accept the group audited annual financial statements for the year ended 31 December 2017, including the directors' report, the independent auditors' report, the Audit & Risk Committee report thereon and the Social & 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

   Director retirement and re-election – AJ Adams

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

   Mr AJ Adams's curriculum vitae is set out on page 13 of this integrated annual report to which this notice is attached. His past performance and contribution to the Company has been taken into account and the Remuneration & Nominations Committee recommends Mr AJ Adams for re-election.

3. Ordinary resolution number 3

   Director retirement and re-election – K Bissessor

   "RESOLVED THAT the re-election og Mrs K Bissessor, an independent non-executive director, who retires in terms of the MOI and, being eligible, offers herself for re-election as a director of the Company, be and is hereby approved."

   Mrs K Bissessor' curriculum vitae is set out on page 13 of this integrated annual report. Her past performance and contribution to the Company has been taken into account and the Remuneration & Nominations committee recommends Mrs K Bissessor for re-election.

   Explanatory note for ordinary resolutions 2 and 3:

   In accordance with the MOI, 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 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.

4. Ordinary resolution number 4

   Re-appointment and remuneration of auditors

   "RESOLVED THAT Grant Thornton be reappointed as the external auditor of the Group, with Ms Vianca Pretorius as the individual registered auditor, and that for the external auditors remuneration be determined by the Audit & Risk Committee."

   Explanatory Note:

   Ordinary resolution number 4 is proposed to approve the appointment of Grant Thornton as the external auditor of the Group and to authorise the Audit & Risk Committee to determine the external auditors remuneration. The Audit & Risk Committee and the Board have evaluated the performance of Grant Thornton and recommends their re-appointment as the external auditors of the Group in accordance with paragraphs 3.8 (g)(iii) of the JSE Listings Requirements.

   Subject to the passing of the resolution, Ms Vianca Pretorius will be the individual registered auditor who will undertake the audit for the financial year ending 31 December 2018.

   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.

5. Ordinary resolution number 5

   Appointment of Audit & Risk Committee member – K Bissessor

   "RESOLVED THAT, subject to the passing of ordinary resolution number 3, Mrs. K Bissessor be and is hereby re-elected as member of the Audit & Risk Committee in terms of section 94(2) of the Companies Act 71 of 2008 subject to passing of ordinary resolution 3."

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

6. Ordinary resolution number 6
Re-appointment of Audit & Risk Committee member – AJ Adams
"RESOLVED THAT subject to the passing of ordinary Resolution number 2, Mr AJ Adams be and is hereby re-elected as a member of the Audit & 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 the integrated annual report.

7. Ordinary resolution number 7
Re-appointment of Audit & Risk Committee member – AP Nkuna
"RESOLVED THAT Mr AP Nkuna be and is hereby re-elected as a member of the Audit & 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 the integrated annual report.

8. Ordinary resolution number 8
Re-appointment of Audit & Risk Committee member – N Dennis
"RESOLVED THAT Mr N Dennis be and is hereby re-elected as a member of the Audit & Risk Committee in terms of section 94 (2) of the Companies Act."

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

Explanatory Note 5 for ordinary resolutions numbers 5 to 8:
Ordinary resolutions number 5 to 8 are proposed to elect an audit committee in terms of section 94(2) of the Companies Act and the King Report on Corporate Governance for South Africa ("King IV").

Section 94 of the Companies Act & King IV 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 in King IV, 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 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.

9. Ordinary resolution number 9
Control over unissued shares
"RESOLVED THAT, 39 443 384 of the authorised but unissued shares of the Company, being 20% (twenty percent) of the Company's issued share capital, be and is 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 Limited Listings Requirements."

In order for ordinary resolution number 9 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.

10. Ordinary resolution 10
Specific authority to issue shares pursuant to a reinvestment option (Scrip dividend alternative)
"RESOLVED THAT, subject to the provisions of the Companies Act 71 of 2008, the MOI 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. "

In order for ordinary resolution number 10 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.

11. Ordinary resolution number 11
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 MOI, 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:

- 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 98 608 461 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 98 608 461 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 JSE's 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:
This ordinary resolution requires the support of at least 75% of the total number of votes exercisable by shareholders present in person or by proxy 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 99 799 499 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.

12. Ordinary resolution number 12
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 11 and special resolution numbers 1 to 5 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.

Special Resolutions

13. Special resolution number 1
Non-executive Directors' remuneration
"RESOLVED THAT, each by way of a separate vote, 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.

POSITION / ACTIVITY	ANNUAL REMUNERATION	REMUNERATION PER MEETING ATTENDED
1.1 Chairman	R 80 000	R 12 000
1.2 Board	R 66 000	R 12 000
1.3 Committee Meetings	R Nil	R 12 000

Explanatory Note:
Section 66(8) (read with section 66(9)) of the Companies Act provides that, to the extent permitted in the Company's MOI, 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 MOI 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. The Remuneration & Nominations Committee has considered the remuneration for non-executive directors and the board has accepted the recommendations of the Remuneration & Nominations 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 is required to pass this resolution.

14. 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 provides, among other things, that, except to the extent that the Memorandum of Incorporation of a company states 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 is required to pass the Resolution.

15. 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 MOI, 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 Company 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 number 3 is proposed to authorise the acquisition by the Company, and any subsidiary of the Company, 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, 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 86 of the integrated annual report.
- Share capital of the Company – refer to page 82 of the 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 AGM.

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 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 may, subject to compliance with the requirements of the Company's MOI 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.

No financial assistance is rendered for purchase of share options under the Anchor Group Limited Share Scheme.

In order for this resolution 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.

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.

Non-binding Resolutions

17. Non-binding resolution number 1

Endorsement 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 structured, 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

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

Bonuses are a discretionary payment and are paid annually in December, based on Company and individual 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 five years from the 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.

The Groups remuneration Philosophy and Strategy is available on the Anchor Group Website (www.anchorgroup.co.za)

Explanatory Note:
The Board is responsible for determining the remuneration of executive directors in accordance with the remuneration policy of the Company. The Remuneration and Nomination Committee assists the Board in its responsibility for setting and administering remuneration policies in the Company's long-term interests.

The Remuneration and Nominations Committee considers and recommends remuneration for employees at all levels in the Company, including the remuneration of senior executives and executive directors, and advises on the remuneration of non-executive directors.

King IV 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 & Nominations Committee prepared, and the Board considered and accepted, the remuneration policy, as set out in the remuneration report in the integrated annual report, and shareholders are required to vote on it.

This non-binding 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.

In the event of 25% or more of the shareholders voting against this resolution, the Board is committed to engage actively with dissenting shareholders in this regard in order to address all legitimate and reasonable objections or concerns.

18. Non-binding resolution number 2

Endorsement of Remuneration Implementation Report
For shareholders to endorse, through a non-binding advisory vote, Anchor Group's remuneration implementation report as set out on page 28 of the Integrated Annual Report.

Explanatory note:

In terms of King IV, a non-binding advisory vote should be obtained from shareholders on the Company's Remuneration implementation Report, contained on page 28 of the integrated report. The vote allows shareholders to express their view on the Remuneration Implementation Report.

In the event of 25% or more of shareholders voting against non-binding resolutions number 1 and 2, the board is committed to engaging actively with dissenting shareholders in this regard, in order to address all legitimate and reasonable objections and concerns.

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 AGM. 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 AGM. 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
26 March 2018

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 09:00 on Friday, 29 June 2018 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 AGM 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 Resolutions			
Ordinary Resolution Number 1: Presentation and acceptance of annual financial statements			
Ordinary Resolution Number 2: Director retirement and re-election – AJ Adams			
Ordinary Resolution Number 3: Director retirement and re-election – K Bissessor			
Ordinary Resolution Number 4: Auditors' re-appointment and remuneration – Grant Thornton			
Ordinary Resolution Number 5: Re-appointment of Audit & Risk Committee member – K Bissessor			
Ordinary Resolution Number 6: Appointment of Audit & Risk Committee member – AJ Adams			
Ordinary Resolution Number 7: Re-appointment of Audit & Risk Committee member – AP Nkuna			
Ordinary Resolution Number 8: Re-appointment of Audit & Risk Committee member – N Dennis			
Ordinary resolution number 9: Control over unissued shares			
Ordinary Resolution number 10: Specific authority to issue shares pursuant to a reinvestment option			
Ordinary resolution number 11: General authority to allot and issue shares for cash			
Ordinary Resolution number 12: Signature of documentation			

	NUMBER OF VOTES		
	FOR	AGAINST	ABSTAIN
Special Resolutions			
Special Resolution Number 1: Non-Executive Directors' remuneration			
Chairman's remuneration 1.1:			
Non-executive directors' retainer 1.2:			
Non-executive committee meeting attendance fees 1.3:			
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			
Non-binding Resolutions			
Non-binding Resolution Number 1: Approval of Remuneration Policy			
Non-binding Resolution Number 2: Endorsement of Remuneration Implementation Report			

Signed at _____ on _____ 2018

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 AGM of Anchor shareholders to be held on 09:000 on Friday, 29 June 2018 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, 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 09:00 on **Wednesday, 27 June 2018,** for administrative purposes.

   Alternatively, the form of proxy may be handed to the transfer secretary or to the chairman of the AGM at the annual general meeting or at any time prior to the commencement of the AGM or prior to voting on any resolution proposed at 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 AGM 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 AGM 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 AGM.

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 AGM. 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 ("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 AGM 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, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), by **09:00** on **Wednesday, 27 June 2018,** for administrative purposes. Alternatively, the form of proxy may be handed to the chairman of the AGM at the AGM or at any time prior to the commencement of the AGM or prior to voting on any resolution proposed at 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 AGM 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 AGM 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 AGM 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 AGM 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 AGM 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 AGM; or

    10.2. appoints a later, inconsistent appointment of proxy for the AGM; or

    10.3. attends the AGM 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 AGM by giving written notice of the appointment of that representative. This notice will not be effective at the AGM 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, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), not later than 09:00 on **Wednesday , 27 June 2018,** for administrative purposes, or prior to voting on any resolution proposed at the AGM.

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)).