

**ANCHOR GROUP LIMITED**  
**(formerly Andotorque Investments Proprietary Limited)**

(Incorporated in the Republic of South Africa)

(Registration number 2009/005413/06)

("Anchor" or "the Company")

ISIN Code: ZAE000193389

JSE Code: ACG

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**UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015, DECLARATION OF DIVIDEND NUMBER 3, DETAILED CAUTIONARY ANNOUNCEMENT AND RENEWAL OF CAUTIONARY ANNOUNCEMENT**

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**HIGHLIGHTS**

- Adjusted HEPS up 52% to 20.8 cents per share (13.7 cents to 30 June 2014).
- Adjusted Headline Earnings up 244% to R29.2 million (R8.5 million to 30 June 2014).
- Assets under management and advice grew by 74% to R15 billion (R8.6 billion at 31 December 2014).
- First material acquisition of Methwold Investments Proprietary Limited ("RCI"), with remaining cash balance of R218 million.
- Company remains under cautionary.
- Number of shareholders increased from 350 to over 3,500.
- Declaration of interim dividend of 11 cents per share.

**COMMENTARY**

Anchor Group began managing assets in 2012 and has grown rapidly to reach group-wide assets at 30 June 2015 of R15 billion (R13.5 billion under management and R1.5 billion under advice). These are primarily private client and retail assets, with recent growth in the corporate and institutional markets.

The asset management subsidiary Anchor Capital Proprietary Limited ("Anchor Capital"), which is the primary business in the group, runs segregated portfolios (both locally and internationally) and has a series of funds in both the Collective Investment Scheme ("CIS") and hedge categories. In addition, with effect from 1 June 2015, Anchor Group acquired a controlling interest in RCI.

The long term strategy of the Anchor Group is to become a major player in South African asset management, with an increasing focus on offshore investment. This will be achieved by both organic and acquisitive growth.

**RESULTS**

The turnover of the group grew by 184% to R80.1 million (2014: R28.2 million) for the six months ended 30 June 2015. This was driven by growth in group-wide assets under management and advice, which ended the period at R15 billion. This R6.4 billion increase represents 74% growth on the assets under management of R8.6 billion at 31 December 2014. Of this increase, R3.8 billion was by way of the acquisition of RCI with effect from 1 June 2015. The assets are comprised of assets under management of R13.5 billion (31 December 2014: R7.3 billion) and assets under advice of R1.5 billion (31 December 2014: R1.3 billion). The yield on average assets under management for the period was 1.5% (2014: 1.6%). Anchor Capital continued to attract organic net inflows in excess of R300 million per month.

Costs grew by 146% to R44.2 million (2014: R17.9 million) which primarily relate to:

1. Variable costs growing in line with turnover.
2. Investment in distribution capability to accelerate future growth.
3. Compliance and systems to improve the client experience.
4. Technology for a new internet based investment offering.
5. Corporate finance and legal costs relating to completed and future acquisitions.

Turnover grew by 184% faster than the growth in costs, resulting in an operating margin of 45% (2014: 36%), achieving positive operating leverage.

Operating profits grew by 251% to R35.8 million (2014: R10.2 million).

The share of profits from equity accounted associates was R0.9 million, reflecting a turnaround from the prior period loss of R0.4 million. The major positive contributor, Anchor Securities, now has over R2.7 billion of assets under management and advice (the R2 billion non-discretionary component is not included in the Assets Under Management ("AUM") figures mentioned previously).

Headline earnings grew by 311% to R29.2 million (2014: R7.1 million), while adjusted headline earnings grew by 244% to R29.2 million (2014: R8.5 million).

The dilutive impact of the weighted average number of shares is due to the issue of shares as part of the listing, issue for cash as well as the employee share incentive scheme.

Adjusted headline earnings per share grew 52% to 20.8 cents (2014: 13.7 cents). Adjusted headline earnings are calculated by the group in order to reflect the sustainable earnings of the group.

The business is highly cash generative and 82% of operating profits were generated in cash. The sharp increase in turnover saw an increase in working capital, although the nature of the business is such that trade debtors are generally paid within 10 days of month end.

Shareholders' equity grew to R387 million (2014: R18.7 million), as a result of the profit generated and the issue of new shares. The net asset value per share is 273 cents. Cash and other liquid instruments were R218 million at 30 June 2015.

## **OPERATIONAL REVIEW**

### **Asset management**

Anchor Capital is proceeding well, with the growth in assets previously outlined. The business welcomed a record number of new clients and private client inflows remain strong. We are particularly pleased with growth from two new segments:

- Anchor Capital began marketing to pension funds and other institutional clients and the initial signs are positive, although the sales cycle is longer than that to which we are accustomed. A number of institutional mandates were awarded, with the funds to flow in the second half of the year.
- We received encouraging support from the financial advisor community and investments in Anchor-branded CIS assets increased by 106% to over R1.7 billion from R838 million at 31 December 2014.

Group marketing initiatives are proving effective. Anchor Capital has achieved net inflows of over R300 million per month consistently over the last two years, with a notable increase during the past nine months since the listing of the company in September 2014. The profile created by the listing of the business has had a materially positive impact on the number of new clients joining Anchor Capital every day.

The investment performance of the Group has been excellent since inception and it is ahead of stipulated benchmarks across all investment mandates, both locally and offshore. The majority of assets are managed in segregated portfolios where the average client performance has been excellent. The Group's flagship CIS, the Anchor BCI Equity Fund, was the top performing unit trust in its category (out of +/-180) for the 12 months to June 2015, with a return of 30.1% compared to a peer average of 5.5%. This fund is first in its category over 6 months, 1 year and 2 years.

The Anchor product suite was expanded during the period under review and now includes the following:

- In the local CIS category: Anchor BCI Equity, Anchor BCI SA Equity, Anchor BCI Managed, Anchor BCI Worldwide Flexible and Anchor BCI Flexible Income. Two fixed income funds and a property fund will be launched imminently.
- Foreign CIS's on the Sanlam Ireland platform: Anchor Global Equity and Anchor Global Capital Plus.

Anchor Capital has a long term strategy of being a meaningful South African asset management company and places a great deal of emphasis on fundamental research. Accordingly it has constructed a large investment team relative to its size. The group has eight CA's and 14 CFA's/CFA-candidates among its 20-strong investment team.

### **Acquisitions**

With effect from 1 June 2015, Anchor acquired an initial 66% of the issued share capital of RCI for R92 million which was settled by means of a cash amount of R73 million and the balance of R19 million through the issue of 1.9 million shares at R10 per share. The remaining 34% will be acquired in four tranches based on a price earnings ratio of 8 times audited profit after taxation commencing from the year ending 31 December 2016. Only one month of earnings are included in the interim results to 30 June 2015.

### **STRATEGY AND NEW INITIATIVES**

Anchor Capital is in its fourth year and has achieved a great deal, but it does typically take five to 10 years to build an asset management business. Anchor Capital 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 new player. To penetrate other segments of the market, longer track records are required. The company now has a three year track record in its current form and some of its CIS products now have a two year track record. As the track record lengthens and the asset base grows, we become a viable asset management alternative for bigger pools of assets. This is an industry where size begets size and we are encouraged by the early successes in winning mandates with bigger clients. Our critical mass has enabled us to conclude deals with South Africa's major LISP's, 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 , which is bearing fruit through the growth of assets under management, and consequent financial leverage.

The Anchor Group's strategy is as follows:

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

- This is well underway and by year-end the business will have a CIS product range which will service all investment needs, managed by a now well-established, extremely competent and strongly performing investment process.
- We will build further capacity and capability in the fixed income, hedge and offshore categories, both organically and acquisitively. These initiatives should be complete by year-end and the focus thereafter will be to leverage off this product offering by increasing assets under management. It is unlikely that further material asset management acquisitions will follow next year, as the Anchor offering will be comprehensive and complete.
- There is a strong focus on offshore, both for funds which are Rand-based and for funds which have been externalised. A United Kingdom-domiciled asset management business is a strategic objective in the short term. The Group is considering various alternatives to achieve this objective.

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

- Marketing to traditional channels who outsource the asset management function to third party asset managers. This includes financial advisors, institutional investors, multi-managers and fund-of-funds. We continue to add high quality personnel to this pursuit.
- Marketing directly to clients, primarily in the private client space. We continue to employ individuals who can attract assets and should have over 25 individuals who sign on clients by year end. We will also pursue partnerships and acquisitions of businesses which have a distribution capability and existing client base. This strategy will prevail well beyond this financial year, although it is our intention to expand materially this year.

Aside from initiatives already mentioned, current and planned initiatives and achievements include:

- **Anchor Financial Services:** This business has been formed with a focus on gathering assets under management for Anchor Capital. In line with evolving regulations, distribution and asset management are best practiced in separate entities. Anchor Financial Services is spearheading Anchor Group's thrust into the institutional and financial advisory markets through a combination of organic growth and strategic acquisitions and partnerships.
- **Utilising information technology:** The group has been appointed as the asset manager to Bizank, a new internet-based investment offering, targeted at the 25 to 35 year-old category. It aims to be first to market in this category in South Africa. The proliferation of so-called "robo-advisors" is a global phenomenon and Bizank is set to be a major player in this space in South Africa. Bizank will launch in the second half of 2015.
- **New locations:** The group is expanding its sales and portfolio management capabilities throughout the country. We have critical mass in Johannesburg, but aim to add professionals in our Cape Town, Durban and Pretoria offices. The sales force will more than double over the course of 2015. We are particularly pleased with the strides made in our new office in Durban, which now has 13 employees and is achieving impressive early successes. This office has a medium term target of R4 billion of assets under management.
- **New businesses:** Anchor is a young, entrepreneurial group and will partner with other businesses, in various stages of development. Asset management is not a capital intensive industry and significant value can be created by backing talented individuals who have the skills to deliver investment performance and attract assets under management. The Group has backed three new ventures with capital and expertise.

## **PROSPECTS**

The prospects for the remainder of 2015 are positive.

The key driver for the business is assets under management, which averaged R8.8 billion for the six months under review. The second half of the 2015 financial year began with R13.5 billion of assets under management. Assets under management and advice have grown by over R1 billion in July 2015, which is a record month. The results for the forthcoming six month period will also be influenced by:

- The inclusion of RCI for a full six months, compared to one month in the first half of the year.
- The result of the current negotiations which has resulted in the prevailing cautionary announcement.
- The impact on assets under management from a significantly larger distribution force and the progress of Anchor Financial Services.
- The performance of local and global markets and Anchor Capital's relative performance,
- The exchange rate between the Rand and other currencies (we estimate across the business that the Rand hedge component is approximately 70%).
- An increase in shares in issue. The average shares in issue for the second half of 2014 was 85.4 million and the starting shares in issue at 1 July 2015 are 142.2 million. This will be offset by the returns earned on the cash raised by the issue of shares and the subsequent deployment of this capital. The dilutive impact is lower in the second half of this financial year than the period under review.

In its listing prospectus, Anchor Group published a forecast of headline earnings per share of 27.6 cents for the financial year ended 31 December 2015. The Board of Directors has previously released a trading statement indicating that it expects this forecast to be exceeded by at least 20%.

The Board of Directors is considering a move to the Main Board of the JSE after 31 December 2015.

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**

During the period, the following director changes occurred:

- Mr Ivan Clark retired.
- Mr David Rosevear was appointed as the new Financial Director.
- Mr Nick Dennis was appointed as an independent non-executive director.
- Mr Todd Kaplan changed his role from Financial Director to Chief Operating Officer.

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

## **ISSUE OF SHARES FOR CASH**

No shares were issued for cash during the six months ended 30 June 2015.

## Condensed consolidated statement of comprehensive income

| R '000  | <i>Percentage<br/>change</i> | 6 months<br>Unaudited<br>30-Jun-15 | 6 months<br>Unaudited<br>30-Jun-14 | 12 months<br>Audited<br>31-Dec-14 |
|---|------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Revenue   | 184%                         | 80 084                             | 28 172                             | 82 367                            |
| Operating Expenses  | 146%                         | (44 261)                           | (17 965)                           | (53 732)                          |
| <b>Operating profit</b>   | <b>251%</b>                  | <b>35 823</b>                      | <b>10 207</b>                      | <b>28 635</b>                     |
| Accounting gain on acquisition of former Investment                     |                              | -                                  | -                                  | 3 888                             |
| Finance Income  |                              | 3 426                              | -                                  | 1 322                             |
| Finance Costs   | 71%                          | (37)                               | (126)                              | (441)                             |
| Share of profits from associates  | 321%                         | 891                                | (403)                              | 478                               |
| <b>Profit before taxation</b>   | <b>314%</b>                  | <b>40 103</b>                      | <b>9 678</b>                       | <b>33 882</b>                     |
| Taxation expense  | 308%                         | (10 473)                           | (2 564)                            | (9 627)                           |
| <b>Profit for the period</b>  |                              | <b>29 630</b>                      | <b>7 114</b>                       | <b>24 255</b>                     |
| Other comprehensive income  |                              | -                                  | -                                  | -                                 |
| <b>Total comprehensive income for the period</b>                        | <b>317%</b>                  | <b>29 630</b>                      | <b>7 114</b>                       | <b>24 255</b>                     |
| <b>Attributable to:</b>   |                              |                                    |                                    |                                   |
| Owners of the parent  | 311%                         | 29 239                             | 7 114                              | 24 255                            |
| Non-controlling interest  |                              | 391                                | -                                  | -                                 |
|   | 317%                         | <b>29 630</b>                      | <b>7 144</b>                       | <b>24 255</b>                     |
| <b>Earnings and headline earnings per share</b>                         |                              |                                    |                                    |                                   |
| <b>Earnings attributable to shareholders</b>                            | <b>317%</b>                  | <b>29 630</b>                      | <b>7 114</b>                       | <b>24 255</b>                     |
| Non-controlling interest  |                              | 391                                | -                                  | -                                 |
| <b>Earnings attributable to owners of the parent</b>                    | <b>311%</b>                  | <b>29 239</b>                      | <b>7 114</b>                       | <b>24 255</b>                     |
| Accounting gain on acquisition of former investment                     |                              | -                                  | -                                  | (3 888)                           |
| Related tax on sale of investment                                       |                              | -                                  | -                                  | 1 089                             |
| <b>Headline earnings attributable to ordinary shareholders</b>          | <b>311%</b>                  | <b>29 239</b>                      | <b>7 114</b>                       | <b>21 456</b>                     |
| Pre-existing share based commitment                                     |                              | -                                  | 1 391                              | 1 391                             |
| <b>Adjusted headline earnings attributable to ordinary shareholders</b> | <b>244%</b>                  | <b>29 239</b>                      | <b>8 505</b>                       | <b>22 847</b>                     |
| <b>Number of shares in issue</b>  | <b>127%</b>                  | <b>142 159</b>                     | <b>62 600</b>                      | <b>140 295</b>                    |
| <b>Weighted average number of shares in issue</b>                       | <b>127%</b>                  | <b>140 304</b>                     | <b>61 933</b>                      | <b>75 888</b>                     |
| Share incentives  |                              | 1 025                              | -                                  | 2 467                             |
| <b>Diluted weighted average number of shares in issue</b>               | <b>128%</b>                  | <b>141 329</b>                     | <b>61 933</b>                      | <b>78 354</b>                     |
| <b>Earnings per share (cents)</b>                                       | <b>81%</b>                   | 20.8                               | 11.5                               | 32.0                              |
| <b>Diluted earnings per share (cents)</b>                               | <b>80%</b>                   | 20.7                               | 11.5                               | 31.0                              |
| <b>Headline earnings per share (cents)</b>                              | <b>81%</b>                   | 20.8                               | 11.5                               | 28.3                              |
| <b>Diluted headline earnings per share (cents)</b>                      | <b>80%</b>                   | 20.7                               | 11.5                               | 27.4                              |
| <b>Adjusted headline earnings per share (cents)</b>                     | <b>52%</b>                   | 20.8                               | 13.7                               | 30.1                              |
| <b>Diluted adjusted headline earnings per share (cents)</b>             | <b>51%</b>                   | 20.7                               | 13.7                               | 29.2                              |

## Condensed consolidated statement of financial position

| R '000   | <i>Percentage<br/>change</i> | 6 months<br>Unaudited<br>30-Jun-15 | 6 months<br>Unaudited<br>30-Jun-14 | 12 months<br>Audited<br>31-Dec-14 |
|--|------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| <b>Assets</b>  |                              |                                    |                                    |                                   |
| <b>Non-Current Assets</b>                              |                              |                                    |                                    |                                   |
| Equipment  | 77%                          | 2 919                              | 1 645                              | 1 837                             |
| Goodwill   | 3571%                        | 114 511                            | 3 119                              | 24 401                            |
| Intangible assets                                      | 1027%                        | 6 256                              | 555                                | 6 612                             |
| Investments in associates                              | 2730%                        | 21 194                             | 749                                | 9 907                             |
| Other financial assets                                 |                              | 1 183                              |                                    | 796                               |
| Deferred tax   | 272%                         | 1 606                              | 432                                | 526                               |
|  | <b>2172%</b>                 | <b>147 669</b>                     | <b>6 500</b>                       | <b>44 079</b>                     |
| <b>Current Assets</b>                                  |                              |                                    |                                    |                                   |
| Other financial assets                                 | 444%                         | 20 852                             | 3 832                              | 8 615                             |
| Current tax receivable                                 |                              | 83                                 |                                    |                                   |
| Trade and other receivables                            | 214%                         | 24 682                             | 7 863                              | 21 895                            |
| Cash and cash equivalents                              | 1762%                        | 218 420                            | 11 728                             | 303 108                           |
|  | <b>1027%</b>                 | <b>264 037</b>                     | <b>23 423</b>                      | <b>333 618</b>                    |
| <b>Total Assets</b>                                    | <b>1271%</b>                 | <b>411 706</b>                     | <b>29 923</b>                      | <b>377 697</b>                    |
| <b>Equity and Liabilities</b>                          |                              |                                    |                                    |                                   |
| <b>Equity</b>  |                              |                                    |                                    |                                   |
| Share Capital  | 3686%                        | 331 924                            | 8 766                              | 317 164                           |
| Reserves   | 784%                         | 21 196                             | (3 099)                            | 15 389                            |
| Retained income  | 155%                         | 33 316                             | 13 060                             | 20 535                            |
| <b>Equity Attributable to Equity Holders of Parent</b> | <b>1964%</b>                 | <b>386 436</b>                     | <b>18 727</b>                      | <b>353 088</b>                    |
| Non-controlling interest                               |                              | 1 520                              |                                    |                                   |
| <b>Total Equity</b>                                    | <b>1972%</b>                 | <b>387 956</b>                     | <b>18 727</b>                      | <b>353 088</b>                    |
| <b>Liabilities</b>                                     |                              |                                    |                                    |                                   |
| <b>Non-Current Liabilities</b>                         |                              |                                    |                                    |                                   |
| Deferred Tax   |                              | 1 845                              | -                                  | 847                               |
| <b>Current Liabilities</b>                             |                              |                                    |                                    |                                   |
| Other financial liabilities                            | -13%                         | 3 569                              | 4 123                              | 4 001                             |
| Current tax payable                                    | 229%                         | 8 012                              | 2 438                              | 1 703                             |
| Trade and other payables                               | 123%                         | 10 324                             | 4 635                              | 18 058                            |
|  | <b>96%</b>                   | <b>21 905</b>                      | <b>11 196</b>                      | <b>23 762</b>                     |
| <b>Total Liabilities</b>                               | <b>112%</b>                  | <b>23 750</b>                      | <b>11 196</b>                      | <b>24 609</b>                     |
| <b>Total Equity and Liabilities</b>                    | <b>1276%</b>                 | <b>411 706</b>                     | <b>29 923</b>                      | <b>377 697</b>                    |
| <b>Net asset value per share</b>                       | <b>812%</b>                  | <b>273</b>                         | <b>30</b>                          | <b>252</b>                        |
| <b>Net tangible asset value per share</b>              | <b>682%</b>                  | <b>188</b>                         | <b>24</b>                          | <b>230</b>                        |

## Condensed consolidated statement of cash flows

| R '000   | <b>6 months<br/>Unaudited<br/>30-Jun-15</b> | <b>6 months<br/>Unaudited<br/>30-Jun-14</b> | <b>12 months<br/>Audited<br/>31-Dec-14</b> |
|--|---|---|--|
| <b>Cash flows from operating activities</b>                  |   |   |  |
| Cash generated from operations                               | 29 358                                      | 9 451                                       | 25 916                                     |
| Interest income  | 3 426                                       | 36  | 1 322                                      |
| Finance costs  | (37)  | (133)                                       | (441)                                      |
| Tax paid   | (5 392)                                     | -   | (10 718)                                   |
| <b>Net Cash from operating activities</b>                    | <b>27 355</b>                               | <b>9 354</b>                                | <b>16 079</b>                              |
| <b>Cash flows from utilised in investing activities</b>      |   |   |  |
| Purchase of equipment  | (1 250)                                     | (1 136)                                     | (1 661)                                    |
| Expenditure on intangible asset                              | -   | (108)                                       | (1 565)                                    |
| Intangible asset acquired through business combinations      | -   | -   | (3 800)                                    |
| Increase in investments in associates                        | (11 288)                                    | (1 151)                                     | (9 907)                                    |
| Acquisition of subsidiary                                    | (70 855)                                    | -   | 339  |
| Acquisitions of investments                                  | (12 624)                                    | (493)                                       | (6 071)                                    |
| <b>Net Cash utilised in investing activities</b>             | <b>(96 017)</b>                             | <b>(2 888)</b>                              | <b>(22 665)</b>                            |
| <b>Cash flows from financing activities</b>                  |   |   |  |
| Repayment of other financial liabilities                     | 432   | (1 738)                                     | (2 924)                                    |
| Increase in stated capital / share capital                   | -   | -   | 308 398                                    |
| Dividend paid  | (16 458)                                    | -   | (2 778)                                    |
| <b>Net Cash from financing activities</b>                    | <b>(16 026)</b>                             | <b>(1 738)</b>                              | <b>302 696</b>                             |
| <b>Total cash and cash equivalents movement for the year</b> |   |   |  |
|  | (84 688)                                    | 4 729                                       | 296 110                                    |
| Cash and cash equivalents at the beginning of the year       | 303 108                                     | 7 000                                       | 7 000                                      |
| <b>Total cash and cash equivalents at end of the year</b>    | <b>218 420</b>                              | <b>11 728</b>                               | <b>303 110</b>                             |



**Statement of Changes in Equity**

| R '000  | Share capital  | IFRS 2 Reserve | Equity Reserve due to change in control of interest | Shares to be issued Reserve | Total Reserves | Retained income / (loss) | Total Attributable to equity holders of the group / company | Non-controlling interest | Total equity   |
|---|----------------|----------------|---|-----------------------------|----------------|--------------------------|---|--------------------------|----------------|
| <b>Balance at 01 January 2014</b>                   | <b>1</b>       |                |   |                             |                | <b>5 943</b>             | <b>5 943</b>  | <b>2 089</b>             | <b>8 032</b>   |
| <i>Changes in equity</i>                            |                |                |   |                             |                |                          |   |                          |                |
| Issue of shares to acquire non-controlling interest | 8 974          |                | (3 099)   |                             | (3 099)        |                          | 5 875   | (2 089)                  | 3 786          |
| Buy back of shares                                  | (1 600)        |                |   |                             | -              |                          | (1 600)   |                          | (1 600)        |
| Issue of shares to employee                         | 1 391          |                |   |                             | -              |                          | 1 391   |                          | 1 391          |
| Total comprehensive Income for the six month period |                |                |   |                             | -              | 7 114                    | 7 114   |                          | 7 114          |
| Total changes                                       | 8 765          | -              | (3 099)   | -                           | (3 099)        | 7 114                    | 12 780  | (2 089)                  | 10 691         |
| <b>Balance at 30 June 2014</b>                      | <b>8 766</b>   | <b>-</b>       | <b>(3 099)</b>                                      | <b>-</b>                    | <b>(3 099)</b> | <b>13 057</b>            | <b>18 723</b>   | <b>-</b>                 | <b>18 723</b>  |
| <i>Changes in equity</i>                            |                |                |   |                             |                |                          |   |                          |                |
| Issue of shares during the year                     | 308 398        |                |   |                             | -              |                          | 308 398   |                          | 308 398        |
| Movement in reserve                                 |                |                | 3 099   |                             | 3 099          | (6 885)                  | (3 786)   |                          | (3 786)        |
| Shares to be issued to acquire subsidiary           |                |                |   | 14 760                      | 14 760         |                          | 14 760  |                          | 14 760         |
| Share based payments                                |                | 629            |   |                             | 629            |                          | 629   |                          | 629            |
| Dividends Paid                                      |                |                |   |                             | -              | (2 778)                  | (2 778)   |                          | (2 778)        |
| Total comprehensive Income for the six month period |                |                |   |                             | -              | 17 141                   | 17 141  | -                        | 17 141         |
| Total changes                                       | 308 398        | 629            | 3 099   | 14 760                      | 18 488         | 7 478                    | 334 364   | -                        | 334 364        |
| <b>Balance at 31 December 2014</b>                  | <b>317 164</b> | <b>629</b>     | <b>-</b>  | <b>14 760</b>               | <b>15 389</b>  | <b>20 535</b>            | <b>353 087</b>  | <b>-</b>                 | <b>353 087</b> |
| <i>Changes in equity</i>                            |                |                |   |                             |                |                          |   |                          |                |
| Issue of shares to acquire subsidiary               |                |                |   | 18 640                      | 18 640         |                          | 18 640  |                          | 18 640         |
| Acquisition of subsidiary                           |                |                |   |                             | -              |                          | -   | 1 129                    | 1 129          |
| Movement in reserve                                 | 14 760         |                |   | (14 760)                    | (14 760)       |                          | -   |                          | -              |
| Issue of shares during the year                     |                |                |   |                             | -              |                          | -   |                          | -              |
| Share based payments                                |                | 1 927          |   |                             | 1 927          |                          | 1 927   |                          | 1 927          |
| Dividends Paid                                      |                |                |   |                             | -              | (16 458)                 | (16 458)  |                          | (16 458)       |
| Total comprehensive Income for the six month period |                |                |   |                             | -              | 29 239                   | 29 239  | 391                      | 29 630         |
| Total changes                                       | 14 760         | 1 927          | -   | 3 880                       | 5 807          | 12 781                   | 33 348  | 1 520                    | 34 868         |
| <b>Balance at 30 June 2015</b>                      | <b>331 924</b> | <b>2 556</b>   | <b>-</b>  | <b>18 640</b>               | <b>21 196</b>  | <b>33 316</b>            | <b>386 435</b>  | <b>1 520</b>             | <b>387 955</b> |

## Condensed consolidated segmental information

| <b>30 June 2015</b>              | <b>Anchor Group</b> | <b>Anchor Capital</b> | <b>Ripple Effect 4</b> | <b>Eliminations</b> | <b>Total</b>  |
|----------------------------------|---------------------|-----------------------|------------------------|---------------------|---------------|
| R '000                           |                     |                       |                        |                     |               |
| Revenue                          | 11 472              | 72 643                | 1 455                  | (5 486)             | 80 084        |
| Operating expenses               | (6 098)             | (42 253)              | (1 396)                | 5 486               | (44 261)      |
| <b>Operating profit</b>          | <b>5 374</b>        | <b>30 390</b>         | <b>59</b>              | <b>-</b>            | <b>35 823</b> |
| Other Income                     | -                   | -                     | -                      | -                   | -             |
| Interest Income                  | 2 921               | 505                   | -                      | -                   | 3 426         |
| Share of profits from associates | 953                 | (62)                  | -                      | -                   | 891           |
| Finance Costs                    | (37)                | -                     | -                      | -                   | (37)          |
| <b>Profit before tax</b>         | <b>9 211</b>        | <b>30 833</b>         | <b>59</b>              | <b>-</b>            | <b>40 103</b> |
| <b>31 December 2014</b>          | <b>Anchor Group</b> | <b>Anchor Capital</b> | <b>Ripple Effect 4</b> | <b>Eliminations</b> | <b>Total</b>  |
| Revenue                          | 2 415               | 78 125                | 3 564                  | (1 737)             | 82 367        |
| Operating expenses               | (2 912)             | (49 305)              | (3 254)                | 1 737               | (53 734)      |
| <b>Operating profit</b>          | <b>(497)</b>        | <b>28 820</b>         | <b>310</b>             | <b>-</b>            | <b>28 633</b> |
| Other Income                     | -                   | 3 888                 | -                      | -                   | 3 888         |
| Interest Income                  | 1 034               | 289                   | -                      | -                   | 1 322         |
| Share of profits from associates | 340                 | 138                   | -                      | -                   | 478           |
| Finance Costs                    | (396)               | (45)                  | -                      | -                   | (441)         |
| <b>Profit before tax</b>         | <b>480</b>          | <b>33 090</b>         | <b>310</b>             | <b>-</b>            | <b>33 880</b> |
| <b>30 June 2014</b>              | <b>Anchor Group</b> | <b>Anchor Capital</b> | <b>Ripple Effect 4</b> | <b>Eliminations</b> | <b>Total</b>  |
| Revenue                          | -                   | 27 120                | 1 052                  | -                   | 28 172        |
| Operating expenses               | (1 453)             | (14 867)              | (1 645)                | -                   | (17 965)      |
| <b>Operating profit</b>          | <b>(1 453)</b>      | <b>12 253</b>         | <b>(593)</b>           | <b>-</b>            | <b>10 207</b> |
| Interest Income                  | -                   | -                     | -                      | -                   | -             |
| Share of profits from associates | -                   | (403)                 | -                      | -                   | (403)         |
| Finance Costs                    | (126)               | -                     | -                      | -                   | (126)         |
| <b>Profit before tax</b>         | <b>(1 579)</b>      | <b>11 850</b>         | <b>(593)</b>           | <b>-</b>            | <b>9 678</b>  |

| <b>30 June 2015</b>     | <b>Anchor Group</b> | <b>Anchor Capital</b> | <b>Ripple Effect<br/>4</b> | <b>Eliminations</b> | <b>Total</b>   |
|-------------------------|---------------------|-----------------------|----------------------------|---------------------|----------------|
| <b>Assets</b>           | <b>313 268</b>      | <b>117 195</b>        | <b>3 117</b>               | <b>(23 480)</b>     | <b>410 100</b> |
| Non-Current Assets      | 82 730              | 11 944                | 1 059                      | 50 330              | 146 063        |
| Current Assets          | 230 538             | 105 251               | 2 057                      | (73 809)            | 264 037        |
| <b>Liabilities</b>      | <b>1 248</b>        | <b>61 301</b>         | <b>4 368</b>               | <b>(44 773)</b>     | <b>22 144</b>  |
| Non-Current Liabilities | -                   | 18 865                | -                          | (18 626)            | 239            |
| Current Liabilities     | 1 248               | 42 436                | 4 368                      | (26 147)            | 21 905         |
| <b>Equity</b>           | <b>312 020</b>      | <b>55 894</b>         | <b>(1 251)</b>             | <b>21 293</b>       | <b>387 956</b> |

| <b>31 December 2014</b> | <b>Anchor Group</b> | <b>Anchor Capital</b> | <b>Ripple Effect<br/>4</b> | <b>Eliminations</b> | <b>Total</b>   |
|-------------------------|---------------------|-----------------------|----------------------------|---------------------|----------------|
| <b>Assets</b>           | <b>319 579</b>      | <b>91 891</b>         | <b>3 857</b>               | <b>(37 629)</b>     | <b>377 698</b> |
| Non-Current Assets      | 19 644              | 26 910                | 1 079                      | (3 554)             | 44 079         |
| Current Assets          | 299 935             | 64 981                | 2 778                      | (34 075)            | 333 619        |
| <b>Liabilities</b>      | <b>533</b>          | <b>64 243</b>         | <b>4 704</b>               | <b>(44 870)</b>     | <b>24 609</b>  |
| Non-Current Liabilities | 215                 | 43 992                | -                          | (43 360)            | 847            |
| Current Liabilities     | 318                 | 20 251                | 4 704                      | (1 510)             | 23 763         |
| <b>Equity</b>           | <b>319 046</b>      | <b>27 648</b>         | <b>(847)</b>               | <b>7 241</b>        | <b>353 088</b> |

| <b>30 June 2014</b>     | <b>Anchor Group</b> | <b>Anchor Capital</b> | <b>Ripple Effect<br/>4</b> | <b>Eliminations</b> | <b>Total</b>  |
|-------------------------|---------------------|-----------------------|----------------------------|---------------------|---------------|
| <b>Assets</b>           | <b>8 460</b>        | <b>21 598</b>         | <b>910</b>                 | <b>(1 045)</b>      | <b>29 923</b> |
| Non-Current Assets      | 2 826               | 2 864                 | 653                        | 157                 | 6 500         |
| Current Assets          | 5 634               | 18 734                | 257                        | (1 202)             | 23 423        |
| <b>Liabilities</b>      | <b>5 068</b>        | <b>7 338</b>          | <b>500</b>                 | <b>(1 710)</b>      | <b>11 196</b> |
| Non-Current Liabilities | -                   | -                     | -                          | -                   | -             |
| Current Liabilities     | 5 068               | 7 338                 | 500                        | (1 710)             | 11 196        |
| <b>Equity</b>           | <b>3 392</b>        | <b>14 260</b>         | <b>410</b>                 | <b>665</b>          | <b>18 727</b> |

#### **BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The accounting policies and method of measurement and recognition applied in the preparation of these condensed consolidated unaudited interim 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 2014.

The unaudited results are prepared in accordance with 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 JSE Listings Requirements and the requirements of the Companies Act of South Africa.

The Financial Manager, Omair Khan CA(SA), was responsible for the preparation of the unaudited results.

## **BUSINESS COMBINATION OF METHWOLD INVESTMENT PROPRIETARY LIMITED**

On 1 June 2015, the group acquired 66% of the voting equity interest of Methwold Investments Proprietary Limited ("Methwold"), which resulted in the group obtaining control over Methwold. Methwold is an investment holding company which holds 100% in Robert Cowen Investments Proprietary Limited (together known as RCI), which is a niche asset management business that manages segregated portfolios for private clients and institutions and holds 100% in Apollo Trustees (Pty) Limited ("Apollo") which provides trust management services.

The Goodwill of R89 272 500 arising from the acquisition consists largely of meaningful synergies, inter alia, in research, unit trust and offshore investments, and a trusted brand.

| <b>Fair value of assets acquired and liabilities assumed</b> | <b>R'000</b>  |
|--|---------------|
| Equipment  | 120           |
| Cash and cash equivalents                                    | 1 970         |
| Trade and other receivables                                  | 4 650         |
| Trade and other payables                                     | (3 418)       |
| Total identifiable net assets                                | 3 322         |
| Non-controlling Interest                                     | (1 129)       |
| Goodwill   | 89 272        |
|  | <hr/>         |
|  | <b>91 465</b> |
| <b>Acquisition date fair value of consideration paid</b>     |               |
| 1,864m Shares issued at R10                                  | 18 640        |
| Cash paid  | 72 825        |
|  | <hr/>         |
|  | <b>91 465</b> |

Anchor will acquire the remaining 34% of RCI in four (4) annual tranches based on a price earnings ratio of 8 times audited profit after taxation commencing from the year ending 31 December 2016. The purchase consideration for the remaining 34% has been capped at a maximum of the initial purchase consideration.

### **DIVIDEND**

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

For the six month period ended 30 June 2015, the company has declared an interim gross dividend (Number 3) of 11 cents per share (2014: 3 cents). The dividend was declared out of income reserves.

The dividend will be subject to a dividend withholding tax rate of 15% or 1.65 cents per ordinary share. As no STC credits are available for utilisation, shareholders, unless exempt or qualifying for a reduced withholding tax rate, will receive a net dividend of 9.35 cents per share.

Anchor's tax reference number is 9527/450/16/8. The number of ordinary shares in issue at the declaration date is 142.2 million.

The salient dates for the dividend will be as follows:

|  |                        |
|--|------------------------|
| Last date to trade 'cum' dividend                          | Friday, 21 August 2015 |
| Shares commence trading 'ex' the dividend                  | Monday, 24 August 2015 |
| Record date (date shareholders recorded in share register) | Friday, 28 August 2015 |
| Payment date   | Monday, 31 August 2015 |

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 24 August 2015 and Friday, 28 August 2015, both dates inclusive.

## **DETAILED CAUTIONARY ANNOUNCEMENT AND RENEWAL OF CAUTIONARY ANNOUNCEMENT**

Further to the last cautionary announcement dated 1 July 2015, Anchor Group has signed a memorandum of understanding regarding the acquisition of a business in the asset management industry. The purchase price will comprise less than 20% of the Anchor Group market capitalisation as at 5 August 2015. The effective date of the acquisition is 1 July 2015, subject to certain conditions precedent, including the formal legal agreement and regulatory approvals, where necessary. A terms announcement is expected to be made shortly.

Accordingly, shareholders are advised to continue to exercise caution until a further announcement is made.

For and on behalf of the Board

**Peter Armitage**  
Chief Executive Officer  
6 August 2015

**Dave Rosevear**  
Chief Financial Officer

## **DIRECTORS**

Executive Directors: Peter Armitage (Chief Executive Officer), Todd Kaplan (Chief Operating Officer), Dave Rosevear (Chief Financial Officer)

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

## **DESIGNATED ADVISOR**

Arbor Capital Sponsors Proprietary Limited

## **TRANSFER SECRETARIES**

Link Market Services South Africa Proprietary Limited  
(Registration number 2000/007239/07)  
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(PO Box 4844, Johannesburg, 2000)

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