



## **ANCHOR GROUP LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 2009/005413/06)

("Anchor" or "the Company" or "the Group")

Share code: ACG

ISIN: ZAE000193389

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## **SUMMARISED AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018 AND DECLARATION OF DIVIDEND NUMBER 9**

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### **HIGHLIGHTS**

- Assets under management and advice decreased by 6% during 2018 to R49.0 billion (31 December 2017: R52.3 billion).
- Adjusted Headline Earnings up 1% at R76.6 million (R75.9 million to 31 December 2017).
- Adjusted HEPS from continuing operations down 2% at 38.4 cents per share (39.1 cents to 31 December 2017).
- Operating cash flow of R139m (R151m to 31 December 2017).
- Final dividend of 10 cents per share; total dividend of 20 cents per share for 2018 (10 cents per share in 2017).

### **COMMENTARY**

Anchor began managing assets in 2012 and has grown to reach group-wide assets under management and advice at 31 December 2018 of R49 billion, down 6% from R52.3 billion on 31 December 2017.

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 2018 year was difficult for the investment industry. The JSE Capped Swix was down 10.7%, the MSCI World was down 8.7% and the average USD/ZAR exchange rate (R13.29) was 0.4% weaker compared to 2017. The JSE trading volumes, which indicate activity levels, were down 39% compared to 2017.

Against the above backdrop, Anchor has managed to grow the business by attracting over 1,700 new high net worth private clients in this reporting period. Anchor's investment performance was ahead of industry benchmarks.

Anchor did well to hold profit levels in a negative environment. Operational leverage was negative with turnover down 3% and operating expenses up 3%. The operating margin decreased to 22% (27% in 2017). The operating margin was negatively influenced by:

- a decline in the profitability of the hedge fund businesses
- no performance fees earned in 2018

- lower activity levels resulting in lower private client brokerage revenue
- A change in asset mix (more fixed income revenues, where fees are lower)
- Investment in distribution initiatives which are still building matching revenue.

The Group is well placed to take advantage of a more positive South African environment. The operating margin of 22% was the lowest since the inception of the business and is expected to increase as the scale of the business increases and the investment markets improve.

## **RESULTS**

### **Continuing Operations:**

The turnover of the group decreased by 3% to R464 million (2017: R476 million), with average assets of R50.6 billion for the year. The yield on average assets for the period decreased to 0.92% (2017: 0.97%). This was lower due to reduced activity levels, negative investment markets, and no once-off items in revenue.

Costs grew by 3%, to R360 million (2017: R350 million).

Costs grew faster than turnover, resulting in an operating margin of 22% (2017: 27%). This resulted in operating profits declining by 18% to R104 million (2017: R127 million).

Other Income grew by 35% to R17 million (2017: R13 million). Other Income was positively impacted by the return on balance sheet assets, foreign exchange gains, and interest income. This was largely due to the spot USD/ZAR exchange rate weakening by 16% for the year.

Finance costs decreased by 53% to R2 million, (2017: R4.4 million). The decrease is due to the repayment of debt.

Adjusted headline earnings from continuing operations per share was down 2% at 38.4 cents (2017: 39.1 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 with more than 100% of continuing profits generated in cash.

Shareholders' equity decreased to R870 million (2017: R1.12 billion), as a result of the loss for the period; incorporating the loss from the discontinued associate Capricorn Fund Managers Malta Limited, ("CFM Malta"). The net asset value per share is 422 cents. Cash and other liquid instruments were R144 million at 31 December 2018, which represents 70 cents per share.

### **Discontinued Operations:**

CFM Malta, the offshore hedge-fund associate, was classified as a discontinued operation, due to the intention to close the entity.

The share of losses from the associate, and the impairment to fully write down the associate contributed to the loss of R298 million (2017: 2.1 million).

## **OPERATIONAL REVIEW**

### **Private Clients and Asset Management**

Assets under management at year-end were R33.9 billion (-5%, 2017: R35.6 billion) and assets under advice R15.1 billion (-10%, 2017: R16.7 billion). Anchor does not own 100% of all of its subsidiaries. If one only includes Anchor's attributable share of assets under management the R33.9 billion reduces to R32.4 billion (down 9% on 31 December 2017: R35.6 billion).

The business welcomed a record number of new clients during 2018 and Group net inflows remain strong. We are pleased with the following:

- Anchor Capital (Pty) Ltd ("Anchor Capital") has a strong institutional and private client pipeline of mandates and this should increase assets under management in 2019.
- Offshore managed assets are R16 billion.
- Anchor's fixed income business was launched late in 2015 and has grown meaningfully with a strong pipeline.

Group marketing initiatives are proving effective and Anchor has achieved new inflows of over R400 million per month in 2018. This was offset by negative markets, the closure of the Capricorn GEM fund and the loss of a large non-discretionary client, whose assets were not fee generating.

The investment performance of the Group has been strong since inception. The majority of assets are managed in segregated portfolios. Anchor Capital is relatively new to the Collective Investment Scheme ("CIS") space, with two of its Anchor-branded funds now having a five year track record. This includes the Anchor BCI Equity Fund, which since inception has averaged a compounded growth rate of 10.9% per annum against a peer group average of 6.1% (source: MoneyMate).

Portfolio Bureau (Pty) Ltd performed in line with expectations. The contribution from Capricorn Fund Managers SA (Pty) Ltd ("CFM SA"), was lower than the prior period with no performance fees. CFM SA has been acquired 100% by the Group, which increases the investment team and consolidates the hedge fund offering of the Group.

Investment markets delivered unfavourable returns in 2018: the SA JSE Capped Swix index was down 10.7%, the MSCI World was down at 8.7% and the average USD/ZAR exchange rate was 0.4% weaker compared to prior year. Anchor's local performance was ahead of benchmarks.

As Anchor increases in size, so it becomes increasingly sensitive to market returns and exchange rates. To balance this, Anchor is focused on growing annuity revenue streams and increasing the mix of asset classes.

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

### **Stockbroking**

Anchor Stockbrokers (Pty) Ltd continued to deliver a positive performance, in historically low market conditions. Anchor has sold 51% of this business. The conditions precedent have been fulfilled, and therefore the business has been deconsolidated in the results.

Anchor Stockbrokers is a Level II B-BBEE contributor and has excellent prospects to materially contribute to earnings, by capturing significant institutional flows.

## **CAPITAL ALLOCATION AND CORPORATE ACTIVITY**

Anchor increased its stake in Anchor Securities Private Clients (Pty) Ltd ("ASPC") from 14% to 65%. ASPC is a high-quality Private Client business with more than R1.8 billion of assets under management, and is based in Kwa-Zulu Natal. The purchase price was settled in shares.

Anchor repurchased 2.54 million shares, held as treasury shares, during 2018 and the share buy-back will continue in 2019.

Anchor purchased 100% of Erudite Financial Services (Pty) Ltd ("EFS") on 1 January 2019. EFS is a financial advisory business advising a book of 1 300 clients, with assets under advice of R1.3 billion.

Anchor has a stated, long-term intention of paying half of adjusted headline earnings as a dividend. The final dividend is 10 cents per share, resulting in a total dividend of 20 cents per share for the year.

## **STRATEGY AND NEW INITIATIVES**

Anchor is in its eighth year of existence and continues to make progress. Anchor is a young and dynamic asset management business, which maintains its focus on quality and investment excellence, but also aims to do things differently and challenge the status quo. The private client market in South Africa has shown a strong appetite to support a relatively new player, but to penetrate other segments of the market a longer track record is required.

Anchor Capital now has a seven-year track record in its current form and some of its CIS products have 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 in marketing and distribution capabilities from inception, which is bearing fruit through the growth of assets under management. We are aiming for consequential financial leverage to follow in coming years.

The Group's strategy is as follows:

### **1. To maintain top quartile investment performance with all investment product ranges across asset classes and geographies:**

- The investment product range set is complete, and Anchor now has a CIS product range which will service all investment needs, managed by a well-established, extremely competent and strongly performing investment process.
- 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 three ways:**

- Marketing to traditional channels who outsource the asset management function to third party asset managers. This includes financial advisors, institutional investors, multi-

managers and fund-of-funds.

- Marketing directly to clients, primarily in the private client space. We continue to 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 existing client base. This strategy will continue into 2019.
- Acquiring quality financial advisory businesses with diverse client base, and good cash flow generation.

## **PROSPECTS**

It is challenging to grow in the current investment environment. However, the business continues to generate consistent inflows, with over R5 billion in 2018. We expect this to be sustained in 2019. After four years of flat investment markets Anchor's operating margin has come under pressure and is currently well below management targets. There is potential for this to increase should the investment climate improve.

The key driver for the business is assets under management, which averaged R50.6 billion for the 2018 financial year. The 2019 financial year began with R49 billion of assets under management, and the investment markets are positive year to date. The results for the forthcoming year will also be influenced by:

- the performance of local and global markets and Anchor's relative performance;
- the impact on assets under management from a larger distribution force and the progress of Anchor Financial Services;
- the exchange rate between the Rand and other currencies (we estimate across the business, that the Rand hedge component is approximately 35%);
- acquisition of financial advisory businesses;
- the growth of the new stockbroking division, and
- an increase in shares in issue. The average shares in issue for 2018 were 199.6 million and the starting shares in issue at 1 January 2019 are 206 million.

A presentation on the results under review is available on [www.anchorgroup.co.za](http://www.anchorgroup.co.za).

## **CHANGES TO THE BOARD OF DIRECTORS**

Ms. T. Mhlari was appointed as an independent non-executive director, and the chairperson of the Audit and Risk Committee with effect from 17 August 2018, replacing Ms K Bissessor. The Board wishes to thank Ms K.Bissessor for her contribution during her tenure.

## Summarised consolidated statement of comprehensive income

Figures in R'000	% change	Audited 31-Dec-18	Restated Audited 31-Dec-17
<b>Continuing operations</b>			
Revenue	-3%	463 727	476 283
Operating Expenses	3%	-360 150	-349 520
<b>Operating profit</b>	-18%	<b>103 577</b>	<b>126 763</b>
Other Income	35%	17 077	12 666
Movement in credit loss allowances	n.m	-1 181	
Loss of control of subsidiary	n.m	-2 579	
Fair value gain on previously held equity interest	n.m	6 715	
Finance Costs	-53%	-2 073	-4 413
Share of (loss)/income from associates and joint ventures	-136%	-104	285
<b>Profit before taxation</b>	-10%	<b>121 432</b>	<b>135 301</b>
Taxation expense	-8%	-33 560	-36 384
<b>Profit from continuing operations</b>	-11%	<b>87 872</b>	<b>98 917</b>
<b>Discontinued operations</b>			
Loss on discontinued operations net of tax		-298 977	-2 180
		<b>-211 105</b>	<b>96 737</b>
<b>Items that may be reclassified to profit or loss:</b>			
Other Comprehensive Income	n.m	2 132	-554
<b>Total Comprehensive (Loss) / income</b>	n.m	<b>-208 973</b>	<b>96 183</b>
<b>Total comprehensive (Loss) / income attributable to:</b>			
Owners of the parent	n.m	-234 035	62 783
Non-controlling interest	-25%	25 062	33 400
	n.m	<b>-208 973</b>	<b>96 183</b>
<b>Continuing operations:</b>			
Earnings per share (cents)	-7%	31,5	33,7
Diluted earnings per share (cents)	-7%	31,3	33,7
Headline earnings per share (cents)	-13%	29,4	33,7
Diluted headline earnings per share (cents)	-13%	29,2	33,7
Adjusted headline earnings per share (cents)	-2%	38,4	39,1
Diluted adjusted headline earnings per share (cents)	-2%	38,2	39,1
<b>Discontinued operations:</b>			
Earnings per share (cents)	n.m	-149,7	-1,1
Diluted earnings per share (cents)	n.m	-149,0	-1,1
Headline earnings per share (cents)	n.m	-16,6	-1,1
Diluted headline earnings per share (cents)	n.m	-16,5	-1,1
Adjusted headline earnings per share (cents)	75%	-2,0	-1,1
Diluted adjusted headline earnings per share (cents)	74%	-2,0	-1,1

**Total operations:**

Earnings per share (cents)	n.m	-118,3	32,6
Diluted earnings per share (cents)	n.m	-117,6	32,6
Headline earnings per share (cents)	-61%	12,8	32,6
Diluted headline earnings per share (cents)	-61%	12,7	32,6
Adjusted headline earnings per share (cents)	-4%	36,4	38,0
Diluted adjusted headline earnings per share (cents)	-5%	36,2	37,9

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

<b>Earnings attributable to shareholders</b>	-11%	<b>87 872</b>	<b>98 917</b>
Non-controlling interest	-25%	25 062	33 400
<b>Earnings attributable to ordinary shareholders</b>	-4%	<b>62 810</b>	<b>65 517</b>
Loss of control of subsidiary	n.m	2 579	
Fair value gain on previously held equity	n.m	-6 715	
<b>Headline earnings attributable to ordinary shareholders</b>	-10%	<b>58 674</b>	<b>65 517</b>
Amortisation on Intangible Assets	41%	5 712	4 065
Cash gain on sale of subsidiary	n.m	4 040	
Movement in credit losses	n.m	1 181	
Equity settled share option costs	9%	6 986	6 393
<b>Adjusted headline earnings attributable to ordinary shareholders</b>	1%	<b>76 593</b>	<b>75 975</b>

**Discontinued operations:**

<b>Earnings attributable to shareholders</b>	n.m	<b>-298 977</b>	<b>-2 180</b>
<b>Earnings attributable to ordinary shareholders</b>	n.m	<b>-298 977</b>	<b>-2 180</b>
Impairment of CFM Malta within Anchor Group	n.m	265 822	
<b>Headline earnings attributable to ordinary shareholders</b>	n.m	<b>-33 155</b>	<b>-2 180</b>
Impairment of loan within CFM Malta	n.m	29 230	
<b>Adjusted headline earnings attributable to ordinary shareholders</b>	<b>80%</b>	<b>-3 925</b>	<b>-2 180</b>

**Total operations:**

<b>Earnings attributable to shareholders</b>	n.m	<b>-211 105</b>	<b>96 737</b>
Non-controlling interest	-25%	25 062	33 400
<b>Earnings attributable to ordinary shareholders</b>	n.m	<b>-236 167</b>	<b>63 337</b>
Loss of control of subsidiary	0%	2 579	
Fair value gain on previously held equity	n.m	-6 715	
Impairment of CFM Malta within Anchor Group	n.m	265 822	
<b>Headline earnings attributable to ordinary shareholders</b>	-60%	<b>25 519</b>	<b>63 337</b>
Impairment of loan within CFM Malta	n.m	29 230	
Amortisation on Intangible Asset	41%	5 712	4 065
Cash gain on sale of subsidiary	n.m	4 040	
Movement in credit losses	n.m	1 181	
Equity settled share option costs	9%	6 986	6 393
<b>Adjusted headline earnings attributable to ordinary shareholders</b>	-2%	<b>72 668</b>	<b>73 795</b>
Number of shares in issue	5%	206 143	197 217
<b>Weighted average number of shares in issue</b>	3%	<b>199 657</b>	<b>194 310</b>
Employee share incentive scheme	n.m	1 051	244
<b>Diluted weighted average number of shares in issue</b>	3%	<b>200 708</b>	<b>194 554</b>

## Summarised consolidated statement of financial position

Figures in R'000	% Change	Audited 31-Dec-18	Restated Audited 31-Dec-17
<b>Assets</b>			
<b>Non-Current Assets</b>			
Equipment	-17%	6 045	7 325
Goodwill	6%	589 990	557 287
Intangible assets	-2%	85 161	87 222
Investments in associates	-78%	72 804	334 309
Financial assets	48%	21 675	14 660
Deferred tax	63%	7 015	4 299
	-22%	<u>782 690</u>	<u>1 005 102</u>
<b>Current Assets</b>			
Current tax receivable	2%	2 338	2 288
Cash and cash equivalents	-29%	66 204	93 672
Financial assets	-29%	77 709	109 611
Trade and other receivables	-29%	49 682	69 764
Amounts receivable on stockbroking activities		-	251 566
	-63%	<u>195 933</u>	<u>526 901</u>
<b>Total Assets</b>	-36%	<b><u>978 623</u></b>	<b><u>1 532 003</u></b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	5%	961 332	913 902
Reserves	-20%	5 020	6 308
Retained income	-163%	-114 991	183 845
Equity Attributable to Equity Holders of Parent	-23%	851 361	1 104 055
Non-controlling interest	-3%	18 585	19 259
<b>Total Equity</b>	-23%	<b><u>869 946</u></b>	<b><u>1 123 314</u></b>
<b>Liabilities</b>			
<b>Non Current Liabilities</b>			
Financial liabilities	-58%	20 844	49 983
Deferred Tax	13%	21 817	19 308
	-44%	<u>42 661</u>	<u>69 291</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Financial liabilities	-18%	35 791	43 521
Trade and other payables	-11%	25 956	29 066
Current tax payable	-70%	4 269	14 357
Amounts payable on stockbroking activities		-	252 454
	-81%	<u>66 016</u>	<u>339 398</u>
Total Liabilities	-74%	<u>108 677</u>	<u>408 689</u>
<b>Total Equity and Liabilities</b>	-36%	<b><u>978 623</u></b>	<b><u>1 532 003</u></b>



Net asset value per share (cents)	-26%	422	570
Net tangible asset value per share (cents)	-61%	94	243

## Summarised consolidated statement of cash flows

Figures in R'000	% change	Audited 31-Dec-18	Restated Audited 31-Dec-17
<b>Cash flows from operating activities</b>			
Cash generated from / (used) from operations	-8%	139 486	151 240
Interest income	21%	7 901	6 538
Finance costs	-53%	(2 073)	(4 413)
Tax paid	47%	(43 850)	(29 750)
<b>Net cash from operating activities</b>	<b>-18%</b>	<b>101 464</b>	<b>123 615</b>
<b>Cash flows utilised in investing activities</b>			
Purchase of equipment and intangible assets	-28%	(11 837)	(9 256)
Proceeds on disposal of intangible assets		3 171	
Cash acquired on acquisition of Subsidiary	n.m	(7 863)	4 363
Proceeds / (Purchase) in financial assets	-54%	9 552	20 621
Net movement in investments in associates	2%	(27 076)	(21 499)
<b>Net cash utilised in investing activities</b>	<b>n.m</b>	<b>(34 053)</b>	<b>(5 771)</b>
<b>Cash flows from financing activities</b>			
Increase in stated capital / share capital	-65%	1 503	4 299
Increase of other financial liabilities	-43%	(22 601)	(39 891)
Purchase of ACG shares	n.m	(10 406)	(5 121)
Dividends paid	4%	(63 914)	(61 525)
<b>Net Cash from financing activities</b>	<b>-7%</b>	<b>-95 418</b>	<b>-102 308</b>
<b>Total cash and cash equivalents movement for the year</b>	<b>n.m</b>	<b>(28 007)</b>	<b>15 536</b>
Cash and cash equivalents at the beginning of the year	20%	93 672	78 184
Effect of exchange rate movement on cash balances	n.m	539	-48
<b>Total cash and cash equivalents at end of the year</b>	<b>-29%</b>	<b>66 204</b>	<b>93 672</b>

## Summarised consolidated statement of changes in equity

	Share Capital	Foreign currency translation Reserve	Equity Reserve	Treasury shares	Share based payment reserve	Total reserves	Restated Retained Income	Restated Total attributable to equity holders of the group / company	Restated Non- controlling interest	Restated Total equity
<b>Figures in R'000</b>										
<b>Balance at 01 January 2017</b>	<b>904</b>	<b>1</b>	<b>-5</b>		<b>10</b>	<b>5</b>		<b>1 059</b>	<b>18</b>	<b>1 077</b>
	<b>010</b>	<b>159</b>	<b>805</b>		<b>236</b>	<b>590</b>	<b>149 526</b>	<b>126</b>	<b>366</b>	<b>492</b>
Profit for the year	-	-	-		-	-	63 337	337	400	737
Other comprehensive income	-	554	-		-	554	-	554	-	-554
	-	-	-		-	-		<b>62</b>	<b>33</b>	<b>96</b>
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>554</b>	<b>-</b>		<b>-</b>	<b>554</b>	<b>63 337</b>	<b>783</b>	<b>400</b>	<b>183</b>
	9							9		9
Issue of shares for Acquisitons of subsidiaries	892	-	-		-	-	-	892	-	892
				-5		-5		-5		-5
Treasury shares				121		121		121	-	121
					6	6		6		6
Share based payments	-	-	-		393	393	-	393	-	393
							(29	-29	(24	-53
Dividends	-	-	-		-	-	018)	018	274)	292
	9	-	-	-5	6	1	-29	-17	-24	-42
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>892</b>			<b>121</b>	<b>393</b>	<b>272</b>	<b>018</b>	<b>854</b>	<b>274</b>	<b>128</b>
<b>Opening balance as previously reported</b>	<b>913</b>		<b>-5</b>	<b>-5</b>	<b>16</b>	<b>6</b>		<b>1 104</b>	<b>27</b>	<b>1 131</b>
	<b>902</b>	<b>605</b>	<b>805</b>	<b>121</b>	<b>629</b>	<b>308</b>	<b>183 845</b>	<b>055</b>	<b>492</b>	<b>547</b>
Prior year error	-	-	-		-	-	-	-	-8	-8
									233	233
<b>Restated balance as at 31 December 2018</b>	<b>913</b>		<b>-5</b>	<b>-5</b>	<b>16</b>	<b>6</b>		<b>1 104</b>	<b>19</b>	<b>1 123</b>
	<b>902</b>	<b>605</b>	<b>805</b>	<b>121</b>	<b>629</b>	<b>308</b>	<b>183 845</b>	<b>055</b>	<b>259</b>	<b>314</b>
Loss for the year							-236 167	-236 167	25 062	-211 105
		2				2				
Other comprehensive income		132				132		2 132		2 132
		2				2				
<b>Total comprehensive loss for the year</b>		<b>132</b>				<b>132</b>	<b>-236 167</b>	<b>-234 035</b>	<b>25 062</b>	<b>-208 973</b>
	47									
Issue of shares	430					-		47 430		47 430
Change in accounting policy - IFRS 9 – opening retained earnings adjustment							-21 806	-21 806	-2 129	-23 935
Changes in ownership - ASPC	-					-		-	-3 869	-3 869
Shares of ACG held in subsidiary				-10 406		-10 406		-10 406		-10 406
Change in ownership - Methwold									3 313	3 313
Share based payments					6 986	986		6 986		6 986
Dividends						-	-40 863	-40 863	-23 051	-63 914
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>47</b>			<b>-10 406</b>	<b>6 986</b>	<b>-3 420</b>	<b>-62 669</b>	<b>-18 659</b>	<b>-25 736</b>	<b>-44 395</b>
	<b>430</b>	<b>-</b>	<b>-</b>	<b>-10 406</b>	<b>6 986</b>	<b>-3 420</b>	<b>-62 669</b>	<b>-18 659</b>	<b>-25 736</b>	<b>-44 395</b>
<b>Balance at 31 December 2018</b>	<b>961</b>	<b>2</b>				<b>5</b>				
	<b>332</b>	<b>737</b>	<b>-</b>	<b>5 805</b>	<b>-</b>	<b>15 527</b>	<b>23 615</b>	<b>020</b>	<b>-</b>	<b>114 991</b>
								<b>851 361</b>	<b>18 585</b>	<b>869 946</b>

## Condensed consolidated segmental information (R' 000)

### Statements of Comprehensive Income

31-Dec-18	Non-Asset Management	Asset Management	Stockbroking	Eliminations	Total
Revenue	48 073	355 625	110 506	(50 477)	463 727
Operating expenses	(19 914)	(267 610)	(92 802)	20 287	(360 150)
<b>Operating profit</b>	<b>28 159</b>	<b>88 015</b>	<b>17 704</b>	<b>(35 078)</b>	<b>103 577</b>
Other Income	39 538	14 991	6 864	(44 316)	17 077
Fair value on disposal of subsidiary	(2 579)				(2 579)
Fair value gain on business combination		6 715			6 715
Movement in credit allowances		(1 181)			(1 181)
Finance costs	-	(4 891)	(1 579)	4 397	(2 073)
Share of profits from associates and joint venture - continuing operation	(104)				(104)
Share of profits from associates - discontinued operations	(298 977)				(298 977)
Taxation					(33 560)
<b>Profit for the year</b>	<b>(233 963)</b>	<b>103 649</b>	<b>22 989</b>	<b>(70 220)</b>	<b>(211 105)</b>

31-Dec-17	Non-Asset management	Asset Management	Stockbroking	Eliminations	Total
Revenue	55 292	372 050	129 850	(80 909)	476 283
Operating expenses	(23 827)	(270 283)	(92 078)	36 668	(349 520)
<b>Operating profit</b>	<b>31 465</b>	<b>101 767</b>	<b>37 772</b>	<b>(44 241)</b>	<b>126 763</b>
Other Income	8 106	8 093	3 259	(6 792)	12 666
Finance Costs	(548)	(5 081)	(1 491)	2 707	(4 413)
Share of profits from associates - continuing operation	285	-	-	-	285
Share of profits from associates - discontinued operations	(2 180)				(2 180)
Taxation					(36 384)
<b>Profit for the year</b>	<b>39 308</b>	<b>104 779</b>	<b>39 540</b>	<b>(48 326)</b>	<b>96 737</b>

### Statement of Financial Positions

31-Dec-18	Non-Asset management	Asset Management	Stockbroking	Eliminations	Total
<b>Assets</b>	<b>805 300</b>	<b>408 366</b>	<b>497 591</b>	<b>(732 634)</b>	<b>978 623</b>
Non Current Assets	725 912	279 630	7 316	(230 168)	782 690
Current Assets	79 388	128 736	490 275	(502 465)	195 933
<b>Liabilities</b>	<b>(42 348)</b>	<b>(63 324)</b>	<b>(461 540)</b>	<b>458 535</b>	<b>(108 677)</b>
Non Current Liabilities	(20 668)	(21 993)	(657)	657	(42 661)
Current liabilities	(21 680)	(41 330)	(460 882)	457 877	(66 016)
<b>Equity</b>	<b>762 952</b>	<b>345 042</b>	<b>36 052</b>	<b>(274 099)</b>	<b>869 946</b>

31-Dec-17	Non-Asset management	Asset Management	Stockbroking	Eliminations	Total
<b>Assets</b>	<b>1 098 078</b>	<b>419 567</b>	<b>297 114</b>	<b>(282 756)</b>	<b>1 532 003</b>
Non Current Assets	988 442	251 717	8 889	(243 946)	1 005 102
Current Assets	109 636	167 850	288 225	(38 810)	526 901
<b>Liabilities</b>	<b>(65 419)</b>	<b>(88 417)</b>	<b>(277 144)</b>	<b>22 291</b>	<b>(408 689)</b>
Non Current Liabilities	(57 041)	(15 152)	(17 237)	20 139	(69 291)
Current Liabilities	(8 378)	(73 265)	(259 907)	2 152	(339 398)
<b>Equity</b>	<b>1 032 659</b>	<b>331 150</b>	<b>19 970</b>	<b>(260 465)</b>	<b>1 123 314</b>

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies and method of measurement and recognition applied in the preparation of these condensed consolidated financial results are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the previous year ended 31 December 2017 except for the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue which became effective in the current year.

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

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

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

These consolidated financial statements for the year ended 31 December 2018 have been audited by BDO South Africa Inc, who expressed an unmodified opinion. The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office.

These summarised consolidated financial statements have been derived from the Anchor Group's audited annual financial statements but is not itself audited. The directors take full responsibility for the preparation of the provisional report and that the financial information has been correctly extracted from the underlying annual financial statements.

## EVENTS AFTER THE REPORTING PERIOD

Three significant subsequent events have occurred post the year end.

- On 1 January 2019, Anchor has purchased 100% of Erudite Financial Services Pty Ltd ("EFS").
- On 20 March 2019, Anchor Capital Mauritius Limited ("ACM") earned a \$4.96 million fee from Astoria due to the termination of the investment management agreement between ACM and Astoria Limited.
- On 28 February 2019, Anchor has acquired the remaining 52,51% stake in CFM SA. The acquisition will ensure a consolidated hedge fund offering to clients and increases the research coverage within the Group.

## RESTATEMENT OF FINANCIAL STATEMENTS

During the preparations of the Statement of Financial Position, it was identified that a restatement had to be made due to the following reasons:

1. Correction of an error IAS 8: A balance relating to dividends paid to NCI was incorrectly classified as trade and other payables.
2. Correction of an error IAS 8: Balances were mapped incorrectly to Financial liabilities, Trade payables, and Financial assets.
3. CFM Malta was reclassified as a discontinued operation.

The impact of this error and the restatement is provided below:

	As previously reported		Adjustment		Restated balance	
Statement of Financial Position:						
Current assets						
Other financial assets	111882	-	2 271		109611	
Equity						
Non controlling interests	27492	-	8 233		19259	
Non current Liabilities						
Financial liabilities	52714	-	2 731		49983	
Current Liabilities						
Financial Liabilities	37 094		6 427		43521	
Trade and other payables	26800		2 266		29066	
Statement of profit and loss and other comprehensive income						
Share of profits / (losses) from associates	-1895		-2180		285	
Loss on discontinued operations	0		-2180		-2180	
Statement of Cash Flows						
Cash flows from operating activities						
Cash generated from operations	140736		10 504		151 240	
Cash flows from investing activities						
Proceeds/(Purchase) of financial assets	22892	-	2 271		20 621	
Cash flows from financing activities						
Dividends paid	-	53292	-	8 233	-	61 525

## DISCONTINUED OPERATIONS

During 2018, management decided to close down the CFM Malta associate. CFM Malta was mainly responsible for managing the CFM GEMS fund. The GEMS fund had a great historic track

record, however since acquisition the fund has underperformed. There were material outflow in this business after June 2018, and in September a decision was taken to close the fund. The share of losses and the impairment of the associate are highlighted below:

The statement of comprehensive income below discloses the share of losses and impairment separately as compared to consolidated statement of comprehensive income.

	<b>2018</b>	<b>2017</b>
<b>Investment in associate at cost</b>	322 396	322 396
Historic share of profits	6 480	8 660
Share of losses in associate in current year	-33154	- 2 180
Share buybacks	- 4 800	- 4 800
Dividends	- 25100	- 26 449
Impairment of associate	- 265 822	
<b>Carrying value at year end</b>	<b>-</b>	<b>297 627</b>

<b>Summarised statement of loss and other comprehensive Income</b>	<b>2018</b>	<b>2017</b>
Revenue	11 913	32307
Other Expenses	-44 195	-37447
Taxation	-872	644
Total Comprehensive Income	-33154	-4496

## DIVIDEND

As stated, the Company has a long-term intention of paying half of its adjusted headline earnings as a dividend going forward.

For the second six-month period ended 31 December 2018 the Company declared a final gross dividend (Number 9) of 10 cents per share (2017: 10 cents). For the year ended 31 December 2018, the company has declared a gross dividend of 20 cents per share (2017: 10 cents).

The dividend will be subjected to a dividend withholding tax rate of 20% or 2 cents per ordinary share and accordingly the net dividend is 8 cents, while the dividend payable to shareholders who are exempt from dividend withholding tax is 10 cents per share.

Anchor's tax reference number is 9527/450/16/8. There are 208 790 965 ordinary shares in issue at the declaration date.

The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Monday, 15 April 2019
Shares commence trading 'ex' dividend	Tuesday, 16 April 2019
Record date (date shareholders recorded in share register)	Thursday, 18 April 2019
Payment date	Tuesday, 23 April 2019

Shareholders may not dematerialise or rematerialise their share certificates between Tuesday, 16 April 2019 and Thursday, 18 April 2019, both dates inclusive. Payment of the dividend will be made to shareholders to Tuesday, 23 April 2019, in respect of dematerialised shares, certificated shareholders' dividend payments will be deposited on/or about Tuesday, 23 April 2019.

For and on behalf of the board

**Peter Armitage**

Chief Executive Officer  
28 March 2018

**Mike Teke**

Chairman

**DIRECTORS**

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

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

**DESIGNATED ADVISOR**

Java Capital

**TRANSFER SECRETARIES**

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