



PURPLE GROUP
LIMITED

2015 INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST



INVESTING AND TRADING SOLUTIONS FOR EVERYONE

PURPLE GROUP IS A FINTECH COMPANY THAT PROVIDES TRADING AND INVESTMENT SOLUTIONS FOR ALL SOUTH AFRICANS THROUGH FOUR DISTINCT CLIENT-FOCUSED OFFERINGS:

EasyEquities
www.easyequities.co.za

EMPEROR
ASSET MANAGEMENT

<GT247.COM>

GT
Private
Broking

First World Trader (FWT) t/a GT247.com

Non-discretionary Category I FAIS licence, which provides FWT the ability to conduct an intermediary and advisory service on derivatives, shares, money market, retail pension benefits, pension funds benefits, long-term insurance and participatory interests in collective investment scheme products.

Discretionary Category II FAIS licence which provides FWT the ability to conduct an intermediary investment management service on derivatives, shares, money market and participatory interest in collective investment scheme products.

Emperor Asset Management Proprietary Limited (EAM)

Discretionary Category II FAIS licence, which provides EAM the ability to conduct an intermediary investment management service on derivatives, shares, money market and participatory interests in collective investment scheme products.

Discretionary Category IIA FAIS licence that allows EAM the ability to provide intermediary investment management services for hedge funds.

First World Trader Nominees Proprietary Limited (FWTN)

Approved by the FSB to operate and hold clients' assets in the name of the nominee.

STRATE approval to hold equity securities on behalf of clients.

Emperor Asset Management Nominees Proprietary Limited (EAMN)

Approved by the FSB to operate and hold clients' assets in the name of the nominee.

CONTENTS

2	18	
CHAIRMAN'S LETTER	OUR TARGET MARKET	
5	20	
CHIEF EXECUTIVE OFFICER'S LETTER	EMERGING AND MASS AFFLUENT INVESTOR TYPES	
6	22	
AWARDS AND ASSET MANAGEMENT PERFORMANCE	TECHNOLOGY, INTELLECTUAL PROPERTY AND RISK MANAGEMENT	
7	24	
CHIEF FINANCIAL OFFICER'S REPORT	EASYEQUITIES	
12	28	48
OUR PEOPLE	EMPEROR ASSET MANAGEMENT	ANNUAL FINANCIAL STATEMENTS
14	32	99
PURPLE GROUP OVERVIEW	GT247.COM	NOTICE OF ANNUAL GENERAL MEETING
16	34	103
OUR BRANDS	GT PRIVATE BROKING	SHAREHOLDER RIGHTS
	40	104
	ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP	BRIEF CURRICULUM VITAE OF DIRECTORS STANDING FOR RE-ELECTION

108
CORPORATE INFORMATION

ATTACHED
FORM OF PROXY

MARK BARNES

CHAIRMAN'S LETTER

Purple Group has grown up to be a young company.

Technology is central to our various client engagements and its continued development remains quietly core to the unveiling of our strategy and the establishment of our competitive advantage.

Clients, clients, clients is the mantra of the organisation. If you walk through our offices, you will find them filled with young energy and considered ambition, and you can't help but sense the client focus in all that we say and do. Our client growth figures validate this effort.

Our stated purpose - making markets easily accessible to everyone - is founded in the notion of universal economic dignity.

Across all demographics and economic strata of South African society, owning investment assets is, for most, a deferred dream. Ordinary people, inheritance aside, spend their entire economically active lives servicing the liabilities they incurred to fund aspirant lifestyles for themselves and better opportunities for their children.

It does not have to be that way.

By engaging with and listening to people, and using technology to communicate, we have found that, without exception, people know more than they thought they did about value and about investing. People understand brands and they know where they shop.


And so it is, across the various offerings in our group, we offer a walk in, sign up and invest now approach to our diverse client base. We don't discriminate on the basis of how much you have to start with.

The earlier you start investing, the sooner you can anticipate financial independence, and the freedom of choice that it brings with it. Incremental investment strategies that start now have a lower market timing risk than lump sums later, fact.

We have manifest common cause within the Purple Group. Everyone that works here owns shares in our company, everyone.

Congratulations to the management team and all who work here, enthusiastically setting about the realisation of our client building strategy. The traction and momentum we all feel is reward and testament enough to your efforts.

I wish to thank our major shareholders for their continued support, for the latitude we have to explore, invent, solve and deliver.



Mark Barnes
Chairman

SALIENT FEATURES

EBITDA
INCREASED BY
116.6%
TO R45.1 MILLION
PRIOR YEAR: R20.8m

CAPITAL
AND DIVIDEND
DISTRIBUTION OF
2.25
CENTS PER SHARE
PRIOR YEAR:
ONE CENT PER SHARE

SHARE PRICE
END OF FINANCIAL
YEAR
48c
PER SHARE
PRIOR YEAR:
33c

CLIENT FUNDS
INCREASED BY
60.9%
TO R920.9 MILLION
PRIOR YEAR: R572.2m

REVENUE
INCREASED BY
40.0%
TO R131.4 MILLION
PRIOR YEAR: R93.9m

"Making markets easily accessible to everyone is founded on the notion of universal economic dignity."

Mark Barnes - Chairman

MARK BARNES
CHAIRMAN





CHARLES SAVAGE
CEO

GARY VAN DYK
CFO



CHIEF EXECUTIVE OFFICER'S LETTER

“NO SMALL MEASURE OF MAGIC...”

AS YOU READ THROUGH THIS YEAR'S ANNUAL REPORT I'M SURE THAT, LIKE ME, YOU WILL GET A SENSE THAT THERE IS NO SMALL MEASURE OF MAGIC HAPPENING AT THE PURPLE GROUP.

The success headlined in our financials, awards received and asset management rankings performance has been hard fought. For anyone following our progress over the last few years, this should be no surprise. Our success and opportunity is forged from innovation, failure, determination, trust, understanding, experiences and mostly our extraordinary people. It is both exciting and rewarding to see how far an organisation and its people can come in such a short time when you get these ingredients in just the right measure.

I don't believe that there is a simple cookbook for success – ours or anyone else's. But, at the heart of everything we do lies the simple philosophy that, if you empower people, they will deliver extraordinary things. Empowerment doesn't come from telling people what to do. Nor does it come from giving them rights or titles. Instead, empowerment comes from showing people what's possible, daring them to dream, tooling them for their endeavours and, importantly, creating a fun, friendly, engaging, educational space for them to play, with safety nets for when they fall.

This is the philosophy and culture of our workplace, it is the ethos of our board and it is an integral part of everything we do. Nowhere is it more on display than in EasyEquities. Our challenge is to ensure that, as we raise the bar and redefine the landscape for financial services in South Africa, that we remain true to our desires and goals – to make investing easy for everyone and to democratise share ownership, once and for all.

The strategic pillars and focus, communicated in last year's integrated annual report, are proven in the results and the year ahead holds much promise and many opportunities. As an intentionally small team we will continue to be smart in where we choose to invest our resources and focus.

As a group, making correct choices means ensuring that we strike the right balance of growth, income and investment; that we partner the best opportunities into the right places and that we grow our people, remaining focused on making things #easy.

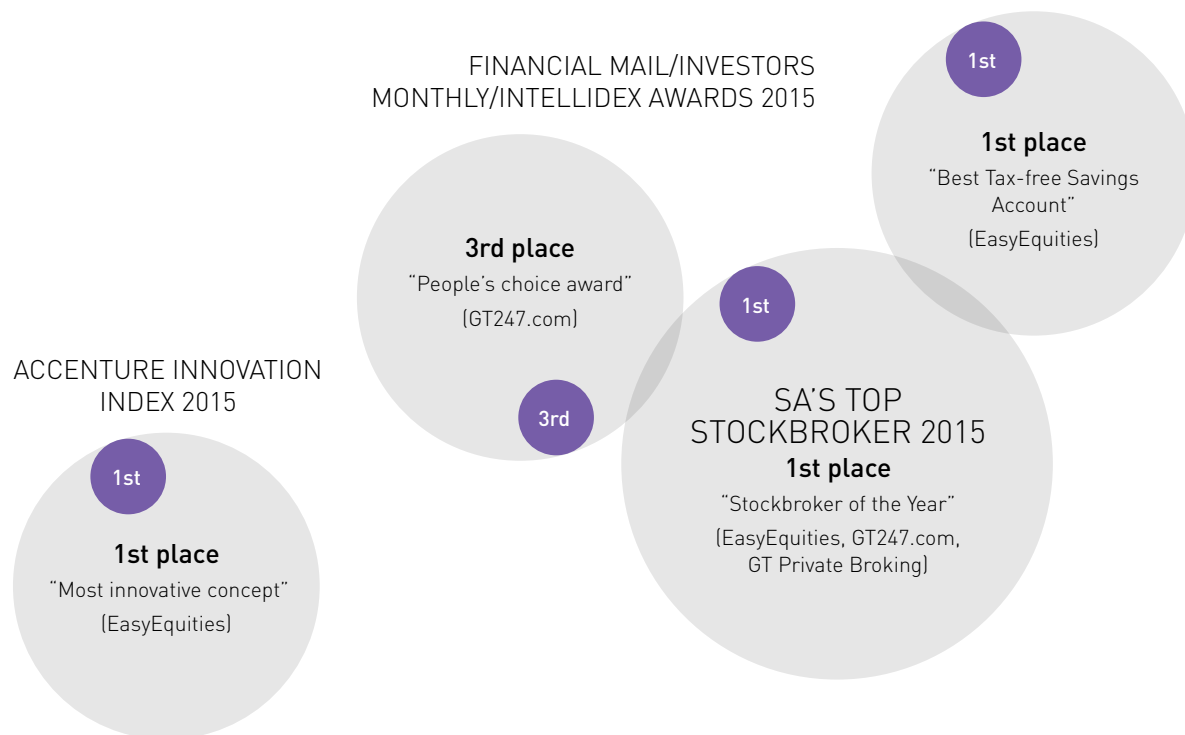
Leveraging technology to lower the cost, increasing agility and broadening access to financial products and services whilst focusing on improving client engagement through transparency and ease of use is what Fintech is all about.

Increased collaboration in partnering innovative Fintech business models with larger, trusted brand and distribution partners in order to maximise the “best of both worlds” is a trend we see playing out in South Africa. Purple Group is well positioned to take advantage of the opportunities presented.

Congratulations to #TeamPurple on a magical year.

Charles Savage
Group CEO

AWARDS AND ASSET MANAGEMENT PERFORMANCE



Building on the enviable 10-year track record of our flagship Robert Falcon Scott strategy (noted in last year's integrated annual report and set out alongside), Emperor Asset Management launched two new funds – the Emperor IP Momentum Equity Unit Trust and the Emperor Asset Management Long/Short Hedge Fund. Both are making their mark in their respective categories and ranking alongside the best managers in the industry. Their performance and rankings, as at 30 September 2015, is highlighted below.

Emperor IP Momentum Equity			
Period	Performance**	Rank *	Source
1 month	0.11%	29th	Morningstar
3 months	0.28%	9th	Morningstar
1 Year	15.26%	8th	Morningstar

* Rankings compiled in the category - (ASISA) South African Equity General.

Emperor Long/Short Hedge Fund			
Period	Performance**	Rank *	Source
1 month	6.18%	1st	HedgeNews Africa
3 months	16.52%	1st	HedgeNews Africa
Year to date	35.3%	1st	HedgeNews Africa

Emperor Robert Falcon Scott Strategy			
Period	Performance**	Rank *	Source
3 Years	19.03%	10th	HedgeNews Africa
5 Years	21.32%	3rd	HedgeNews Africa
Inception Oct 04	21.29%	N/A	No source rankings available

* Rankings compiled in the category - (HedgeNews Africa) South African Long Short Equities (ZAR).

** Performance over periods one year or more are annualised compounded.



Top Stockbroker Awards



GARY VAN DYK

CHIEF FINANCIAL OFFICER'S REPORT

TOTAL REVENUE INCREASED BY 40% DURING THE YEAR, TOTALLING R131.4 MILLION, WITH ALL BUSINESS UNITS CONTRIBUTING.

Key revenue drivers	FY 2015	FY 2014	% Move
Revenue (R'000)	99 469	71 512	39.1
Nominal traded (R'bn)	366.6	243.7	50.4
Market volatility	15.5	13.8	12.3

GT247.com posted strong revenue growth of 39.1% during the year. Around 23% of this growth can be attributed to the products and services provided to asset managers, most notably to the Group's asset management business, Emperor Asset Management. The remainder of the growth was driven by a 12.3% increase in market volatility spurred by a number of events around the globe. Increased volatility drives trade activity (nominal traded) which in turn drives revenue.

<GT247.COM>

Key revenue drivers	FY 2015
Net trading expense (R'000)	(485)
Accounts opened	8 000+
Client funds (R'm)	154.7

GT247.com launched its EasyEquities platform on 27 October 2014. At 31 August 2015 (10 months since launch) this business had over 8 000 clients who had opened accounts with funds totalling R154.7 million.

EasyEquities
www.easyequities.co.za

Key revenue drivers	FY 2015	FY 2014	% Move
Revenue (R'000)	22 528	17 354	29.8
Nominal traded (R'bn)	35.8	17.9	100.0
Client funds (R'm)	138.6	103.9	33.4
Market volatility	15.5	13.8	12.3

GTPB's 29.8% growth in revenue was driven by a 33.4% increase in client funds, attracted by this business during the year, compounded by an increase in market volatility that saw trade volumes double. There was a significant increase in the nominal value traded in international and local stock indices during the current year, which are lower margin instruments for the business.

GT
Private
Broking

Key revenue drivers	FY 2015	FY 2014	% Move
Management fees (R'000)	3 782	2 376	59.2
Performance fees (R'000)	6 139	1 242	394.3
Total revenue	9 921	3 618	174.2
Client funds (R'm)	579.6	407.6	42.2

Emperor Asset management's revenue increased 174.2% compared to the prior period. This growth was largely driven by outperformance achieved by the various funds, specifically leading up to April 2015, and partly by a 42.2% increase in funds under management.

EMPEROR
ASSET MANAGEMENT

CHIEF FINANCIAL OFFICER'S REPORT (continued)

THIS SECTION PROVIDES A DETAILED ANALYSIS OF THE FINANCIAL RESULTS OF THE GROUP FOR THE YEAR ENDED 31 AUGUST 2015.

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS			
	2015 R'000	2014 R'000	% Move
Continuing operations			
Revenue	131 433	93 897	40,0
Trading expenses	(10 231)	(7 814)	30,9
Operating expenses	(76 676)	(65 491)	17,1
Net income	44 526	20 592	116,2
Other income	554	218	
EBITDA (note 1)	45 080	20 810	116,6
Net interest expense	(1 043)	(867)	20,3
Depreciation and amortisation	(2 265)	(1 982)	14,3
Profit from core operations	41 772	17 961	132,6
Fair value, impairment and guarantee adjustments	499	(31 624)	
(Loss)/Profit before tax	42 271	(13 663)	
Current and deferred tax	(12 833)	(1 379)	
Profit for the period from continued operations	29 438	(15 042)	
Discontinued Operations			
Loss from discontinued operations	–	(2 027)	
Profit for the period	29 438	(17 069)	
Basic earnings/(loss) per share (cents)	3,51	(2,09)	
Headline earnings/(loss) per share (cents)	3,51	(2,01)	



Note 1
Earnings before interest,
tax, depreciation and
amortisation, fair value,
impairment and guarantee
adjustments.

TRADING EXPENSES			
	FY 2015	FY 2014	Move %
Trading expenses			
IA broker commissions	5 425	4 911	10,5
Sales commissions	3 887	2 812	38,2
Research costs	919	91	909,9
Total	10 231	7 814	30,9
% Trading revenue	7,8	8,3	



Trading expenses comprise introducing agent (IA) commissions, sales commissions and third-party research costs.

IAs are paid a percentage of all revenue generated by the Company from clients introduced by the IA. The increase in these commissions during the current year is predominantly due to the increased trading activity of IA introduced clients during the current year.

Sales commissions comprise commissions paid to the Company's sales force and GT Private Broking sales traders. The business introduced a sales internship programme during the current year with the objective of identifying young energetic graduates that can sell. To date, 12 graduates have completed the programme, of which 6 have been offered permanent employment. The business is focused on aggressively growing its sales force over the next few years in order to build on the revenue growth achieved during the current year.

GT Private Broking introduced a new research offering to its client base during the current year, resulting in a significant increase in research costs. The utilisation of this research by GT Private Broking clients will be monitored during the coming financial year in order to assess the benefits thereof to the business.

OPERATING EXPENSES

Operating expenses	FY 2015	FY 2014	% Move
Employment costs	36 471	31 850	14,5
IT costs	13 716	12 057	13,8
Marketing	9 611	7 253	32,5
Office costs	5 812	6 007	(3,2)
Professional fees	5 555	3 400	63,4
Other	5 511	4 924	11,9
Total	76 676	65 491	17,1

Operating expenses increased by 17,1% during the current year. Although this increase may appear reasonable in light of the 40% increase in revenue, the cost base of the Group is currently inflated, based on current revenue levels, and is more reflective of the fact that the business has geared up its resources and capacity for growth expected in the next few years. In addition, the business is incurring significant costs in developing new products and improving existing products in order to differentiate its offering from those of its competitors and disrupt the status quo.

EMPLOYMENT COSTS

Employment costs increased by 14,5% during the year, comprising an average annual salary increase of around 13% for staff during March 2015. In addition, one executive and two management positions were created and filled during the year.

The higher than average salary increase during the year recognises the outstanding performance of the employees during the year and the value that the Company places on each of their continued contribution and loyalty. The new management and executive positions were made to support the new products launched during the current year and to assist the business in driving growth through aggressively delivering these products to the market.

IT COSTS

IT costs primarily include hosting and connectivity fees, various data-feed expenses and licensing costs. The 13,8% increase during the current year comprised an inflationary increase from various service providers and the impact of the depreciating Rand on the cost of our Bloomberg and Reuters data-feeds and various other IT solutions and systems sourced from foreign suppliers. In addition, our hosting fees increased by 12% during the current year with the launch of EasyEquities, and increased capacity required to cater for future growth in our asset management business.

CHIEF FINANCIAL OFFICER'S REPORT (continued)

MARKETING

The marketing spend was 32,5% higher during the current year and amounted to 7,3% (2014: 7,7%) of revenue, which is in our target range for marketing spend.

OFFICE COSTS

Office costs mainly comprise rental and rates charges (63%), telephone, mobile, stationery, printing and other general office costs. The 3,2% decrease in office expenditure was primarily due to the inclusion of a once-off cost incurred in the prior year of R235 000. On a like-for-like basis these costs remained flat as marginal increases in some office expenses were off-set by a 24% decrease in telephone costs, achieved through the implementation of a new telephone solution.

As the business and head count grows the office costs would be expected to increase proportionately as the current office space has reached capacity.

PROFESSIONAL FEES

Professional fees primarily includes audit, compliance, regulatory and legal consulting fees.

Legal consulting fees were again high this year. The majority of the fees were incurred in developing and launching our EasyEquities platform, including the protection of the intellectual property associated with this product. In addition, the business incubated a majority Black-owned asset manager, launched its first hedge fund and two unit trusts, all of which required legal input.

Compliance and regulatory fees increased by 25% as a result of the new hedge fund license awarded toward the end of last year, as well as the growth in our asset management business.

OTHER OPERATING EXPENSES

Other operating expenses include, travel and entertainment, listing costs, bank charges and other sundry expenses.

Travel and entertainment costs increased by 29% during the year due to an increase in the number of client roadshows and interactions along with an increase in the expense incurred in respect of our year-end results function which included clients and staff. The increased head count also added to the staff welfare costs which are included in this expense.

Another significant contributor to the increase was bank charges which increased by 35,2% during the year, which is in line with the 40.0% increase in revenue.

EBITDA

Earnings before interest, taxation, depreciation and amortisation (EBITDA) from core operations increased by 116,6% to R45.1 million for the year ended 31 August 2015.

NET INTEREST EXPENSE

The increase in the net interest expense is attributable to the additional funding facilities secured to part fund Purple Group's R26 million direct investment in Real People Investment Holdings during January 2015.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation costs increased due to various new product development costs being capitalised during the year, mainly comprising IT development expenses in respect of the new EasyEquities platform.



FAIR VALUE, IMPAIRMENT AND GUARANTEE ADJUSTMENTS

	2015 R'000	2014 R'000
Real People Investment Holdings (RPIH)	31 557	–
Blockbuster Trading 3 (BBT)	–	(25 446)
Provision for financial guarantee – BBT	(31 058)	–
Umnombo Investment Holdings	–	(5 200)
Total – RPIH related profit/(loss)	499	(30 646)
African Independent Retail Finance	–	(978)
Total	499	(31 624)

Purple Group owns an indirect stake in RPIH through a 37,5% shareholding in BBT (an empowerment vehicle which holds a 3.93% (2014: 7,1%) stake in RPIH. BBT's stake in RPIH was diluted through a capital raising concluded by RPIH during January 2015.

At this time Purple Group took the decision to invest R26 million directly in RPIH (as communicated on SENS on 15 December 2014) in order to off-set the dilution of Purple Group's indirect investment in RPIH through BBT, as the board of directors was of the opinion that the price at which the capital was being raised, by RPIH, was at a significant discount to fair value and as such it would have been value destroying if Purple Group did not partake in the capital raising.

In the result, Purple Group holds a 4,26% direct stake in RPIH (through normal equity and convertible preference shares) and redeemable preference shares with a cumulative face value of R10.4 million (which were subscribed for at a 42,5% discount to face value).

The profit of R0.5 million during the current year was the sum of a write-up of R31.6 million in the Group's direct investment in RPIH and a corresponding loss of R31.1 million relating to the Group's indirect stake in RPIH as a result of the capital raising concluded at a significantly discounted price. In the result, the Purple Group raised a provision for a financial guarantee provided by the BBT Shareholders, jointly and severally, to the Industrial Development Corporation (who part funded the deal).

This investment in RPIH remains non-core to the Purple Group and it will be exited over the next three years, subject to market conditions.

CURRENT AND DEFERRED TAX

The tax debit of R12.8 million for the year ended 31 August 2015 mainly comprises current tax of R12.5 million paid by First World Trader Proprietary Limited in respect of current year profits.

PROFIT FOR THE PERIOD

Basic earnings per share for the year ended 31 August 2015 has increased from a loss per share of 2,09 cents in the prior year to a profit per share of 3.51 cents. Headline earnings per share has improved from a loss of 2,01 cents per share in the prior period to a profit of 3.51 cents per share.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current assets increased by R55.8 million for the year ended 31 August 2015 as a result of Purple Group's direct investment in RPIH and subsequent write-up thereof. The investment of R26 million was partly funded by short-term facilities secured from the Company's bankers.

The increase in non-current liabilities is due to the provision raised for the financial guarantee.

The equity attributable to owners increased by R20.8 million, after payment of dividends/ capital distributions totalling R16.9 million, and an increase in capital reserves of R6.1 million, resulting from directors and staff exercising share options during the year.

Gary van Dyk

Chief Financial and Operations Officer

OUR PEOPLE

DIRECTORS, EXECUTIVE AND MANAGEMENT

EXECUTIVE DIRECTORS

MARK BARNES

Executive Chairman

Mark Barnes graduated from UCT with a Business Science degree in Actuarial Science and attended a Management Programme at Harvard Business School.

Mark is widely known as an investment banker in South Africa. He has 30 years of experience in financial services, holding positions of leadership at Standard Bank, Capital Alliance and Brait. Mark has had a wide exposure to financial markets previously as head of the biggest treasury operation in South Africa and as Chairman of the South African Futures Exchange. He is currently the Chairman and a significant shareholder in the Purple Group.

Mark writes a weekly column in the leading business newspaper in South Africa, the

Business Day. He has a regular TV program on his column, "Straight Talk with Mark Barnes" where his challenging opinions are presented. Mark is a regular panellist on "Editing Allowed" a weekly television talk show with the country's leading business editors.

CHARLES SAVAGE

Group CEO

Charles completed a BCom Accounting and Information Systems at the University of Cape Town in 1996. For the past 17 years he has been active in derivative financial markets with a strong focus on technology, business development and leadership. Charles was part of the team that pioneered CFD and spread trading in South Africa and in 2000 he led the development of the world's first fully automated online Spread Trading platform.

He was elected to manage GT247.com's South African operations in 2003 where he was part of the Global Trader Executive. Charles is now responsible for strategically leading the operating business units of the group.

GARY VAN DYK

Group CFO

Gary completed his articles at KPMG at the end of 2002 at which time he qualified as a Chartered Accountant. He then spent four years in the Transaction Advisory Division of KPMG prior to joining Purple Group in November 2006. Gary was Head of Corporate Finance until April 2013 at which time he was appointed as the Group's Chief Financial and Operations Officer.

NON-EXECUTIVE DIRECTORS

RONNIE LUBNER

Ronnie is Chairman of the PG Group, South Africa's leading integrated glass business. He is also Chairman of the international Belron group, the world's largest, dedicated vehicle glass repair and replacement company.

CRAIG CARTER

Craig has over 30 years' experience, predominantly in technology and financial services, including treasury, corporate finance, venture capital, banking and mobile payments. Craig joined Purple Group at its inception as COO and was most recently COO for WIZZIT International. He is currently an independent management consultant.

THEMBEKA GWAGWA

Thembeke is the General Secretary of DENOSA and is a director of DIHOLD. Thembeke is involved in healthcare sector training and teaches nursing students, community members and workers. She is involved in planning, organising and designing health and safety courses for workers and management.

DENNIS ALTER

Dennis Alter served as the Chairman and Chief Executive Officer of Advanta Corporation for nearly forty years. At its peak, it employed more than 5 000 people and had seven million customers. During his tenure the company grew its assets, earnings and returns exponentially. Mr Alter also owned the country's largest dating company, pioneering dating as a business in the mid-nineties.



EXECUTIVE COMMITTEE

BRADLEY LEATHER **Executive: GT Private Broking**

Bradley is a co-founder of GT247.com, bringing years of international broking and trading experience to the GT Private Broking team.

Brad gained his early market experience trading on the traditional trading floors of the London and Sydney Futures exchanges, before moving to screen-based broking where he brokered emerging market bonds for Intercapital Brokers in London and New York. He then moved to Cantor Fitzgerald in New York before relocating to South Africa and was instrumental in setting up Cantor Fitzgerald's SA Bond desk.

PAUL JANSEN VAN VUUREN **Chief Technology Officer**

Paul's career in the technology development space spans nearly 20 years. Paul spent a number of years at Zaptronix Limited as a senior developer before starting his own development company. It was during this time that Paul developed his passion for user experience and developing software to cater to UX. Paul joined the GT247.com team during 2010 and was appointed as the Chief Technology Officer in 2013.

BEVERLEY FERREIRA **Chief Human Resources Officer**

Bev graduated from RAU (now UJ) in 1997, having completed a BA degree in Personnel Management as well as honours Degrees in both Industrial Relations and Industrial Psychology. She was employed by Interpark (SA) (Pty) Ltd in 1995 and became HR Director in 1999. In 2005 she joined Interpark's holding company, Excellerate Holdings Ltd in the capacity of Group General Manager: HR. In 2006 Bev started to practice as a freelance HR and IR consultant before joining Purple Group in 2008, where she now serves the business as Chief HR Officer.

CAREL NOLTE **Chief Communications Officer**

Carel has been working in the financial services and communication industries since 1997, including stints at the BBC in London, and at Hollard Insurance and Etana Insurance in South Africa. He holds an MA (cum laude) in English literature, a law degree from the University of Stellenbosch and is a Licentiate of the Insurance Institute of South Africa.

Carel is the founder of CN&CO, a Johannesburg-based people and brand consultancy that provides a range of marketing services to the Purple Group.

MANAGEMENT COMMITTEE

PATRICK DAoust **Head of Finance**

Patrick joined Purple Group in May 2015 and has over 15 years of experience managing the financial departments of listed multi-national companies both locally and in Europe and the USA.

Patrick completed his articles and graduated from the University of South Africa with a Bachelor of Commerce majoring in Accounting and Auditing.

CRAIG MARGOLIUS **Head of Operations**

Craig joined Purple Group in July 2011 and has over four years of corporate finance experience, having worked on a variety of advisory transactions, spanning various sectors. Craig was appointed Head of Operations in March 2013. Prior to joining Purple Group, Craig worked for Standard Bank CIB and Merchantec Capital. He qualified as a Chartered Accountant in 2009.

TRISTAN FINNEMORE **Head of Sales**

Tristan joined GT247.com in 2006. He implemented our CRM system in 2007 and joined the Sales team as a Sales Performance Manager in 2009. He was Regional Sales Manager Gauteng from 2012, and went on to become Head of Sales in March 2013. Tristan has a Bachelor of Information Systems degree from Bond University.

ALMERO OOSTHUIZEN **Head of Marketing**

Almero joined GT247.com (Purple Group) in March 2010, after spending four years in London in the television production industry and three years in the publishing industry with Ramsay Media. Almero heads up a team responsible for the marketing and public relations of the Purple Group.

Almero graduated from the University of Stellenbosch with a Bachelor of Commerce in Marketing and Financial Management.

CARLOS FERNANDES **Head of IT**

Carlos joined GT247.com in 2005, and currently serves as the Head of IT. He has been working in the computer and telecommunication field for over 10 years. During this time, he has held a number of leadership roles working as an IT Support Technician, Infrastructure, Application Manager and IT Manager.

Carlos holds Comptia A+, N+ & i-Net+ certifications and is working towards his MCDBA and MCSE.

NILAN MORAR **Head of Trading**

Nilan Morar has been involved in financial markets for the past 19 years. His experience hails mostly from major financial institutions and his areas of expertise include money markets, fixed income administration and trading derivatives.

Nilan completed his RPE exams, South African Regulatory module through the Securities Institute in London as well as the regulatory RE1 and RE5 modules.

JUSTIN PEARSE **Head of Client Engagement**

Justin joined the Purple Group in May 2015, after completing a three-year tenure as MD of Majinga Consulting, a Johannesburg-based recruitment agency. Prior to that, he was a co-founder and director of one of the first online music retail platforms, which he ran in London from 2004 till late 2011.

Justin holds a Bachelor of Business Science degree from the University of Cape Town.

MARK WILKES **Head of Risk and Compliance**

Mark has over 20 years of financial markets experience having worked for banks, stockbrokers and discount houses in London, Amsterdam and South Africa, dealing in bonds, equities and derivatives (options/OTC/exchange) as both a Dealer and Head of Risk. Mark has considerable experience of managing multiple asset classes in all market conditions.

Mark is an Arts graduate and has completed all of the RPE exams, is a JSE Registered Securities Trader and JSE Commodities Dealer. In addition he has obtained varied Equity and Derivative Compliance/Settlement qualifications and FAIS RE exams. Designations include SAIFM Dealer, MIFM, PBSA, M Inst D.

PURPLE GROUP OVERVIEW

Purple Group is a retail-focused financial services and technology group that engages with clients who are aspirational about their wealth.

The strategy of the group is focused on **two key pillars:**

ONE



Empowering investment education and **financial independence**

Reducing investment and trading barriers and making products and platforms safe, reliable, transparent and easy



TWO

If you visit www.purplegroup.co.za you will learn that Purple Group offers investing and trading solutions for everyone, from fully managed investment solutions to DIY trading and investment platforms.

But that's just what the group does. What we're about is helping South Africans to understand, participate in, and benefit from financial markets. "It's all about learning how to grow your wealth, and then having the confidence – and the access – to go out and do it," says Purple Group CEO Charles Savage.

For most South Africans, the financial markets have traditionally been a very scary prospect. "Time and time again we hear people saying 'I have some cash I would like to invest, but I have no idea what to do with it' or 'I invested all this money 10 years ago, and any returns just seem to get consumed by fees and commissions'. And so we set out to change all that," says Savage.



OUR PEOPLE

- Our team at Purple Group comprises 68 people, each experienced in their respective areas and ultimately incentivised to provide our clients with the best possible experience when dealing with the business.
- Each and everyone of our people are set quarterly key performance metrics against which they are reviewed and incentivised.
- We are consistently improving our level of customer service and product offering.

The result is a group of companies that wield innovation like a mighty sword, determined to slash exclusionary practices and bring down the barriers that prevent most South Africans from participating in financial markets.

"It's less about how much money you have," says Savage, "and more about how much you know, and how much time you have to reach your financial goals".

Purple Group comprises four distinct brands, each with its own offering and level of investor participation.

EasyEquities is an unmanaged share investment platform; GT247.com provides low-cost access to local and international financial markets for the DIY derivatives trader through a range of online trading platforms; GT Private Broking offers sophisticated investors a high-touch, traditional broking service, including personal execution and trade

assistance services that are tailored to meet clients' unique trading and investment preferences; while Emperor Asset Management provides investors access to a range of fully managed, traditional and alternative investment strategies and solutions.

With this spread of offerings, Purple Group caters to the investment preferences and risk profiles of the entire South African market.

Purple Group is the holding company for four distinct brands in the fintech space:



EasyEquities
www.easyequities.co.za

EMPEROR
ASSET MANAGEMENT

<GT247.COM>

GT
Private
Broking

Each of these brands has a focused trading/investment offering that caters to a specific client demographic, from first-time investors with R100 to spend on shares, to high-net worth individuals looking for a managed portfolio option.

Mark Barnes, Chairman: "We're an investment and trading house accessible to everyone and we've priced ourselves cheaply to get to those people. There's enough growth in the space we're operating in, for us not to look elsewhere. So it's about client acquisition, increasing the annuity nature of our earnings profile and broadening access to a market that has been fairly protected from broad-based participation up until now."

Gary van Dyk, CFO: "Our appreciation of an individual's unique circumstances and risk appetite is one of Purple Group's big differentiators. As are our various services that enable investors to tailor their investments based on their particular circumstances. In many cases, South Africans have been sold less risk than they require, increasing their risk of not meeting their retirement goals."

OUR BRANDS

WHAT WE OFFER

EASYEQUITIES

As the entry-level investment platform in the Purple Group, EasyEquities offers fun, friendly, cheap and easy access to equities and ETFs listed on the JSE. There's no minimum investment, no monthly fees and the lowest trading costs in the market (investors pay only 64c per R100 invested).

In addition, fractional share rights (FSRs), which is unique to EasyEquities, provides investors with a solution to invest in fractions of shares through a contractual claim. This enables the investor to participate in the economic benefits and risks associated with share ownership (price movements and dividends) and only excludes voting rights for the particular portion or fraction. Investors can now invest into higher unit price stocks, even if they don't have the money to buy a full share. There is also a tax-free investment offering on the EasyEquities platform.

A range of informational material is available to assist anyone from the novice investor looking to buy shares in a specific brand, to the more seasoned, technically oriented investor who wants to make decisions based on available data.

ONLINE
INVESTING



EasyEquities
www.easyequities.co.za

www.easyequities.co.za

@easyequities



EMPEROR
ASSET MANAGEMENT

MANAGED
INVESTMENTS

EMPEROR ASSET MANAGEMENT

Emperor Asset Management, the asset management division of the Purple Group, gives investors access to a range of fully managed, traditional and alternative investment strategies and solutions, including tax-free options.

The flagship Robert Falcon Scott investment strategy dates back to 2004. It has consistently delivered benchmark-beating returns. The Emperor IP Momentum Equity Fund has made a strong start when compared to its peers in the general equity unit trust sector, ranking towards the top of the returns table, and is certainly a unit trust to watch.

Fundamental to Emperor's success is the concept of quantitative momentum style investing, which lies at the heart of all of its investment strategies. Local and international research supports Emperor's findings that, over the medium and long term, momentum consistently delivers superior returns over other styles of investing. Simply defined, Momentum investors look to buy high and sell even higher, capitalising on strong market trends.

More than 10 years of momentum investing experience has allowed Emperor to refine and remodel its investment approach to extract maximum risk-adjusted returns for an array of investor risk-return profiles, including first-time, mid-life and retirement investors.

www.emperor.co.za

@emperorasset

GT PRIVATE BROKING

GT Private Broking (GTPB) is the private client division of the Purple Group. Its offering combines the best of traditional stockbroking with new world products and technologies.

GTPB targets higher value clients (investable assets must exceed R250 000) who value personalised service over pure low-cost, online access.

Typically clients are sophisticated and require higher levels of personal attention while demanding access to leading stock research and trade ideas. GTPB delivers this and more through its experienced team of private brokers and research analysts who see themselves as co-pilots to their clients' wealth, investing and trading ambitions.

www.gtprivatebroking.com

 @gtpb_za

ASSISTED
TRADING



<GT247.COM>

ONLINE
DERIVATIVE
TRADING



GT
Private
Broking

GT247.COM

GT247.com is a leading South African discount broker that targets active, speculative, short-term derivatives traders. The GT247.com trading platform offers low-cost, easy access to local and international markets through contracts for difference (CFDs) and futures, enabling clients to take advantage of underlying market movements in equities, indices, currencies, commodities and bonds.

GT247.com clients have access to a host of services and tools to help them trade with confidence.

There are no platform fees or monthly fees, and GT247.com offers the lowest trading costs for the retail investor.

Investor's Monthly: "A striking feature of GT247.com is that it never stops innovating in its quest to add value for clients, while remaining a cut-price broker. And it is not afraid to try original things."

www.gt247.com

 @gt_247

OUR TARGET MARKET

● EMERGING AND MASS AFFLUENT

A DISTINGUISHING CHARACTERISTIC OF EMERGING AND MASS AFFLUENT INDIVIDUALS IS THAT THEY ARE ASPIRATIONAL ABOUT THEIR WEALTH; HENCE WILLING TO AND CAPABLE OF TAKING INVESTMENT RISK.

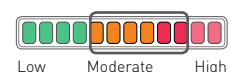
They are not qualified as a result of their wealth status, income group or demographic, but, rather their capacity to invest in liquid financial assets such as shares, bonds, savings and unit trusts. Typically they find themselves either in the wealth accumulation phase of their investment journey seeking financial independence for themselves or under invested in their retirement and actively seeking higher risk/return investment options. They tend to save more than they spend and invest for their future. They typically have a household income of more than R250 000 per annum, already have investments in liquid financial assets and are adults between the age of 23 and 65.

TARGET MARKET SIZE



+/- 1 070 000

RISK PROFILE





INSTITUTIONAL AND HNWI

The Purple Group targets high-net worth individuals (HNWI) and institutions through the following products and services:

EMPEROR
ASSET MANAGEMENT



Unit Trusts
Hedge Fund
Segregated Portfolios

GT
Private
Broking

EMERGING AND MASS AFFLUENT

The core target market of the Group remains the retail market and more specifically the emerging and mass affluent, who are aspirational about their wealth.

EMPEROR
ASSET MANAGEMENT



Unit Trusts
Segregated Portfolios

<GT247.COM>

EasyEquities
www.easyequities.co.za

GT
Private
Broking

EMERGING AND MASS AFFLUENT INVESTOR TYPES

AGE
35 – 50

STEVE

ASPIRANT EXECUTIVE

Steve is aspirational about his wealth and achieving financial independence for himself and his family within the next decade. He has a thorough understanding of investing and manages a portion of his investable assets through his online stockbroker. He wants to diversify his income and is willing to invest in higher risk products in the pursuit of short-term returns.

He is currently comfortable investing in unit trusts, shares, ETF's and property and is very interested in alternative investment opportunities. His preference is to transact online via his work PC, mobile and tablet applications that give him real-time transparent access to his investments. He plays an active role in his investment decision-making and does some of his own research.

He is inclined to seek professional advice and be guided by a wide range of resources to support his decision-making:

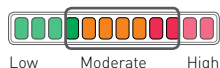
- Online Media
- Newspapers
- Asset manager
- Stockbroker
- Financial adviser

INCOME GROUP



Upper

RISK PROFILE



TARGET MARKET SIZE

+/- 240 000

GROUP PRODUCTS THAT CAN SUPPORT JUSTIN'S FINANCIAL GOALS INCLUDE:



Unit Trusts
Segregated Portfolios

<GT247.COM>

EasyEquities
www.easyequities.co.za

GT
Private
Broking

AGE
50 – 65

JOHN

OLD SCHOOL INVESTORS

John is anxious about his wealth as he has not yet saved enough for his retirement. He is therefore actively looking to invest in higher-risk investments in the pursuit of better returns. His primary financial goal is to secure a better retirement lifestyle. He is currently comfortable investing in property, shares and Kruger Rands.

He prefers to transact over the telephone with the assistance of a private broker, demands access to online research and other investment information.

He is comfortable making his own financial decisions and primarily relies on the following sources of information to support his decision-making:

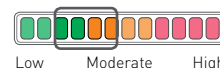
- Newspapers
- TV
- Stockbroker
- Asset manager

INCOME GROUP



Middle – Upper

RISK PROFILE



TARGET MARKET SIZE

+/- 350 000

GROUP PRODUCTS THAT CAN SUPPORT PATRICK'S FINANCIAL GOALS INCLUDE:



Unit Trusts
Segregated Portfolios

EasyEquities
www.easyequities.co.za

GT
Private
Broking

AGE
23 – 30

LETSEGO


YOUNG SAVER

Letsego has just been introduced to investing and understands the power that time and compound returns can have on her future wealth. She is focused on providing for her family and ambitious about achieving financial independence at an early age. She wants to start saving right away.

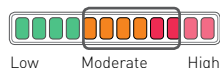
Her investment time horizon is such that she is willing to take investment risk. She is currently comfortable placing her money in a savings account but wants to learn more about other forms of investing. She prefers to transact in small amounts and demands simple, transparent, real-time mobile access and low-cost structures.

She is uncomfortable making her own financial decisions and primarily relies on the following sources to support her decision-making:

- Radio
- Bank
- Financial adviser
- Friends and family

INCOME GROUP 
Low – Middle

RISK PROFILE



TARGET MARKET SIZE
+/- 300 000

GROUP PRODUCTS
THAT CAN SUPPORT
LUNGILE'S FINANCIAL
GOALS INCLUDE:

EMPEROR
ASSET MANAGEMENT
Unit Trusts

EasyEquities
www.easyequities.co.za

AGE
30 – 50

MIKE

ACTIVE INVESTOR

Mike is well on track to securing a comfortable retirement. He has been actively involved in trading and investing for some time now and plays a steering role in all his financial activities. His primary goal is to enhance his current lifestyle. He has excess capital that he is willing to take considerable risk with in the pursuit of short-term returns.

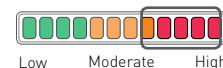
He is currently comfortable investing in shares, CFDs, currencies, bonds, commodities and options. His preference is to transact online and he demands high speed access to low cost, functionally rich trading platforms.

He is confident making his own decisions and relies mostly on his own research but may use the following sources to support his decision-making:

- Newswires e.g. Bloomberg and Reuters
- Broker research
- Online resources
- Social media

INCOME GROUP 
Middle – Upper

RISK PROFILE



TARGET MARKET SIZE
+/- 180 000

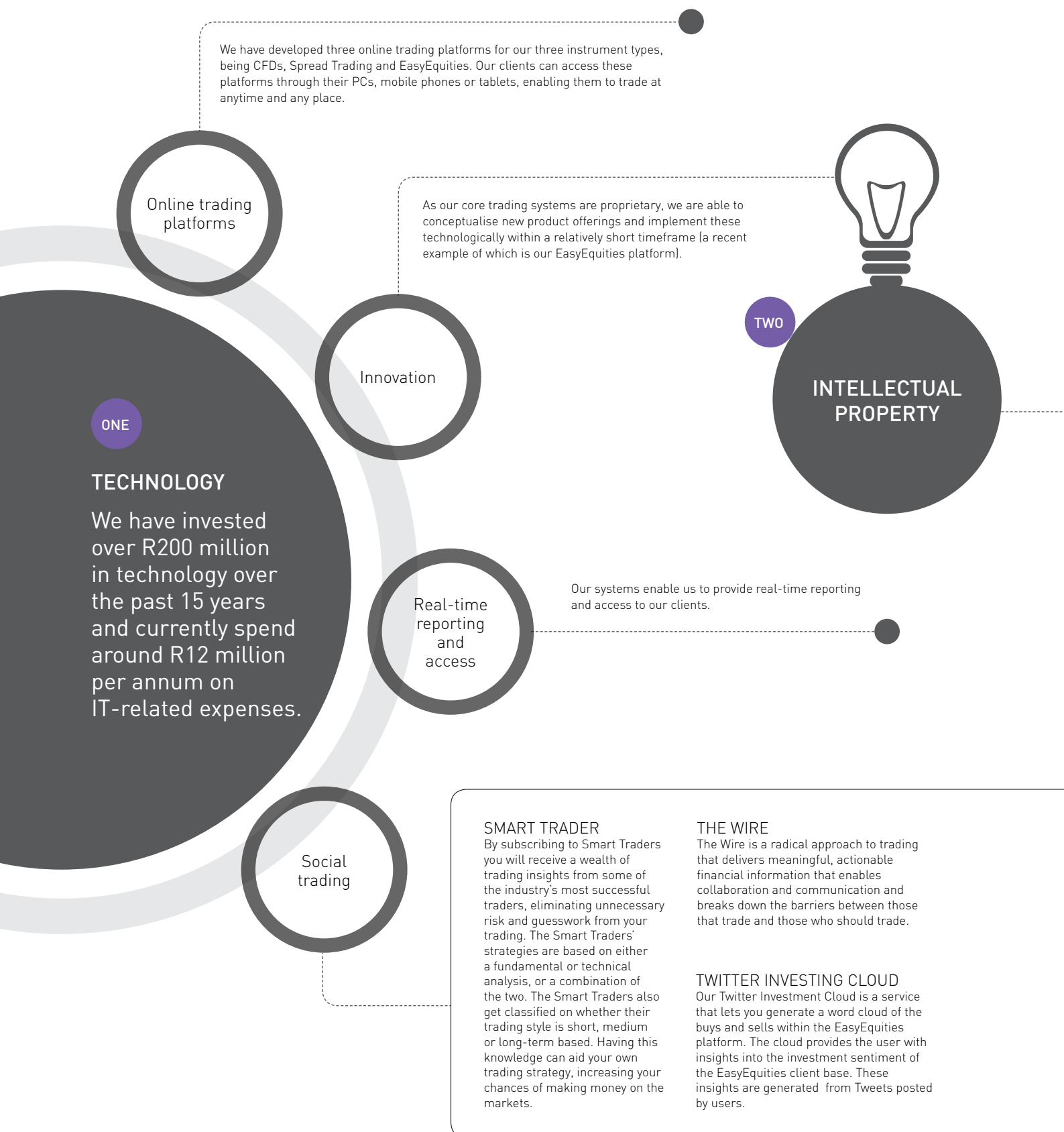
GROUP PRODUCTS
THAT CAN SUPPORT
NILAN'S FINANCIAL
GOALS INCLUDE:

EMPEROR
ASSET MANAGEMENT
Segregated Portfolios

<GT247.COM>

EasyEquities
www.easyequities.co.za

TECHNOLOGY, INTELLECTUAL PROPERTY AND RISK MANAGEMENT



- GT247.com was the first broker to offer CFDs in the South African retail market, back in 2000.
- Our CEO, Charles Savage has been with GT247.com since 2001 and our Head of GT Private Broking, Bradley Leather, was one of the founding members of GT247.com in South Africa, back in 2000.
- Our traders and risk managers have decades of experience in the financial markets across a multitude of instruments.
- Our Chief Investment Officer, Tom de Lange, has been investing on behalf of others since 2004 and active in the financial markets, developing various investment strategies for over 30 years.
- As a result we have built up an in-depth product knowledge of the products that we offer our clients, from derivative instruments to asset management strategies.
- Our core asset management strategy, the Robert Falcon Scott strategy has an 11-year track record, during which time it has delivered superior returns.
- The knowledge and experience gained from this strategy has been expanded upon to develop new strategies with differing risk/return profiles.
- In addition, the business offers a quantitative research tool called Validea (www.validea.co.za) to the South African market. Based on the premise that the best way to outperform the market is to learn from those who have consistently done so in the past, Validea compiles model portfolios that select value, dividend and growth stocks based on its interpretation of the published writings of well known stock market gurus, including Warren Buffet, Peter Lynch, Benjamin Graham, Kenneth Fisher, Martin Zweig, David Dreman, Joseph Piotroski and Joel Greenblatt.



HOOTS COLLABORATIVE RECOMMENDATION ENGINE

Ever purchased something on Amazon.com and end up buying something else because of a recommendation from like-minded consumers? This is the essence of Hoots. Hoots is a post-execution collective summation of other instruments traded by customers who have also bought the very same instrument you are buying. You get a broad view of sentiment within the investment community based on their transactions executed. It is similar to broker consensus, as we know it today.

THREE

RISK MANAGEMENT

One of the core pillars of our business is risk management. Our risk management systems enable the business to identify risk on a proactive, real-time basis.

FROM A BUSINESS PERSPECTIVE

CLIENT CREDIT RISK

Client credit risk arises when a client's total funds on deposit are insufficient to cover trading losses. Our tiered margining policy and real-time monitoring of client risk are our primary tools for mitigating client credit risk. This essentially involves holding a margin on every open client position, which is sufficient to absorb sudden movements in a client's open positions, thereby providing the client with the opportunity to top up his/her margin in order to hold the position or alternatively allowing the business sufficient time to close out the client's positions prior to any loss being incurred by the business.

The business is able to close out any client position, if required, intraday, almost instantly, as we only offer CFDs on the most liquid shares.

Our online platforms allow clients to manage their own exposures through guaranteed and non-guaranteed stops and other order types.

MARKET RISK

Market risk arises as a result of general market price movement. Our risk department monitors all client positions on a real-time basis to ensure adherence to market risk limits set by the Risk Committee. The business operates within these limits by hedging our market risk exposure with our prime broker as and when required. Due to the size of our book, client positions often offset each other, creating a natural hedge.

FROM A CLIENT PERSPECTIVE

PROTECTION OF CLIENT ASSETS

In order to protect and ringfence client funds from those of the business, the following measures are in place:

All client funds (excluding margin cash) are held in a separate bank account, separate from GT247.com accounts. The bank account is a Client Funds Trust Account clearly ringfencing these funds from those of the business. This is a regulatory requirement and our auditors are required to report compliance with this provision to the Financial Services Board each year.

We have registered a Nominee Company, which is a separate ringfenced entity, specifically licensed by the Financial Services Board, to only hold client assets.

Clients' funds on margin are held at our prime broker and to a lesser extent with other hedging institutions. Client funds on margin at our prime broker are protected through an ISDA agreement (between GT247.com/ Emperor Asset Management and the prime broker) in the event of the prime broker being liquidated, in which case all transactions are closed out and the margin cash and any profits are immediately paid to GT247.com/ Emperor Asset Management. Funds from prime brokers are paid directly into the Client Funds Trust Account.

EASYEQUITIES

ONLINE INVESTING

EasyEquities continued the year making investing #easy and for #everyone. Just like your last Facebook post, Amazon purchase or Uber ride, EasyEquities is an easy, enjoyable and rewarding user experience.

"EasyEquities is about creating a million South Africans who own shares. It's about changing the demographic of the JSE," says Charles Savage, CEO of Purple Group. "It wasn't about how much money we could make from stockbroking, but rather, how many people we could get to invest in shares for the first time."

Savage says the number of South Africans directly invested in the stock market is between 200 000 and 300 000. He estimates the country has 2,5 million "meaningful taxpayers that should be participating in the economics of listed companies through direct share ownership".

With the huge potential this represents, Purple started looking at the factors that kept these people out of the market. The solution lay in making the process as easy as possible, devoid of technical jargon or processes that only added to the mystery that surrounds investing.

This revelation was inspired in part by disruptors such as Amazon that simplified buyer choice by suggesting recommended purchases based on a customer's recent purchases. Similarly, the non-discriminatory nature of Uber that effectively allows anyone to have a private driver was another point of reference.

"We want to make buying a share as easy and engaging as buying a book on Amazon," he explains. "The financial services industry is the biggest discriminator in the world, and we need every South African to feel that owning shares is something they can (and should) do."

One of the barriers identified was that the majority of the top shares on the JSE were over R80 in price, thereby limiting the universe of shares for the R100 investor. Taking into consideration that the higher priced shares were generally "the shares to own" this needed to be addressed. With the introduction of a unique concept called Fractional Share Rights (FSRs) the everyman investor is able to gain exposure to the entire universe of shares listed on the JSE, regardless of the unit price of that share. Investors are able to enjoy the economic benefits of being invested in a large, reputable share enjoying all the economic participation, without requiring the voting rights. The other benefit is that they are able to buy shares with money they may have been setting aside until they had enough to buy a highly priced stock. This way all your money is invested and always working for you.

Another differentiating factor is that the purchase process focuses on brand recognition and not share prices, on what you want to spend and not how many shares you would like, allowing clients to invest as much as they can afford in the brands they love, no matter how small.



EasyEquities

www.easyequities.co.za

KEY DIFFERENTIATORS

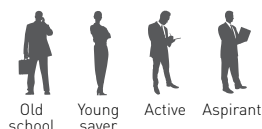
- Fun, friendly, and easy to understand and use
- Lowest cost and no minimum investment value
- Big IT investment to remain secure and innovative
- Fractional share rights – unique in SA market and part of our campaign to democratise the JSE
- Tax-free savings option (Number 1 in SA 2015 as voted independently by *Financial Mail/Intellidex/Investors Monthly*)
- Strong educational focus to empower and grow direct share ownership – currently less than 1% of our population!
- Active, engaged and stimulating social media presence



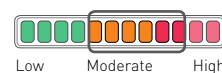
LOWEST FEES

- Commission – 25bps (no minimum)
- Zero platform fees
- Zero monthly fees
- Zero data fees

INVESTOR TYPE



RISK PROFILE



INSTRUMENTS

- Shares listed on the JSE
- Fractional share rights
- ETFs

COMING IN 2016

- International shares
- SA unit trusts

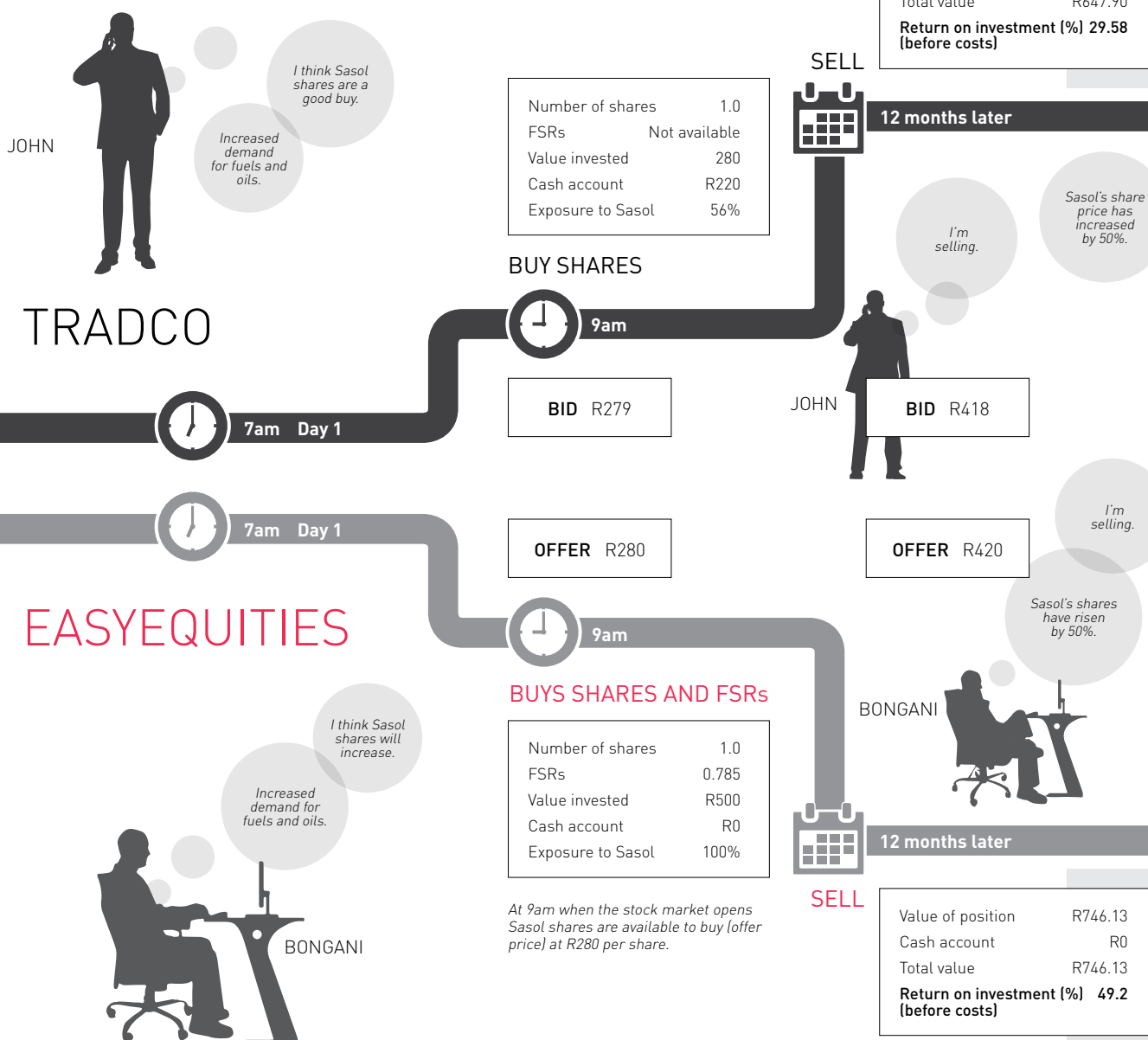
“More than a hint of pride is evident in Savage’s voice when he says that people are starting to refer to EasyEquities as the Uberisation of stockbroking. Who could blame him?”

Investors Monthly

EASYEQUITIES COMPARED TO TRADITIONAL STOCKBROKERS

The following scenario illustrates the primary benefits of trading on the EasyEquities platform compared to trading with traditional brokers: In this scenario two people (John and Bongani) each have R500 that they want to invest. John chooses to invest his R500 with a traditional online stockbroker (TradCo) and Bongani invests through the EasyEquities platform.

John and Bongani both believe that the Sasol share price will increase over the next 12 months as the demand for fuels and oils is expected to increase significantly. Both John and Bongani want to spend the full R500 on this transaction.



THE EASYEQUITIES PLATFORM IS AN INVESTING PLATFORM THROUGH WHICH YOU CAN ACQUIRE LISTED SHARES AND SECURITIES AS WELL AS FRACTIONAL SHARE RIGHTS (FSRs).

TOTAL COSTS

Other costs	% of value	Rand value
Entry costs	29.15	81.62
Exit costs	19.36	80.94
Total costs	25.13	162.56
Return after costs	(2.9)	



JOHN

Return on investment

(2.9)%



BONGANI

Return on investment

47.9%

TOTAL COSTS

Other costs	% of value	Rand value
Entry costs	0.64	3.22
Exit costs	0.39	2.94
Total costs	0.82	6.16
Return after costs	47.9	

BUY TRANSACTION

(IGNORING TRANSACTION COSTS FOR NOW)

John places an order with his broker to buy R500 worth of Sasol.

His broker informs him that the price of one Sasol share is R280 and therefore he will only be able to buy one share, as it is not possible to buy a fraction of a share on the stock market in South Africa (if it were possible, then John would be able to buy 1.785 Sasol shares with R500).

So John confirms the order and his broker buys the one Sasol share on the stock market. The total value of John's purchase was R280 leaving R220 in his cash account with the broker. This cash account will earn interest at around 4.5% per annum.

At the same time Bongani places an order on the EasyEquities platform to buy R500 worth of Sasol. The platform confirms his trade immediately, confirming that he has bought one Sasol share at a price of R280 and 0.785 Sasol FSRs at a price of R220 (78.5% of the value of one Sasol share).

An FSR is a CFD (with no leverage) that mirrors the economic benefits associated with share ownership (such as share appreciation and dividends) without you owning the underlying share or having voting rights in respect of that share.

In this scenario, Bongani's remaining R220 that was not enough to purchase another whole Sasol share, was used to acquire a Sasol FSR, that will provide him with 78.5% (R220 divided by R280) of the economic benefits associated with owning a whole Sasol share.

In the result, only 56% of John's R500 is exposed to the movement in the Sasol share price and the remaining 44% will earn interest at 4.5%, whereas 100% of Bongani's R500 is exposed to the movement in the Sasol share price.

SELL TRANSACTION

(IGNORING TRANSACTION COSTS FOR NOW)

Twelve months after entering into the Sasol trades, John and Bongani both decide to sell their Sasol shares and FSRs as the share price has increased by 50%.

They both exit their trades at a price of R418 (bid price), per Sasol share.

John sells his one Sasol share, realising R418. This together with the cash of R229.90 (R220 plus interest thereon at 4.5% for 12 months) in his cash account leaves John with R647.90, realising a return of 29.58% on his R500.

Bongani sells his one Sasol share for R418 and his 0.785 FSRs for R328.13 (78.5% x R418) leaving him with R746.13, realising a return of 49.2% on his investment of R500.

TRADING COSTS

Until now we have ignored the costs that John and Bongani would have paid, to buy and sell their Sasol positions, in order to illustrate the benefits of FSRs, however, the transaction costs paid when transacting through the EasyEquities platform, compared to other brokers, can also have a significant impact on your returns.

In the above scenario, John would have been charged R81.62 to enter the trade and R80.94 to exit the trade; hence John would actually have made a loss of 2.9% on the Sasol trade, taking costs into account.

On the other hand, Bongani would have been charged R3.22 to enter the trade and R2.94 to exit the trade; hence Bongani's return would have decreased marginally to 47.9%.

Securities transfer tax of 0.25% is not charged on the sell transaction, hence exit costs as a percentage of the transaction value is generally lower by this amount.

The major difference between the EasyEquities platform cost structure and other share brokers is that EasyEquities does not charge a minimum brokerage (in this scenario we assumed a minimum brokerage of R60, which is relatively low) but rather a variable brokerage of 0.25%. In addition, the minimum Settlement fee per trade charged by other brokers is R10.92, whereas EasyEquities charge you a variable settlement fee of 0.075%.

EMPEROR ASSET MANAGEMENT MANAGED INVESTMENTS

At Emperor Asset Management we set ordinary aside and we measure ourselves against the extraordinary few that deliver investment excellence.

In 2010, Purple was approached by Tom de Lange who was looking for a partner to add stability and scale to his small asset management firm. De Lange's consistently strong performance record of annual return rates of around 23% and his pioneering quantitative momentum-based approach convinced Group CEO Savage that this was an investment worth making.

Emperor comprises three distinct product offerings, including segregated portfolios, unit trusts and a hedge fund.

The mainstays are the segregated portfolios comprising the Robert Falcon Scott Strategy and Sir Edmund Hillary Strategy. Both have adopted a quantitative, momentum-based investment style focusing on 140 of the most liquid JSE shares. The former – launched in October 2004 – boasts an enviable 11-year track record and deploys a predominantly long strategy, while the latter is a long/short strategy and has been in the market since June last year. Although long-term performance of these strategies is of utmost importance, Emperor has adopted an approach of complete transparency with its clients, providing each client with a daily statement reflecting the performance of their portfolio, thereby encouraging clients to play an active role in monitoring and questioning the performance of their investment.

Catering to the more traditional investment minded, the asset manager launched its Emperor IP Momentum Equity unit trust fund in September last year and during the first part of this year introduced the same unit trust in the form of a Tax-Free Savings Account.

Finally, EAM launched its first Hedge Fund on 1 November 2014, which appeals to more sophisticated and institutional investors.

"EAM has been a great success, in the sense that we have been quietly going about growing our assets at a steady but moderate pace. We are now approaching the tipping point at which both retail and institutional investors are starting to show increased appetite and interest in what we're doing," Savage says.

"We are building out an "alternative" asset manager that has a true retail distribution platform, aligned with our more traditional investment business through unit trusts. Most of our business is currently in segregated portfolios and more specifically in strategies that are dedicated to meeting the higher risk-higher return requirements of investors."

"We're a small, boutique manager and we have no aspirations to be a mega manager, however, we've tested our investment strategies' capacity to deliver similar returns on a bigger scale; hence we are confident that we have huge capacity to grow assets under management without negatively impacting returns, which is great news for our business, but more importantly our clients."

In order to achieve this growth, Emperor will be targeting independent financial advisors, Savage says, that 90% of the business to date has been acquired directly, but that marketing through IFAs will enable it to ramp up client acquisition.



EMPEROR
ASSET MANAGEMENT





SEGREGATED PORTFOLIOS AND HEDGE FUND



KEY DIFFERENTIATORS

- Quantitative momentum-based investment style
- Total transparency via daily reporting
- Bespoke client portfolios which allow for stock exclusion to meet specific investor preferences (e.g. Sharia compliance)
- Performance fees payable to us are always at risk to the fund's performance – if we don't perform, our clients don't pay
- Tailored risk/return via gearing (segregated portfolios)

STANDARD FEES

- Management fee: 1.2%
- Performance fee: 20% of outperformance over the benchmark



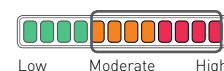
INSTRUMENTS

- CFDs
- Futures
- Shares
- Options

INVESTOR TYPE



RISK PROFILE



UNIT TRUSTS

KEY DIFFERENTIATORS

- Quantitative momentum-based investment style
- Management and performance fees at risk to performance – we don't perform, you don't pay

STANDARD FEES

- Management fee – 1.5% p.a. if we hit the benchmark
- Performance fee – 20% of out-performance over the benchmark



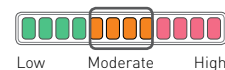
INSTRUMENTS

- Shares




INVESTOR TYPE






RISK PROFILE



OUR INVESTMENT PRODUCTS

	Robert Falcon Scott	Sir Edmund Hillary	Emperor IP Momentum Equity unit trust	
Investment structure	Segregated portfolio	Segregated portfolio	Tax Free Savings Account	
Investment method	Quantitative	Quantitative	Quantitative	
Launch date	1 October 2004	1 June 2014	May 2015	
Benchmark	FTSE/JSE Top 40	FTSE/JSE Top 40	FTSE/JSE Top 40 Total Return	
Strategy	Multi	Multi	Single	
Long/short	Long bias	Long/short	Long only	
Target risk level	Personalised	Fixed	Fixed	
Exposure level	120% – 200% long	220% long/40% short	80% – 100% long	
Minimum initial deposit	R10 000	R250 000	R5 000 lump sum R500 monthly	
Management fee	1.2%	1.2%	1.5%	
Performance fee	20% above benchmark	20% above benchmark	No performance fee	
Fee differentiator	A	A	Management fee at risk if underperformance	
Investible universe	JSE Top 140 (liquidity)	JSE Top 140 (liquidity)	JSE Top 180 (liquidity)	
Instruments traded	<ul style="list-style-type: none"> • CFDs • Options • Futures 	<ul style="list-style-type: none"> • CFDs 	<ul style="list-style-type: none"> • Shares 	
Strategy components	<ul style="list-style-type: none"> • Momentum • Value • Growth • Blue chips • Market timing • Downside protection 	<ul style="list-style-type: none"> • Momentum • Value • Low volatility bias • Market timing 	<ul style="list-style-type: none"> • Momentum • Low volatility bias • Market timing (limited) • Dynamic strategy shifting 	
Most suitable for	 <p>Investors seeking maximum equity returns at the same or moderately more risk than the market.</p> <p>Investors who have an investment horizon of four years or more and are comfortable with market fluctuations.</p>	 <p>Investors seeking maximum equity returns whilst taking substantially more risk than the market.</p> <p>Investors who have an investment horizon of at least five years, limited to a maximum of 10% to 15% of their investment assets.</p>	 <p>Investors seeking above market returns at less than 70% of the market risk.</p> <p>Investors seeking to grow their financial assets at a steady pace over the long term.</p> <p>Investors who have an investment horizon of three years or longer. Investment may be suitable as a building block for retirement planning for those investors who are comfortable with pure equity investments. Especially suitable for investors and multimanager pension funds requiring style diversification to include exposure to a unique momentum style.</p>	
<p><i>Fee differentiator (A):</i> Performance fees accrued remain at risk to future performance.</p> <p><i>Fee differentiator (B):</i> Performance and management fees accrued remain at risk to future performance.</p>				



Emperor IP Momentum Equity unit trust		Emperor IP Global Momentum Equity unit trust		Sir John Ross
Equity Unit Trust		Equity Unit Trust		Hedge Fund/En-commandite partnership and Segregated
Quantitative		Quantitative		Quantitative
September 2014		1 November 2015		1 November 2014
FTSE/JSE Top 40		S&P 500		50% FTSE/JSE Top 40, 50% STEFI
Total Return		Total Return		
Single		Single		Single
Long only		Long only		Long/short
Fixed		Fixed		Fixed
80% – 100% long		100% long		130% long/40% short
R5 000 lumpsum	R500 monthly	R10 000 lumpsum	R1 000 monthly	R5 000 000 Partnership structure R100 000 Segregated portfolio
1.5%		1.5%		1.2%
20% above benchmark		20% above benchmark		20% above benchmark
B		B		A
JSE Top 180 (liquidity)		S&P 500		JSE Top 180 (liquidity)
<ul style="list-style-type: none"> • Shares 		<ul style="list-style-type: none"> • Shares 		<ul style="list-style-type: none"> • CFDs • Shares • Options • Futures
<ul style="list-style-type: none"> • Momentum • Low volatility bias • Market timing (limited) • Dynamic strategy shifting 		<ul style="list-style-type: none"> • Momentum • Low volatility bias • Market timing (limited) • Dynamic strategy shifting 		<ul style="list-style-type: none"> • Momentum • Low volatility bias (long holdings) • High volatility bias (short holdings) • Market timing • Downside protection • Dynamic strategy shifting
 <p>Investors seeking above market returns at less than 70% of the market risk. Investors seeking to grow their financial assets at a steady pace over the long term.</p> <p>Investors who have an investment horizon of three years or longer. Investment may be suitable as a building block for retirement planning for those investors who are comfortable with pure equity investments. Especially suitable for investors and multimanager pension funds requiring style diversification to include exposure to a unique momentum style.</p>		 <p>Investors seeking pure equity exposure to US equities. Investors looking to hedge against SA political and economic risk. Investors seeking to grow their financial assets at a steady pace over the long term.</p> <p>Investors who have an investment horizon of four years or longer. Investment may be suitable as a building block for retirement planning for those investors who are comfortable with pure equity investments and requiring diversification in foreign equity markets. Especially suitable for investors and multimanager pension funds requiring style diversification to include exposure to a unique momentum style.</p>		 <p>Sophisticated investors seeking maximum returns at significantly less risk than the market.</p> <p>Investors who have a time horizon of at least two years and are comfortable with a product that offers robust protection against market fluctuations. Especially suited for institutional investors who seek exposure to a unique long-short equity momentum investment style wrapped in an en-commandite partnership structure.</p> <p>This is also available in the segregated portfolio structure.</p>

GT247.COM

ONLINE TRADING

GT247.com is a leading South African Discount Broker focused on the provision of lowest cost online trading products. Its strategy is focused on innovation that “makes it easy”, reducing barriers to entry and engaging clients to take control of their trading activities. It provides access to local and international markets through CFDs and Futures (Spread Trading), allowing clients to trade in Equities, Indices Currencies, Commodities and Bonds.

“GT247 focuses on delivering services to the short-term, more speculative end of the trading market,” says Purple Group CEO Charles Savage. “Its competitive positioning is to cater for people who are in the intermediate space, as far as trading sophistication is concerned. What we are trying to be to them is the best possible trading platform for the frequent trader. Their key needs are to have low cost, high speed, easy access to global markets affording them the best opportunity to profit from short-term high frequency trading”.

This journey started 15 years ago when GT247.com was the first to offer CFDs and Spread Trading instruments to the South African market, through its online platform, allowing clients to gain exposure to international indices, currencies, commodities and equities. Co-founded by Savage, the company was bought by Purple in 2007.

The popularity of the GT247.com platform is as much because of the price point as it is the technology and ability to easily trade in local and international instruments that have traditionally been beyond the grasp of ordinary investors.

Recognising that price is a key obstacle, GT247.com has used its technological advantages to lower the cost of trading to the bare bones. This means there are no monthly or platform fees and that trades attract only the minimum required. This includes the unavoidable JSE data fees, a CFD trading commission of 10 basis points, and spread commission of between one and two points. The CFD platform (EQ Trader) is the cheapest retail CFD trading platform in South Africa with brokerage fees that are half the price of its nearest competitor.

The Futures and Forex trading platform (Future Trader) allows traders to speculate on price movements in local and international indices, commodities and currencies, using Rands instead of having to take money offshore. This differentiator allows traders to easily access and trade international markets without being exposed to currency risk.

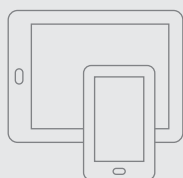
Competing on price alone, however, is a mug's game. Both Savage and group chairman Mark Barnes identify technology as the key differentiator in today's market. Other players may be bigger, with more money to throw at technology improvements, but GT247.com's in-house IT development team provides it with a nimbleness others struggle to emulate.



<GT247.COM>

KEY DIFFERENTIATORS

- Lowest cost in the market
- Social trading
- Trade local and international markets using Rands
- Enhanced liquidity
- Fast, functional, secure trading platforms
- Online support
- Continued IT development



INSTRUMENTS

- CFDs on shares, indices, currencies and commodities
- Spread trading (futures) on local and international indices, currencies, commodities and bonds



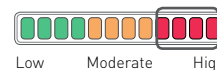
STANDARD FEES

- CFD commission – 10 bps
- Long and short funding – SABOR +2.5/-2.5
- Zero platform fees
- Zero monthly fees
- Spread commission – 1 to 2 points
- Inactivity fee – R150pm
No activity for > 12 months
- JSE data fees apply
- Interest on free cash – 4.0% to 4.48%
(linked to Prime)

INVESTOR TYPE



RISK PROFILE



“15 years of experience has taught us that lower costs and easy access to platforms, products and services does more for client profitability than anything else, that’s why we chose to focus on making things easier and cheaper all the time.”

Charles Savage, Group CEO

GT PRIVATE BROKING

OLD SCHOOL STOCKBROKING MEETS TECHNOLOGY-DRIVEN INVESTING

Offering the best of traditional stockbroking combined with new world instruments and technologies, GT Private Broking is the private label division of Purple Group's hugely successful GT247.com online derivative trading platform.

Aimed at the more affluent investor who wants to grow his or her wealth, GT Private Broking provides a personalised, high touch service focused on investors who prefer the old school model of stockbroking.

Our services are tailor-made to meet clients' unique trading profiles and preferences, and include execution, co-developing investment strategies and hedging. The team prides itself on the time they spend with their clients, both on the phone and in their presence.

GT Private Broking is the only business in the Purple Group that requires a minimum account starting value - R250 000. Service fees are also in line with the value of the service provided, although even these are personalised according to the client's particular profile, needs and levels of interaction required.

"This business targets sophisticated investors, and differentiates itself from other private client offerings by trying to be *"best for in-person service,"* explains Bradley Leather, Executive MD of GT Private Broking. "So it's about relationships, dedication and developing an understanding to really be the co-pilots to our clients' trading ambitions."

"It's about recognising that our clients are professionals who do not have time to sit and monitor their own portfolios. In that sense, they're old school in their approach, but they're leveraging new-age technology."

Trades are executed by GT Private Broking's dedicated trading desk that is staffed by experienced traders, or via GT247's Direct Market Access platform.

The bespoke, personal approach is also based on Purple Group's methodology of trying to best understand a client's goals and risk appetite.

The business is continually expanding and improving on its service offering to increase its differentiation from other players in the market. Most recently, this has seen the introduction of additional research, education and managed portfolio services.

With the value of trades in the 2015 financial year of R35.8 billion, the business is still small compared to GT247 (R367 billion), but is a unit that Purple Group certainly expects to grow into the future.



GT 
Private
Broking

KEY DIFFERENTIATORS

- Dedicated private broker providing highly personalised service 24/7
- Hugely experienced team which focuses on growing your wealth with you
- Account value > R250 000
- Fundamental, technical, tailored, bespoke research. Breaking news updates and recommendations
- Online and mobile DMA platforms
- Tailored segregated managed portfolios



INSTRUMENTS

- CFDs on shares, indices, currencies and commodities
- Shares on the JSE



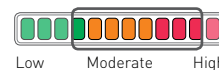
STANDARD FEES

- CFD commission – negotiable
- Long and short funding – negotiable
- Zero platform fees
- Zero monthly fees

INVESTOR TYPE



RISK PROFILE

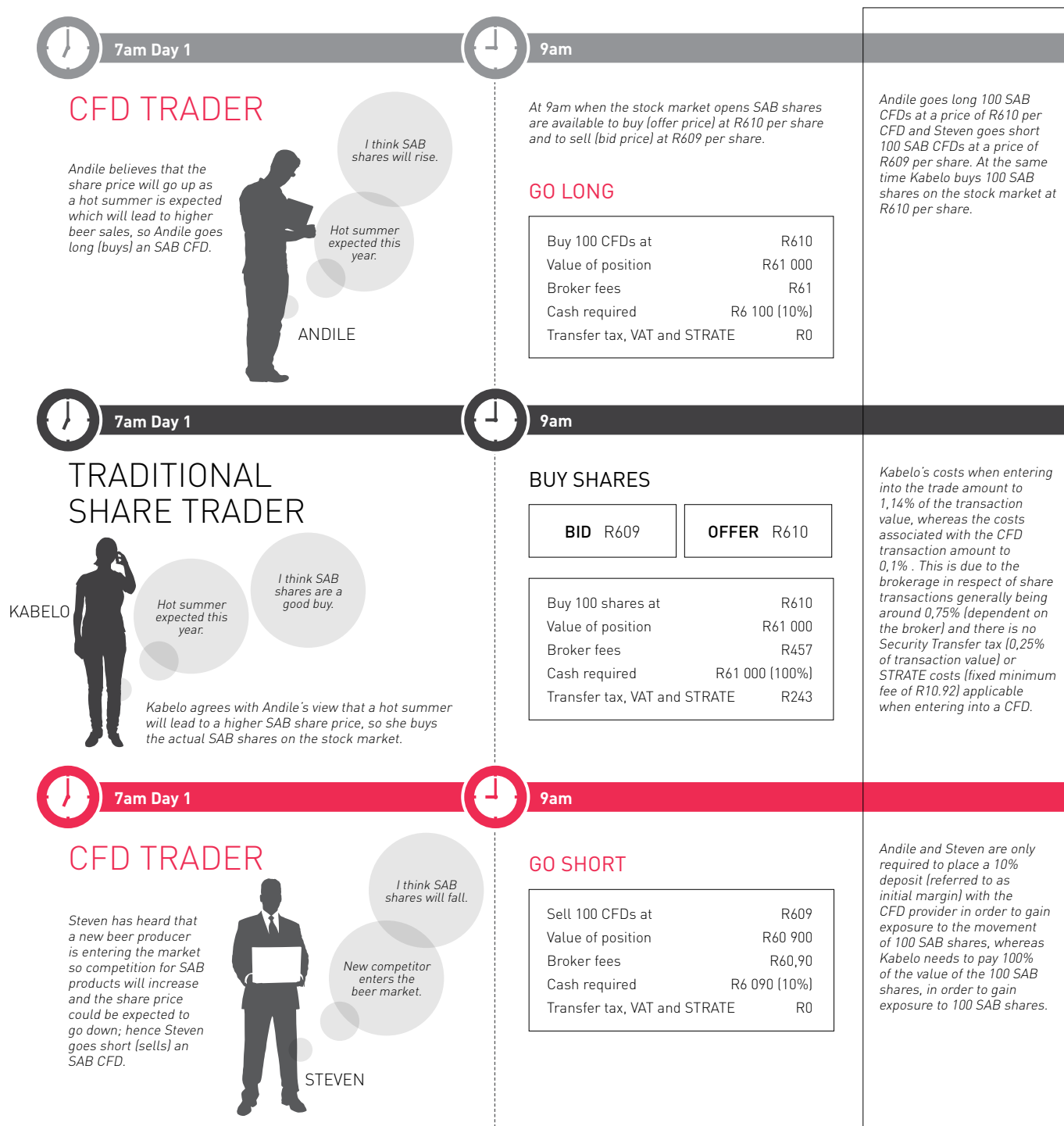


"It's about recognising that our clients are professionals who do not have time to sit and monitor their own portfolios. In that sense, they're old school in their approach, but they're leveraging new-age technology."

Brad Leather, Executive MD GTPB

CONTRACTS FOR DIFFERENCE TRADING (CFD TRADING)

To illustrate how this works: in this scenario two people (Andile and Steven) each open a CFD contract to speculate on the price of an SAB share. A third (Kabelo) wishes to purchase the SAB shares outright (Traditional Share purchase) in the hope the share price will rise.



With CFDs you can buy or sell the economics associated with an underlying share. This enables a CFD Trader to take advantage of rising or falling share prices.

When entering into a CFD transaction you are only required to place a fraction of the value of the transaction value as a deposit/margin. In addition, CFD transactions are not subject to STRATE costs or Securities Transfer tax.

TRADING IN CONTRACTS FOR DIFFERENCE (CFDS) ARE SIMILAR TO TRADING SHARES ON THE STOCK MARKET. CFDS ALLOW YOU TO TRADE WITHOUT BUYING THE UNDERLYING ASSET I.E. THE ACTUAL SHARE.



12pm Day 30

Return on cash invested

38.7%

SAB Beer sales
rise sharply.

Prices are 5% up,
I'm closing.

ANDILE

EXIT TRADE

Number of CFDs	100
Value of position	R63 900.00
Net profit	R2 359.50
Return on cash invested (%)	38.7

TOTAL COSTS

Other costs	% of value	Rand value
Entry costs	0.1	61.00
Funding	0.68	41.560
Exit costs	0.1	63.90
Total costs	0.88	540.50

Andile, Kabelo and Steven all decide to exit their trades.

Andile closes out his CFD transaction at the bid price of R639 per SAB share, realising a total profit before costs of R29 per share (R639 less R610). Similarly, Kabelo sells her SAB shares and realises a profit before costs of R29 per share.

On the flip side, Steven (who expected the share price to go down) exits his CFD transaction at the offer price of R640 per SAB share, realising a loss before costs of R31 per share (R609 less R640).

The exit costs in respect of the CFDs and the share transaction are calculated in exactly the same way as the entry costs, except that Securities Transfer Tax is not paid when you sell a share.

In respect of CFD transactions, the CFD Trader is charged a funding cost in respect of long positions (buys). This is because the CFD Provider is in effect providing you with funding i.e. in order to gain exposure to 100 SAB shares on the stock exchange a trader would have to pay R61 000, like Kabelo did, however, in respect of the CFD, Andile only had to place R6 100 with the CFD Provider; hence the CFD Provider effectively lent you the difference between the actual cost of R61 000 and the R6 100. The funding rate charged in this scenario is 8.29% p.a.

In this scenario funding was charged for a period of 30 days on the daily exposure (being the value of the transaction on a daily basis i.e. share price x 100).

The opposite applies in respect of Steven's trade where he went short SAB shares. In this scenario the CFD Provider pays Steven interest on the value of his exposure. The rate of interest paid to Steven in this scenario is 3.04% p.a. for 30 days.

In the result, including all costs, Andile and Kabelo both made a net profit, as the share price went up and Steven made a loss.

The significant difference between the two methods of trading, other than the differing cost structures, is that trading in CFDs allows a person with only R6 100, in this scenario, to gain exposure of R61 000 in the market – this is what is commonly referred to as leverage.



12pm Day 30

Return on cash invested

2.66%

SAB Beer sales
rise sharply.

Prices are 5% up,
I'm exiting.

KABELO

In this scenario, 30 days after entering into the SAB trades, news breaks that SAB Beer sales have risen. The share price increases by 5% from the price at which the trades were entered into.

Andile and Kabelo have realised a profit as they went long the SAB shares, however, Steven has realised a loss on his trade as he went short the SAB shares.

EXIT TRADE

Number of shares	100.00
Value of position	R63 900.00
Net profit	R1 626.64
Return on cash invested (%)	2.66

TOTAL COSTS

Other costs	% of value	Rand value
Entry costs	1.14	700.00
Funding	n/a	–
Exit costs	0.89	573.36
Total costs	2.08	1 273.36

BID R639

OFFER R640



12pm Day 30

Loss on cash invested

(50.4)%

SAB Beer sales
rise sharply.

Prices are 5% up,
I'm getting out.

STEVEN

EXIT TRADE

Number of CFDs	100
Value of position	R64 000
Net loss	R3 072.70
Loss on cash invested (%)	50.4

TOTAL COSTS

Other costs	% of value	Rand value
Entry costs	0.1	60.90
Funding	(0.24)	(152.20)
Exit costs	0.1	64.00
Total costs	<0	(27.30)

The CFD Provider, effectively provides the CFD Trader with funding to gain exposure to the movement in an underlying share price, like SAB in this example; hence the CFD Provider charges the Trader funding costs.

In respect of short positions, the CFD Provider pays the CFD Trader funding.

SPREAD TRADING

ALSI DEC15 (LOCAL INDEX)

Pricing

The instruments offered on our spread trading platform (Future Trader) mirror the bid/offer prices of an underlying instrument listed on a recognised exchange. An additional spread, is then added on either side of the exchange bid/offer spread, being our spread commission (SC).

PRICING

BID			OFFER		
GT247 price	SC	Safex price	SC	GT247 price	
47 999	-1	48 000	48 015	+1	48 016

Volume available

GT247.com is a market maker, and will at times allow our clients to trade higher volumes, at the current market price (plus SC), than may be available on the relevant exchange at that specific price.

VOLUME AVAILABLE

	VOLUMES @ CURRENT BID		VOLUMES @ CURRENT OFFER	
	GT247 volume	Safex volume	GT247 volume	
Contracts	100	5	5	100
Rand p/p	R1 000	R50	R50	R1 000

Trade size and margin required

The minimum trade size available on GT247.com's platform is generally a fraction of the minimum trade size offered on the relevant exchange, requiring smaller margins; hence making these instruments more accessible to the retail market.

TRADE SIZE AND MARGIN REQUIRED

	GT247	Safex	Safex	GT247
	MINIMUM TRADE SIZE		MAXIMUM TRADE SIZE	
Contracts	1/100	1	No max	100
Rand p/p	R0.10	R10	No max	R1 000
Margin	R207.5	R31 960	No max	R2.075 mil

GT247.COM'S FUTURE TRADER PLATFORM ALLOWS OUR CLIENTS TO TRADE LOCAL AND INTERNATIONAL INDICES, CURRENCIES, COMMODITIES, BONDS AND BINARY OPTIONS.

PRODUCT DESCRIPTION

This product mirrors the Safex listed, FTSE/JSE Africa Top40 index Future contract, which is an index that references the top companies (listed on the Johannesburg Stock Exchange) share price.

GEOFF



PLACING A SPREAD TRADE

WHY TRADE THE ALSI WITH GT247.COM

The volume offered is sometimes 20 times greater than that available on the market at the current bid/offer price.

GT247.com allows its clients (each individually) to trade up to 25 contracts per trade limited to a total exposure of 100 contracts per client.

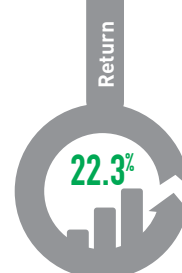
The minimum trade size available on exchange is 1 contract (R10 per point) requiring a margin of R31 960. With GT247.com you can trade one 100th of a contract, which requires a margin of R107.5.

BID	47 999
OFFER	48 016
MARGIN	R20 750
EXPOSURE	R10 per point

By 1pm the Alsi Dec15 is trading 1% higher. Geoff decides to exit his position, so he sells at the bid price of 48 479.

The total point movement between the entry price and the exit price is 463 points (48 479 less 48 016). This multiplied by R10 per point means that Geoff has made a profit of R4 630 (463 x R10) on his R20 750 margin, being a return of **22.3%**.

BID	48 479
OFFER	48 494
PROFIT	R4 630



Geoff believes that the share prices of the top 40 companies listed on the JSE will go up today, so he goes long (buys) one contract (R10 per point) at the offer price of 48 016.

Geoff would have to place a margin of R20 750 with GT247.com to open this trade.

Should the price of the Alsi Dec15 go up by 1%, Geoff would exit his trade at the bid price at that time.

GEOFF



These concepts are explained in more detail using our Alsi Dec14 instrument as an example.

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

THE GROUP RECOGNISES THAT THE SHAREHOLDERS OWN THE BUSINESS AND THAT THE BOARD IS REQUIRED TO ACT IN THE BEST INTERESTS OF THE COMPANY. THE BOARD SUBSCRIBES TO THE HIGHEST LEVEL OF PROFESSIONALISM AND INTEGRITY IN CONDUCTING ITS BUSINESS AND IN DEALING WITH ALL ITS STAKEHOLDERS. IN ADHERING TO ITS CODE OF ETHICS, THE BOARD WILL BE GUIDED BY THE FOLLOWING BROAD PRINCIPLES:

- Businesses should operate and compete in accordance with the principles of free enterprise;
- Free enterprise will be constrained by the observance of relevant legislation and generally accepted principles regarding ethical behaviour in business;
- Ethical behaviour is predicated on the concept of utmost good faith and characterised by integrity, reliability and a commitment to avoid harm;
- Business activities will benefit all participants through a fair exchange of value or satisfaction of needs; and
- Equivalent standards of ethical behaviour are expected from individuals and companies with whom business is conducted.

THE BOARD OF DIRECTORS

Composition of the board

The board currently consists of three executive and four non-executive directors. It is the board's intention to always have more non-executive than executive directors on the board. The board is satisfied that it has the requisite number of directors with the skills, knowledge and resources to conduct the business of the Group.

Role and function of the board

The board is responsible for the effective management and control of the Group and participates in the determination of the strategic direction and policy of the Group, discussions regarding transactions and disposals, approval of major capital expenditure, diverse financial and administrative activities and any other matters that may materially impact on the business of the Group. Day-to-day management vests in the executive teams of the businesses themselves. Management will supply the board in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. The directors have unrestricted access to all Group information, records, documents and property, which they may require for the fulfilment of their duties. Directors will furthermore have the ability to delegate certain functions, either internally or externally, in order to assist them in the performance of their duties and the decision-making process. The Chairman will have the power to review the content and implementation of such delegated functions and will report on this to the board.

Independence of the board

Recognising that the Executive Chairman is not an independent non-executive director, it is the intention of the board to maintain a majority of non-executive directors to provide independent and objective input into the decision-making process. Ronnie Lubner has been appointed as the lead non-executive director.

All directors have access to the services of the Group Secretary and will be entitled to seek independent professional advice regarding the affairs of the Group, at the Group's expense, with the prior approval of a majority of the non-executive directors.

Appointment and re-election of the board

Directors are subject to retirement by rotation and re-election by shareholders in accordance with the Memorandum of Incorporation. The identification of suitable candidates to fill vacancies on the board and to re-appoint directors on retirement by rotation is conducted by the full board based on the suitability of available candidates and the requirements of the Group.

REMUNERATION COMMITTEE

The board of directors has established a remuneration committee which will make recommendations to the board within agreed terms of reference, on the Group's framework of executive remuneration and its costs. The remuneration committee will ensure that levels of remuneration are sufficient to attract and retain directors and executives needed to run the Group successfully. The remuneration committee will meet as required and comprises of Ronnie Lubner (who chairs the committee) and Mark Barnes.

The remuneration committee has developed a performance-orientated remuneration philosophy which fairly rewards executives and employees for their respective contributions to achieving the Group's strategic, financial and operational objectives. The remuneration structures are to encourage sustainable, long-term wealth creation. The following factors regarding the remuneration structures are highlighted:

- The remuneration philosophy is supportive of the Group's strategy;
- The cost of employment is managed while, at the same time, employees are rewarded in order to retain and motivate talented, skilled and high-calibre executives and employees;
- The Group promotes a performance-based culture; and
- The Group strives to align executive rewards with the interests of shareholders.

The remuneration committee acknowledges the importance of motivating individual and team performances and therefore applies the remuneration policy equitably, fairly and consistently in relation to job responsibilities, the markets in which the Group operates and personal performance.

The Group rewards executive directors and employees as follows:

- Market-related, fair annual packages (base salary and benefits), which are competitive owing to the portability of skills;
- Market information is sourced from industry and executive remuneration surveys to benchmark executive remuneration in comparable positions;
- Annual performance bonuses related to specific company and personal objectives; and
- Participation in the employee share option scheme.

For non-executive directors' fees, the remuneration committee takes cognisance of market norms and practices as well as the additional responsibilities placed on board members by new legislation and corporate governance rules. Non-executive director remuneration is fee-based and not linked to the share price of Purple Group. Purple Group non-executive directors do not receive bonuses or share options to ensure actual and perceived independence.

AUDIT COMMITTEE

The board of directors has established an audit committee whose primary objective is to provide the board with additional assurance regarding the efficiency and reliability of the financial information used by the directors, and assurance that the regulatory structures are maintained in compliance with the applicable legislative frameworks. The audit committee will meet at least twice a year and comprises Craig Carter (who chairs the committee), Thembeke Gwagwa and Dennis Alter. The Group Chairman, Financial Director and representatives of external audit attend audit committee meetings by invitation.

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP (continued)

Other functions of the audit committee include:

- Nomination of the external auditor for appointment;
- Approval of the terms and remuneration of the external auditor;
- Approval of non-audit services by the external auditor;
- Communication with shareholders regarding the external auditors;
- Overseeing integrated reporting; and
- Satisfying itself that the finance function is appropriately staffed.

As required by the JSE, the company has a Financial Director. The position is currently held by Gary van Dyk, who is an executive director and is deemed competent by the committee. The committee is satisfied that the external audit function and designated auditor are accredited and have acted with unimpaired independence and free from any scope restriction. Details of fees paid are disclosed on page 74 of the financial statements together with the fees paid for non-audit fees provided.

SOCIAL AND ETHICS COMMITTEE

The Group's social and ethics committee functions in line with the requirements of the Companies Act (no. 71 of 2008). The members of the committee are Craig Carter (Chairman), Thembeke Gwagwa and Gary van Dyk (Committee Secretary). A formal charter has been adopted that governs the objective of the committee and how its business shall be conducted.

GROUP SECRETARY

The Group Secretary acts in a support capacity to the directors and Chairman and is suitably qualified, competent and experienced to provide the board with guidance and advice regarding the directors' responsibilities, duties and powers and to ensure that the board is aware of all the legislation relevant to or affecting the affairs of the Group. The Group Secretary is required to ensure that the Group complies with all applicable legislation regarding its affairs including the necessary recording of meetings of the board or shareholders.

GOVERNANCE OF RISK

The Group has formed a risk management committee that is responsible for the governance of risk and to set levels of risk tolerance and risk appetite. The committee comprises Mark Barnes (Chairman), Charles Savage (CEO), Gary van Dyk (Chief Financial and Operations Officer) and Mark Wilkes (Head of Risk) and meets on a bi-weekly basis or when the risk position of the various companies warrants it.

This committee has as its responsibility to:

- Design, implement and monitor the risk management plan;
- Ensure risk is assessed on a continual basis;
- Ensure that there are appropriate risk responses implemented; and
- Ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure.

The board is of the view that the risk management process is effective in managing the risks that the business is faced with and in responding to unusual or abnormal risks.

GOVERNANCE OF IT

IT forms an integral part of the four business units in the Group, GT247.com, GT Private Broking, EasyEquities and Emperor Asset Management. IT governance, therefore, forms an integral part of the Company's risk management to ensure that the systems are able to support our clients' needs and our own internal control systems. While the board is ultimately responsible for the governance of IT, this has been delegated to Paul Jansen van Vuuren (Group Chief Technology Officer), who is responsible for the implementation of an IT governance framework and for monitoring and evaluating significant IT expenditure.

COMPLIANCE WITH RELEVANT LAWS, RULES, CODES AND STANDARDS

The board is responsible for ensuring the Group complies with all applicable laws that affect the different business units. This is achieved through effective delegation to management and the Group compliance function that monitors the Group's compliance with the relevant rules and laws. A Regulatory Committee was formed to monitor the Group's compliance with the acts relevant to its various businesses, most importantly FICA and FAIS. The committee comprises Charles Savage (CEO) and Gary van Dyk (Chief Financial and Operations Officer) and meetings are attended by the Group's internal Compliance Officer, Head of Operations and Head of Risk. In addition, the Group has appointed an external Compliance Officer, with whom regular meetings are held.

GOVERNING STAKEHOLDER RELATIONSHIPS

The board is responsible for ensuring that all the Group's stakeholders are dealt with in an equitable manner and that there is transparent and effective communication with them. The board has identified the important stakeholders in the Group and strives to achieve a balance between their various expectations. There were no requests for information lodged with the Company in terms of the Promotion of Access to Information Act, No 2 of 2000 that were denied during the year.

The main stakeholders in Purple Group and the primary channels of communication with each of them, are as follows:

COMMUNICATION CHANNELS

<i>Employees</i>	HR function, performance management systems, management structures, team and staff meetings.
<i>Customers</i>	Website, emails, seminars, training, social media and sales team.
<i>Shareholders</i>	Integrated report, annual general meeting, one-on-one meetings, circulars and announcements.
<i>Partners</i>	Introducer programme, referrer reporting and meetings.
<i>Regulators</i>	Submission of integrated annual reports and returns, audits and compliance with the rules and regulations of the individual regulatory bodies (JSE, FSB).
<i>Media</i>	Interviews, providing content to TV shows and magazines.

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP (continued)



Note 1

The majority of the non-executive directors are not independent as a result of the small size of the Group and the relatively small size of the board. The board is also cognisant of the costs associated with employing suitably qualified independent non-executive directors compared to Group's size and the lack of suitably qualified independent non-executive directors with relevant experience to fill the role. The board has considered certain candidates during the year, however, have not yet found any that are suitable.

Note 2

Owing to the limited number of independent non-executive directors on the board, one third of all directors rotate each year in accordance with the Memorandum of Incorporation.

Note 3

Recognising that the Executive Chairman is not an independent non-executive director, it is the intention of the board to maintain a majority of non-executive directors to provide independent and objective input into the decision-making process. Ronnie Lubner has been appointed as the lead non-executive director. The Company has an Executive Chairman, Mark Barnes, who was the founder of the Group and is still involved in day-to-day operations. When the Group requires it, and can attract a suitably qualified candidate, a non-executive Chairman will be appointed.

Note 4

Thembeke Gwagwa has served as an independent non-executive director for more than 9 years. Thembeke is the only independent non-executive director at present; hence we will replace Thembeke once a suitable replacement is found.

Note 5

While there is no formal process for the appointment of directors, all current directors would be consulted before a new director is appointed to the board.

Note 6

The board met formally twice during the 2015 financial year mainly due to the fact that getting all the non-executive directors together is logistically challenging. Informal discussions are held with the non-executive directors on an ongoing basis.

INTEGRATED REPORTING

This is the fifth year that an integrated report has been produced by the Group in line with the recommendations of King III and the JSE Listings Requirements. The board was responsible for ensuring that the report conveyed the appropriate level of detail in relation to the Group's financial and sustainability performance. The table below summarises the Group's compliance with King III and explains why and where it does not comply.

	Apply	Partially apply	Explain
Ethical leadership and corporate citizenship			
Board provides effective leadership based on an ethical foundation	^		
Responsible corporate citizen	^		
Appreciate that strategy, risk, performance and sustainability are inseparable	^		
Effective management of the companies' ethics	^		
The board of directors			
Leads the Group ethically	^		
Is the focal point for governance	^		
Directs strategy for the Group	^		
Majority of independent non-executive directors			^1
Has a formal charter	^		
One-third of non-executive directors rotate each year	^2		
Chairman of the board is an independent non-executive director			^3
No non-executive directors serving for more than nine years			^4
Directors are appointed through a formal process		^5	
Chief Executive Officer and Financial Director	^		
Adequate skills, knowledge and resources to manage the Group	^		
Meets at least four times a year		^6	
Directors act in the best interests of the Company	^		



Note 7

Due to the small size of the Group and the relatively small size of the board, no formal evaluation process has been implemented yet. Executive directors are evaluated by the Chairman and the Chairman is evaluated by the non-executive directors on an annual basis.

Note 8

Audit, remuneration, risk, social and ethics and regulation committees have been appointed. Due to the small size of the Group, the relatively small size of the board and lack of suitably qualified independent non-executive directors, the remuneration committee does not comprise a majority of non-executive directors that are independent. A nominations committee has not been formed due to the small size of the board.

Note 9

Craig Carter is the chairman of the audit committee and is not an independent non-executive director due to the small size of the Group, the relatively small size of the board and lack of suitably qualified independent non-executive directors with relevant experience to fill the role. The board has considered and interviewed certain candidates for this role during the year, however, have not yet found a suitable candidate.

Note 10

Due to the size and nature of the Group there is no internal audit function. This will be re-assessed as the Group grows and an internal audit function becomes necessary.

	Apply	Partially apply	Explain
Suitable, qualified and experienced Company Secretary	^		
Regular performance evaluations of directors		^7	
Directors and executives are fairly remunerated	^		
Remuneration of directors is disclosed	^		
Appropriate committees have been appointed		^8	
Agreed governance structure between the holding and subsidiary companies	^		
Audit committee			
Effective and independent	^		
Suitably skilled	^		
Consists of three independent non-executive directors			^9
Meets at least twice a year	^		
Meets with external auditors once a year without management	^		
Oversees external audit process	^		
Ensures finance functions have sufficient skills and resources	^		
Internal audit			
Effective internal audit function			^10
Governance of risk			
Setting of risk tolerance	^		
Risk committee with at least three members	^		
Risk policy, processes and procedures	^		
Risk assessments are performed on a continual basis	^		
Management considers and implements appropriate risk responses	^		
Sufficient risk disclosure to stakeholders	^		

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP (continued)

	Apply	Partially apply	Explain
Governance of IT			
Board is responsible for IT governance	^		
Monitors and evaluates significant IT expenditure	^		
Management is responsible for the IT governance framework	^		
IT assets are managed effectively	^		
IT is aligned to performance and sustainability objectives	^		
Compliance with laws, codes, rules and standards			
The board ensures the Company complies with the relevant laws	^		
The board and directors have a working understanding of the effect the rules and laws have on the Company	^		
Compliance risk forms an integrated part of risk management	^		
Compliance framework delegated to management	^		
Governing stakeholder relationships			
Appreciation that stakeholder's perceptions affect the Group's reputation	^		
Management deals proactively with stakeholder relationships	^		
Appropriate balance between stakeholder groupings	^		
Board treats different stakeholders equitably	^		
Transparent and effective communication with stakeholders	^		
Integrated reporting and disclosure			
Ensure integrity of Group's integrated report	^		
Sustainability reporting and disclosure integrated with financial reporting	^		

KING III, COMPANIES ACT AND JSE LISTINGS REQUIREMENTS

In terms of paragraph 8.63(a) of the JSE Listings Requirements, the Group has published its application of King III on its website. There are no material changes to the content of this Integrated Report compared to the 2014 Integrated Report, other than a greater emphasis on providing additional supplementary information on the Group's application of King III.

SNAPSHOT OF KING III APPLICATION

The dashboard below has been compiled as a snapshot of the Group's application of King III. The dashboard is meant to reflect the Group's governance implementation and compliance status. The remainder of the report provides more detail regarding the Group's application of good governance principles in accordance with the JSE Listings Requirements and application is outlined in the Purple Group King III Application Register which is available on the website www.purplegroup.co.za.

SUMMARY GOVERNANCE RESULTS – OVERALL (CURRENT REVIEW)



PURPLE GROUP
LIMITED

Registration number: 1998/013637/06
Run time: 26/10/2015 10:00

The assessment criteria of the IODSA web-based tool, the Governance Assessment Instrument (GAI), have been based on the practice recommendations of the King III report. These criteria are intended to assess quantitative aspects of corporate governance only, and not qualitative governance. Full disclaimer at www.iodsa-gai.co.za

AAA – Highest application
AA – High application
BB – Notable application
B – Moderate application
C – Application to be improved
L – Low application

Overall score

● **AA**

Completeness meter

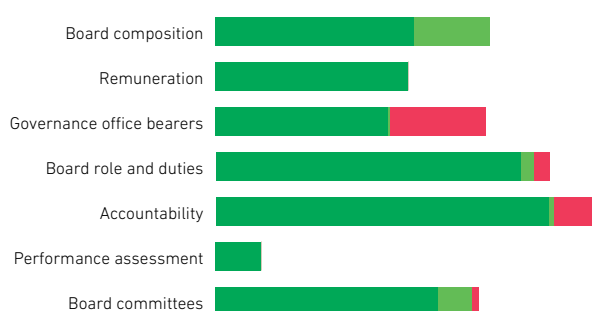
100%



Application meter

Status	Category	Score
●	Board composition	AA
●	Remuneration	AAA
●	Governance office bearers	B
●	Board role and duties	BB
●	Accountability	AA
●	Performance assessment	AAA
●	Board committees	AA

Weighting graphic



● Applied ● Explained ● Not applied

ANNUAL FINANCIAL STATEMENTS

CONTENTS

49	54	
DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING	REPORT OF THE INDEPENDENT AUDITOR	
50	55	58
GROUP SECRETARY'S REPORT	CONSOLIDATED STATEMENT OF PROFIT OR LOSS	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
51	56	59
DIRECTORS' REPORT	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	CONSOLIDATED STATEMENT OF CASH FLOWS
53	57	60
REPORT OF THE AUDIT COMMITTEE	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These annual financial statements have been audited in compliance with section 30(2)a of the Companies Act of South Africa.

The financial statements have been supervised by the Chief Financial and Operating Officer, Gary van Dyk CA(SA).

Publication date: 4 November 2015


DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors are responsible for the preparation and fair presentation of the Group annual financial statements of Purple Group Limited, comprising the consolidated statement of financial position at 31 August 2015, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in conformity with International Financial Reporting Standards, 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 requirements of the Companies Act of South Africa and the Listings Requirements of the JSE Limited.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management. The directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead. The external auditors are engaged to express an independent opinion on the annual financial statements.

Approval of the Group annual financial statements set out on pages 50 to 98 of Purple Group Limited, as identified in the first paragraph, were approved by the board of directors on 30 October 2015 and are signed on their behalf by:



Mark Barnes

Chairman



Gary van Dyk

Chief Financial and Operations Officer

GROUP SECRETARY'S REPORT

TO THE SHAREHOLDERS OF PURPLE GROUP LIMITED

We have conducted the duties of the Company Secretary for Purple Group Limited and its subsidiaries. The Secretarial matters are the responsibility of the Group's directors. Our responsibility is providing the directors collectively and individually with guidance as to their duties, responsibilities and powers.

In terms of section 88(2)(e)/33(1) of the Companies Act of 2008, I certify that to the best of my knowledge and belief the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act of 2008, in respect of the financial period ended 31 August 2015, and that all such returns are true, correct and up to date.



Trifecta Statutory and Governance Services, a division of Trifecta Capital Services (Pty) Ltd

Company Secretary

Florida North

22 October 2015

DIRECTORS' REPORT

for the year ended 31 August 2015

The directors submit their annual report on the activities of Purple Group Limited (the Company) and its subsidiaries (Purple Group or the Group) for the year ended 31 August 2015.

BUSINESS OPERATIONS

Purple Group Limited, registered and incorporated in the Republic of South Africa, is a financial services company listed on the "Financials – General Financial" sector of the JSE. It has subsidiaries that operate in trading and asset management.

FINANCIAL REVIEW

The Group recorded an attributable profit of R29.4 million (2014: loss of R17.1 million) for the 2015 financial year. Shareholders' funds have increased from R244.7 million in 2014 to R265.5 million in 2015. Note 6 shows net profit after tax by operating segment.

SHARE CAPITAL

The total authorised share capital is 1 200 000 000 ordinary shares of R0.01 each and the total number of issued ordinary shares in issue net of treasury shares is 860 345 723 (2014: 815 575 723).

At 31 August the directors' interests in the issued share capital of the Company were as follows:

	2015				2014			
	Beneficial Direct	Indirect	Non-beneficial Direct	Indirect	Beneficial Direct	Indirect	Non-beneficial Direct	Indirect
Mark Barnes	44 852 718	166 080 851	–	–	67 171 670	129 090 371	–	–
Craig Carter	1 932 366	–	–	–	1 932 366	–	–	–
Ronnie Lubner	–	–	–	228 437 710	–	–	–	237 606 182
Dennis Alter	7 200 000	–	–	–	7 200 000	–	–	–
Charles Savage	21 100 011	–	–	4 540 000	10 100 011	–	–	4 540 000
Gary van Dyk	16 550 000	–	–	–	10 000 000	–	–	–
	91 635 095	166 080 851	–	232 977 710	96 404 047	129 090 371	–	242 146 182

At the date of this report, none of the directors of the Group had traded any of the shares held by them as at 31 August 2015.

During the year, Mark Barnes exercised share options in respect of 23 840 000 shares and sold 9 168 472 shares, Charles Savage exercised share options in respect of 7 000 000 shares and acquired 4 000 000 shares, Gary van Dyk exercised share options in respect of 6 550 000 shares and Ronnie Lubner sold 9 168 472 shares.

EVENTS SUBSEQUENT TO YEAR-END

The directors are not aware of any other matter or circumstance arising since the end of the year up to the date of this report, not otherwise dealt with in this report. Refer to note 32 of the financial statements.

DIRECTORS

The directors of the Group during the financial year and up to the date of this report were as follows:

Mark Barnes (Chairman)
Dennis Alter (American)*
Thembeke Gwagwa**

Charles Savage (CEO)
Gary van Dyk (CFO)
Craig Carter*
Ronnie Lubner (British)*

* Non-executive **Independent

SHARE INCENTIVE SCHEME

At 31 August 2015 the Purple Group Limited Employee Share Option Scheme had issued 118.1 million (2014: 126.2 million) options in total to the directors and staff of Purple Group. Details of the options in issue are disclosed in note 24 to the financial statements.

BORROWINGS

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all powers of the Company to borrow money, as they consider appropriate.

SHAREHOLDER SPREAD

Details of the Company's shareholder spread are recorded in note 36.

CAPITAL DISTRIBUTION OUT OF SHARE PREMIUM IN LIEU OF A DIVIDEND

The directors declared a capital distribution out of share premium, by way of a reduction of contributed capital of 1 (one) cent per share, in lieu of a dividend, paid on 1 December 2014 to ordinary shareholders recorded in the Company's register at the close of business on 28 November 2014.

DIRECTORS' REPORT

for the year ended 31 August 2015

In respect of the current year, the directors declared that a capital distribution of 1.25 (one point two five) cents per share be paid to shareholders, by way of a reduction of share premium on 30 November 2015. The proposed dividend is payable to all shareholders on the Register of Members on 27 November 2015. The total estimated capital distribution to be paid is R10.8 million. The payment will not have any tax consequences for the Group.

As this capital distribution was declared after the reporting date, it will only be accounted for in the 2016 financial year.

DIVIDENDS TO ORDINARY EQUITY HOLDERS

An interim gross cash dividend of 1 (one) cent per share (0.85 cent per share net of dividend withholding tax at a rate of 15%) was declared to shareholders recorded in the register on 24 April 2015 and paid on 28 April 2015.

SUBSIDIARIES

The Company owns 100% of the issued share capital of First World Trader Proprietary Limited and Emperor Asset Management Proprietary Limited (Refer to Note 31).

CORPORATE GOVERNANCE AND SUSTAINABILITY

The corporate governance and sustainability report is set out on pages 40 to 47.

GOING CONCERN

The annual financial statements have been prepared on the going concern basis. Having reviewed the Group's financial projections, the directors believe that the Group will continue trading as a going concern in the foreseeable future.

SECRETARY

The secretary of the Company during the year was Peter Barrable. Trifecta Capital Services Proprietary Limited t/a Trifecta Statutory and Governance Services was appointed to replace Mr Barrable as Company Secretary, effective 1 September 2015, as Mr Barrable passed away during September 2015. Per the JSE Listings Requirements, the board of directors has during the year under review considered and satisfied itself of the competency, qualifications and experience of the Company Secretary. The board of directors confirms that there is an arm's-length relationship with the Company Secretary.

Business and postal address of the Company Secretary:

Business: 31 Beacon Road Florida North 1709	Postal: PO Box 61272 Marshalltown 2107
--	---

RESOLUTIONS

At a general meeting of the shareholders on 5 December 2014 the following resolutions were passed:

Ordinary resolutions

- Adoption of annual financial statements for the year ended 31 August 2014;
- Remuneration of auditors;
- Appointment of auditors;
- Ratification of re-election of Charles Savage, Dennis Alter and Ronnie Lubner;
- To place the unissued shares of the Company under the control of the directors;
- To authorise the Company to issue shares and to issue treasury shares for cash under a general authority; and
- To authorise the signature of documentation.

Special resolutions

- To authorise the Company to purchase its own shares;
- Financial assistance to related and inter-related entities; and
- Directors' remuneration to 31 August 2015.

AUDITORS

BDO SA Incorporated.

REPORT OF THE AUDIT COMMITTEE

The audit committee is appointed by the shareholders. It assists the board by advising and making recommendations on financial reporting, risk management and internal controls, external and internal audit functions and statutory and regulatory compliance of the Group, but retains no executive powers or responsibility. There were no new appointments to the audit committee during the current year and Dennis Alter, Craig Carter (audit committee Chairman) and Thembeke Gwagwa continued as members.

The audit committee met twice during the year. The first meeting was on 4 November 2014 to approve the 2014 annual financial statements and again on 31 August 2015 to deal with the matters below and planning for the 31 August 2015 audit. The Chairman of the Group, Financial Director and representatives from the external auditors attend the committee meetings by invitation.

The external auditors have unrestricted access to the audit committee and met separately with the Chairman of the audit committee during the year.

In execution of its duties during the past financial year, the audit committee has:

- nominated for appointment as auditor of the Group a registered auditor who, in the opinion of the audit committee, was independent of the Group;
- determined the fees to be paid to the auditor and the auditor's terms of engagement;
- ensured that the appointment of the auditor complies with the Companies Act and any other legislation relating to the appointment of auditors;
- determined the nature and extent of any non-audit services which the auditor may provide to the Group;
- received and dealt appropriately with any complaints relating to the accounting practices of the Group or to the content or auditing of its financial statements, or to any related matter; and
- performed other functions as determined by the board.

The audit committee is of the view that the size of the Group does not warrant the formation of an internal audit department. This will be reviewed on an ongoing basis to determine whether one will be required in the future.

Per the Companies Act requirements, the committee has considered the independence of the external auditors and has concluded that the external auditor has been independent of the Group throughout the year taking into account all other non-audit services performed and circumstances known to the committee.

Per the JSE Listings Requirements, the committee must consider and be satisfied, on an annual basis, with the appropriateness of the expertise and experience of the Financial Director and the Group must confirm this by reporting to the shareholders in its annual report that the audit committee has executed this responsibility. In this respect, we believe that Gary van Dyk, the Chief Financial and Operating Officer, possesses the appropriate expertise and experience to meet his responsibilities in that position. In addition, the finance function is adequately staffed and resourced and is able to fulfil its function adequately.

FINANCIAL STATEMENTS

Following our review of the Group annual financial statements for the year ended 31 August 2015, we are of the opinion that, in all material respects, they comply with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in the manner required by the Companies Act of South Africa and the Listings Requirements of the JSE Limited, and that they fairly present the financial position at 31 August 2015 for Purple Group Limited and the results of operations and cash flows for the period then ended.

On behalf of the audit committee



Craig Carter

29 October 2015

REPORT OF THE INDEPENDENT AUDITOR

TO THE SHAREHOLDERS OF PURPLE GROUP LIMITED

We have audited the Group annual financial statements which comprise the consolidated statement of financial position at 31 August 2015, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 55 to 98.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the Group annual financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 August 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and its successor and in the manner required by the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 31 August 2015, we have read the directors' report, the audit committee's report and the Company Secretary's declaration for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



BDO South Africa Incorporated

Fred Bruce-Brand

Director

Registered Auditor

30 October 2015

22 Wellington Road, Parktown, 2193

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 August 2015

	Notes	2015 R'000	2014 R'000
Continuing operations			
Revenue	7	131 433	93 897
Trading expenses	8	(10 231)	(7 814)
Operating expenses	8	(76 676)	(65 491)
Net income		44 526	20 592
Other income	9	554	218
Earnings before interest, depreciation and amortisation		45 080	20 810
Interest income	10	–	208
Interest expense	10	(1 043)	(1 075)
Depreciation and amortisation	8	(2 265)	(1 982)
Profit before fair value, impairment adjustments and tax		41 772	17 961
Fair value, impairments and guarantee adjustments	11	499	(31 624)
Profit/(Loss) before tax		42 271	(13 663)
Current and deferred tax	12	(12 833)	(1 379)
Profit/(Loss) from continuing operations		29 438	(15 042)
Discontinued operations			
Loss from discontinued operations, net of tax	34	–	(2 027)
Profit/(Loss) for the period		29 438	(17 069)
Profit/(Loss) attributable to:			
Owners of the company		29 438	(17 069)
Non-controlling interest		–	–
		29 438	(17 069)
Earnings per share			
Basic profit/(loss) per share (cents)	22	3.51	(2.09)
Diluted profit/(loss) per share (cents)	22	3.38	(2.00)
Earnings per share – Continuing operations			
Basic profit/(loss) per share (cents)	22	3.51	(1.84)
Diluted profit/(loss) per share (cents)	22	3.38	(1.76)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2015

	Notes	2015 R'000	2014 R'000
Profit/(Loss) for the period		29 438	(17 069)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit/loss			
Foreign currency translation reserve	21	(623)	140
Total other comprehensive (loss)/income		(623)	140
Total comprehensive income/(loss)		28 815	(16 929)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		28 815	(16 929)
Non-controlling interest		–	–
		28 815	(16 929)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Equipment	13	2 828	2 716
Intangible assets and goodwill	14	209 637	207 560
Other investments	16	57 556	3 628
Other financial assets	17	3 170	3 156
Deferred tax assets	18	28 275	28 645
Total non-current assets		301 466	245 705
Trade and other receivables	19	7 479	4 081
Tax receivable		-	160
Other investments	16	6 233	-
Other financial assets	17	137	207
Cash and cash equivalents	20	272 352	134 111
Total current assets		286 201	138 559
Total assets		587 667	384 264
EQUITY AND LIABILITIES			
Share capital and premium	21	461 720	458 704
Accumulated loss		(212 454)	(233 264)
Other reserves	21	16 251	19 259
Equity attributable to owners		265 517	244 699
Financial guarantee	16	31 058	-
Total non-current liabilities		31 058	-
Bank overdraft	20	9 851	2 749
Tax payable		844	-
Loans and borrowings	23	-	3 844
Trade and other payables	25	280 397	132 972
Total current liabilities		291 092	139 565
Total equity and liabilities		587 667	384 264
Net asset value per ordinary share (cents)	33	30.86	30.00

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2015

	Notes	Share capital R'000	Share premium R'000	Accumulated loss R'000	Foreign currency translation reserve R'000	Share- based payment reserve R'000	Total R'000
Balance 1 September 2013		8 156	466 853	(216 195)	(5 484)	22 698	276 028
Total comprehensive income for the period							
Loss		–	–	(17 069)	–	–	(17 069)
Other comprehensive income							
Foreign currency translation reserve	21	–	–	–	140	–	140
Contributions by and distributions to owners							
Capital distribution	21	–	(16 305)	–	–	–	(16 305)
Share-based payment expense	21	–	–	–	–	1 905	1 905
Balance 1 September 2014		8 156	450 548	(233 264)	(5 344)	24 603	244 699
Total comprehensive income for the period							
Profit		–	–	29 438	–	–	29 438
Other comprehensive loss							
Foreign currency translation reserve	21	–	–	–	(623)	–	(623)
Contributions by and distributions to owners							
Dividend payment	38	–	–	(8 628)	–	–	(8 628)
Capital distribution	21	–	(8 230)	–	–	–	(8 230)
Shares issued	21	448	10 798	–	–	(5 104)	6 142
Share-based payment expense	21	–	–	–	–	2 719	2 719
Balance at 31 August 2015		8 604	453 116	(212 454)	(5 967)	22 218	265 517

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2015

	Notes	2015 R'000	2014 R'000
Cash flows from operating activities			
Cash generated by operations	28.1	190 709	42 982
Tax paid	28.4	(11 459)	(7 455)
Capital distribution	21	(8 230)	(16 305)
Dividend paid	38	(8 628)	–
Interest received	10	–	208
Interest paid	10	(1 043)	(1 075)
Cash flows generated by operating activities		161 349	18 355
Cash flows from investing activities			
Acquisition of equipment and intangibles	28.2	(4 454)	(2 963)
Acquisition of investment	28.3	(28 604)	(763)
Dividend received	9	549	–
Proceeds from sale of investment		–	878
Cash flows utilised in investing activities		(32 509)	(2 848)
Cash flows from financing activities			
Proceeds from the issue of share capital		6 148	–
Loan repayments		(3 849)	(3 670)
Cash flows generated/(utilised) by financing activities		2 299	(3 670)
Net increase in cash and cash equivalents		131 139	11 837
Cash and cash equivalents at beginning of period		131 362	119 525
Cash and cash equivalents	20	262 501	131 362

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2015

1. Reporting entity

Purple Group Limited (the Company) is a company domiciled in South Africa. The address of the Company's registered office is Block B, The Offices of Hyde Park, Strouthos Place, Hyde Park, 2196. The financial statements of the Group as at and for the year ended 31 August 2015 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The Group is primarily involved in financial services (see note 6).

2. Basis of preparation

STATEMENT OF COMPLIANCE

The financial statements have been prepared in conformity with International Financial Reporting Standards, 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 requirements of the Companies Act of South Africa and the Listings Requirements of the JSE Limited.

The financial statements were authorised for issue by the board of directors on 30 October 2015.

The accounting policies set out below have been applied consistently to all the years presented in these financial statements.

BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost-basis except for the following:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value; and
- Venture capital associates are carried at fair value.

The methods used to measure fair values are discussed further in note 4.

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in South African Rand, which is the Company's functional currency. All financial information presented in South African Rand has been rounded to the nearest thousand, unless specified otherwise.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Information on significant areas of estimation uncertainty can be found in the following notes: note 4 (determination of fair values), note 16 (other investments and financial guarantee), note 18 (deferred tax), note 14 (Goodwill) and note 24 (share-based payments).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and

2. Basis of preparation continued

USE OF ESTIMATES AND JUDGEMENTS continued

Valuation of financial instruments continued

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques (see note 4).

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and over the counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Notes	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
31 August 2015					
Other investments	16	6 233	–	57 556	63 789
31 August 2014					
Other investments	16	3 628	–	–	3 628
		3 628	–	–	3 628

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	Notes	Other investments R'000	Total R'000
Balance 31 August 2013		25 446	25 446
Adjustments	11	(25 446)	(25 446)
Balance 31 August 2014		–	–
Adjustments	11	31 557	31 557
Additional investment contribution	11	25 999	25 999
Balance 31 August 2015		57 556	57 556

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

3. Significant accounting policies

BASIS OF CONSOLIDATION

Subsidiaries

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Associates

Associates are those enterprises in which the Group holds a long-term equity interest and over which it has the ability to exercise significant influence, but not control, and which are neither subsidiaries nor joint ventures.

Associates are carried at fair value through profit or loss. Associates classified as investment entities are designated at acquisition to be treated in this manner.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

FOREIGN CURRENCY

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

On consolidation, the results of foreign operations are translated into South African Rand at rates approximating to those ruling when the transactions took place. All assets and liabilities of foreign operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of foreign operations at actual rate are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR).

Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the FCTR on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the FCTR relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

FINANCIAL INSTRUMENTS

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

3. Significant accounting policies continued

FINANCIAL INSTRUMENTS continued

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's investment strategy. Upon initial recognition the attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial assets include trade and other receivables, loans receivable and deposits.

These financial assets are classified as loans and receivables measured at amortised cost using the effective interest method, less any impairment losses.

Other non-derivative financial liabilities include loans and borrowings, client funds on call, bank overdraft and trade and other payables. These financial liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Trading instruments

Derivative financial instruments comprise spread trading and contracts for difference (CFDs) on fixed income, equity, commodity and currency markets.

Trading instruments are classified as held for trading and are measured at fair value at the reporting date. Fair value is based on market prices, having regard to liquidity and any other special factors relating to the position. Realised and unrealised changes in fair value are recognised in profit or loss as part of revenue.

Impairment of trade receivables

An impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivables is impaired.

The carrying amount of the trade receivable is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

SHARE CAPITAL

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

Treasury shares arise on consolidation where a subsidiary holds shares in the holding company. These are deducted from equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

3. Significant accounting policies continued

EQUIPMENT

Recognition and measurement

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Where components of equipment have different useful lives, they are accounted for as separate assets.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised net within "Other income" in profit or loss.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis, to their residual value, over the estimated useful life of each asset. The estimated useful lives for the current and comparative periods are as follows:

Computer equipment	3 years
Fixtures, fittings and improvements	5 – 6 years
Office equipment	5 years

Depreciation methods, useful lives and residual value are reviewed at each reporting date.

INTANGIBLE ASSETS

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Goodwill is measured at cost less accumulated impairment losses.

Goodwill has an indefinite useful life.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities (specifically software development) involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials and direct labour that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis, to their residual values, over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Capitalised software development costs	3 years
Purchased software	3 years

The amortisation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

3. Significant accounting policies continued

IMPAIRMENT

Financial assets

A financial asset (that is not measured at fair value through profit and loss) is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. For investments in equity instruments, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

EMPLOYEE BENEFITS

Short-term benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The share option programme allows selected Group employees to acquire shares of the Group. The grant date fair value of options 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 options. The fair value of the options granted is measured using a modified binomial lattice model, taking into account the terms and conditions upon which the options were granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

3. Significant accounting policies continued

PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the best estimate of the future cash outflows required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

REVENUE

Services rendered

Revenue from services rendered is recognised in profit or loss at the dates services are rendered, net of value added taxation. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

Trading and other fee revenue

Trading revenue consists of the realised and unrealised profit or loss with respect to the Group acting as the counterparty to client transactions, and the realised and unrealised profit or loss on the Group's hedging transactions. These are charged to profit or loss. These economic hedges are not accounted for in accordance with IAS 39. At year-end there were none.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

Asset management fees

Management and performance fees are recognised as and when services are rendered.

Equity Brokerage fees

Brokerage fees on Equity trades are recognised as and when services are rendered.

OTHER INCOME

Other income includes unrealised gains and losses arising from other investments, profit or loss on sale of investments and profit or loss on foreign exchange. Foreign currency gains and losses are reported on a net basis.

LEASE PAYMENTS

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

INTEREST INCOME AND EXPENSES

Interest income comprises income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Interest expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the estimated taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Significant accounting policies continued

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares that comprise share options granted to employees.

OPERATING SEGMENT REPORTING

Operating segments are distinguishable components of the Group that the Chairman, as the chief operating decision-maker in the Group, reviews operating and financial reporting for on a regular basis to assess performance and to allocate resources.

Operating segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business, the operation and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the consolidated statement of profit or loss is represented as if the operation had been discontinued from the start of the comparative year.

NEW STANDARDS AND INTERPRETATIONS

At the date of authorisation of the financial statements for the year ended 31 August 2015, the following Standards and Interpretations were in issue but not yet effective:

	Standard/Interpretation	Annual periods beginning on or after
IFRS 5	Non-current assets held-for-sale and discontinued operations Amendments clarifying that a change in the manner of disposal of a non-current asset or disposal group held-for-sale is considered to be a continuation of the original plan of disposal, and accordingly, the date of classification as held-for-sale does not change.	1 January 2016
IFRS 7	Financial Instruments: Disclosures Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts. Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial statements prepared under IAS 34.	1 January 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

3. Significant accounting policies continued

NEW STANDARDS AND INTERPRETATIONS continued

	Standard/Interpretation	Annual periods beginning on or after
IFRS 9	Financial instruments A finalised 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: <ul style="list-style-type: none"> 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 carries forward the derecognition requirements of financial assets and liabilities from IAS 39. 	1 January 2018
IFRS 10	Consolidated financial statements Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	1 January 2016
IFRS 15	Revenue from contracts from 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: <ol style="list-style-type: none"> 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. 	1 January 2017
IAS 1	Presentation of financial statements Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures.	1 January 2016
IAS 16	Property, Plant and Equipment Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016

	Standard/Interpretation	Annual periods beginning on or after
IAS 27	Consolidated and separate financial statements Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016
IAS 28	Investments in associates and joint ventures Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	1 January 2016
IAS 34	Interim financial reporting Clarification of the meaning of disclosure of information 'elsewhere in the interim financial report'.	1 January 2016
IAS 38	Intangible assets Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset. Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016

The Group does not intend to early adopt any of the Standards. Management are still determining the potential effects of IFRS 9 and 15 on the financial statements. The adoption of the other standards will not have a significant effect, other than additional disclosure.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

OTHER INVESTMENTS

These investments are designated as fair value through profit or loss.

Unlisted investments and investments that meet the IAS 28 scope exclusion are carried at their estimated fair value as determined by the board at the reporting date. The resultant increase or decrease in fair value is recognised in profit or loss.

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating fair value, the directors use a methodology which is appropriate in light of the nature, facts and circumstances of the investment. Due to the inherent uncertainties in estimating the value of unlisted investments, the directors exercise due caution in applying the various methodologies.

The principal methodologies applied in valuing unlisted investments are as follows:

- Earnings multiple;
- Discounted cash flow or earnings (of the underlying business); and
- Available market prices.

In applying the earnings multiple methodology, the directors apply a market-based multiple that is appropriate and reasonable to the maintainable earnings of the investment.

Where the discounted cash flow methodology is applied, the directors discount the projected cash flows of the underlying business at an appropriate weighted average cost of capital.

Listed investments are carried at their fair values, using quoted prices at the reporting date.

Where an active market does not exist for the quoted investment, estimation techniques are used to determine fair value. Changes in fair value are reflected in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

4. Determination of fair values continued

TRADE AND OTHER RECEIVABLES

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

NON-DERIVATIVE FINANCIAL LIABILITIES

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

SHARE-BASED PAYMENT TRANSACTIONS

The fair value of employee share options is measured using a modified binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. Financial risk management

OVERVIEW

The Group has exposure to the following risks from its use of financial instruments (see note 26):

- Credit risk;
- Liquidity risk; and
- Market risk.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework and has delegated this responsibility to the risk management committee. The management of the various Group companies are responsible for implementing the risk policies.

Different units of the business require different approaches to risk management to be developed.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, trading counterparties and investments.

Trading counterparties

The Derivatives Business has various trading counterparties and mitigates the risk of default through using multiple counterparties and evaluating the counterparty credit worthiness on an ongoing basis.

Credit risk is concentrated in South Africa. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Other investments

Purple Group monitors the credit risk of its various investments on an ongoing basis and will liaise with management to resolve any problems that may arise before they cause credit problems.

5. Financial risk management continued

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Derivatives Business and Asset Management Business buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the board and the risk committee.

Currency risk

The Group is exposed to currency risk on expenses that are denominated in a currency other than the respective functional currencies of Group entities, primarily the South African Rand.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily South African Rand.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Interest rate risk

The Group is exposed to interest rate risk on its loans and borrowings, cash and cash equivalents and other investments that are linked to prime interest rates. The Group does not hedge these presently but would do so if it felt that it was necessary.

Purple Group's investments are subject to variable interest rates and are exposed to a risk of change in cash flows due to changes in interest rates. Equity investments and trade receivables and payables are not exposed to interest rate risks.

Other market price risk

Equity price risk has an impact on the fair value of Purple Group's investments. Material investments are constantly monitored and buy and sell decisions approved by the board.

The Derivatives Business operations are subject to equity, commodity, indices and currency price movements. Detailed value-at-risk analysis is performed on a continual basis to ensure the Derivatives Business limits are not breached and appropriate hedges are in place.

Exposure to these risks is also mitigated through the buying and selling of derivative instruments.

CAPITAL MANAGEMENT

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The board considers its equity as its capital and manages this to ensure the Group is adequately funded to continue its growth and fund its investments. There were no changes in the Group's approach to capital management during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

6. Operating segments

The operating segments are distinguished by the type of business and the management team responsible for the business unit. The Group comprises the following operating segments:

- GT247.com and Emperor Asset Management (EAM) which includes GT Private Broking, EasyEquities and EAM: are the derivatives trading, equity brokerage and asset management operations of the Group;
- Purple Group: manages the treasury and risk for the Group companies and is the Group's head office;
- Investments: fees and dividends earned on investments and fair value adjustments made against them;
- Powerbet Gaming Proprietary Limited trading as Voltbet: was the Group's sports betting operation.

	GT247.com and EAM R'000	Purple Group R'000	Investments R'000	Total R'000
2015				
Segment asset				
Non-current assets	13 759	230 151	57 556	301 466
Current assets	279 624	344	6 233	286 201
Total assets	293 383	230 495	63 789	587 667
Segment liabilities				
Non-current liabilities	-	-	(31 058)	(31 058)
Current liabilities	(280 256)	(10 836)	-	(291 092)
Total liabilities	(280 256)	(10 836)	(31 058)	(322 150)

There are no unallocated amounts. The only material inter-segment revenue is the management fees that Purple Group charged First World Trader Proprietary Limited of R8 496 000 (2014: R4 088 000) for the year.

	Notes	Gt247. com and EAM R'000	Purple Group R'000	Investments R'000	Inter- segment revenues R'000	Total R'000
2015						
Revenue		131 433	8 496	-	(8 496)	131 433
Trading expenses		(10 231)	-	-	-	(10 231)
Operating expenses*		(77 975)	(7 197)	-	8 496	(76 676)
Net income		43 227	1 299	-	-	44 526
Other income		5	-	549	-	554
Fair value, impairment and guarantee adjustments	11	-	-	499	-	499
Profit before interest, depreciation and amortisation		43 232	1 299	1 048	-	45 579
Interest income		-	-	-	-	-
Interest expense		(158)	(885)	-	-	(1 043)
Depreciation and amortisation		(2 251)	(14)	-	-	(2 265)
Profit before tax		40 823	400	1 048	-	42 271
Current and deferred tax		(12 420)	(167)	(246)	-	(12 833)
Profit after tax		28 403	233	802	-	29 438

* Share-based payment expense of R2 719 000 is included in operating expenses. The split per segment is as follows:

- GT247.com and EAM: R2 231 000
- Purple Group: R488 000

6. Operating segments continued

	Notes	Gt247. com and EAM R'000	Purple Group R'000	Investments R'000	Discon- tinued- Voltbet R'000	Inter- segment revenues R'000	Total R'000
2014							
Revenue		93 897	4 088	–	–	(4 088)	93 897
Trading expenses		(7 814)	–	–	–	–	(7 814)
Operating expenses*		(63 239)	(6 340)	–	(2 514)	4 088	(68 005)
Net income/(loss)		22 844	(2 252)	–	(2 514)	–	18 078
Other income		218	–	–	–	–	218
Impairment and fair value adjustments	11	–	–	(31 624)	–	–	(31 624)
Profit/(loss) before interest, depreciation and amortisation		23 062	(2 252)	(31 624)	(2 514)	–	(13 328)
Interest income		–	208	–	–	–	208
Interest expense		(112)	(963)	–	–	–	(1 075)
Depreciation and amortisation		(1 973)	(9)	–	–	–	(1 982)
Profit/(loss) before tax		20 977	(3 016)	(31 624)	(2 514)	–	(16 177)
Current and deferred tax		(6 447)	470	4 598	487	–	(892)
Profit/(loss) after tax		14 530	(2 546)	(27 026)	(2 027)	–	(17 069)

* Share-based payment expense of R1 905 000 is included in operating expenses. The split per segment is as follows:

- GT247.com and EAM: R1 450 000
- Purple Group: R455 000

	2015 R'000	2014 R'000
Reconciliations of reportable segment revenues, expenses, profit or loss and other material items		
Total revenue for reportable segments	131 433	93 897
Elimination of discontinued operations	–	–
Revenue – continuing operations	131 433	93 897
Total trading expenses for reportable segments	(10 231)	(7 814)
Elimination of discontinued operations	–	–
Trading expenses – continuing operations	(10 231)	(7 814)
Total operating expenses for reportable segments	(76 676)	(68 005)
Elimination of discontinued operations	–	2 514
Operating expenses – continuing operations	(76 676)	(65 491)
Total tax per segmental reporting	(12 833)	(892)
Elimination of discontinued operations	–	(487)
Tax – continuing operations	(12 833)	(1 379)
Total profit or loss per segmental reporting	29 438	(17 069)
Elimination of discontinued operations	–	2 027
Profit or loss – continuing operations	29 438	(15 042)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

7. Revenue

	2015 R'000	2014 R'000
Continuing operations		
Trading and asset management income	130 759	92 484
Other fee income	674	1 413
Total revenue	131 433	93 897

8. Trading and operating expenses

	2015 R'000	2014 R'000
Continuing operations		
Trading expenses	10 231	7 814
Broker commission	5 425	4 911
Sales commission	3 886	2 812
Research costs	920	91
Employee expenses	36 471	31 850
Wages and salaries	33 752	29 945
Share-based payment expense	2 719	1 905
Auditor's remuneration	816	861
Audit fees – current year	816	861
Listing expenses	235	385
Lease rentals	4 068	3 904
Premises	3 670	3 693
Equipment	398	211
Fees paid for services	2 168	1 490
Consulting	149	83
Legal	2 019	1 407
Depreciation	837	848
Computer equipment	333	213
Furniture and fittings	499	630
Office equipment	5	5
Amortisation of intangibles	1 428	1 134

9. Other income

	2015 R'000	2014 R'000
Continuing operations		
Other income*	554	218

* Other income comprises dividends received on investments as well as returns generated by the business on investment accounts held with its asset management division.

10. Interest income and expense

	2015	2014
Continuing operations		
Interest income on bank deposits	–	208
Total interest income	–	208
Interest on bank overdraft and borrowings	(1 043)	(1 075)
Total interest expense	(1 043)	(1 075)
Net interest	(1 043)	(867)

11. Fair value and impairment adjustments

	Notes	2015 R'000	2014 R'000
Fair value and guarantee adjustments		499	(30 646)
Impairment of investment at amortised cost		–	(978)
		499	(31 624)
The above relates to the write-up/(down) of the following investments:			
Real People Investment Holdings Limited	16	31 557	–
Blockbuster Trading 3 Proprietary Limited	16	–	(25 446)
African Independent Retail Finance Proprietary Limited	16	–	(978)
Umnombo Investment Holdings	15	–	(5 200)
Raising of provision for financial guarantee – Blockbuster Trading 3 Proprietary Limited	16	(31 058)	–
		499	(31 624)

Please refer to notes 15 and 16 for further information regarding the write-up/(down) of investments and the provision for financial guarantee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

12. Current and deferred tax

	2015 R'000	2014 R'000
Continuing operations		
Recognised in the income statement		
Current tax expense	(12 463)	(6 826)
	(12 463)	(6 826)
Deferred tax expense		
Origination and reversal of temporary differences	(93)	2 541
Recognition of current year's tax (profit)/loss	(277)	2 906
Total deferred tax	(370)	5 447
Total current and deferred tax	(12 833)	(1 379)
Reconciliation of effective tax rate:	%	%
Income tax charged to income statement	30.4	(5.6)
Tax exempt income	–	(29.0)
Non-deductible expenses	(2.2)	79.1
Assessed losses (utilised)/not recognised	(0.2)	0.5
Profits/(Losses) taxed at CGT rate	0.1	(16.8)
Reversal of prior year provisions	(0.1)	(0.2)
Domestic tax rate	28.0	28.0

13. Equipment

The movement in the Group's equipment for the year ended 31 August 2015 is as follows:

	Notes	Computer equipment R'000	Fixtures, fittings and improvements R'000	Office equipment R'000	Total R'000
Cost					
Balance at 31 August 2013		6 100	6 406	421	12 927
Additions		340	152	–	492
Balance at 31 August 2014		6 440	6 558	421	13 419
Additions		452	497	–	949
Balance at 31 August 2015		6 892	7 055	421	14 368
Accumulated depreciation and impairment losses					
Balance at 31 August 2013		5 809	3 773	273	9 855
Depreciation for the year		155	625	68	848
Balance at 31 August 2014		5 964	4 398	341	10 703
Depreciation for the year	8	333	499	5	837
Balance at 31 August 2015		6 297	4 897	346	11 540
Carrying amounts					
At 31 August 2013		291	2 633	148	3 072
At 31 August 2014		476	2 160	80	2 716
At 31 August 2015		595	2 158	75	2 828

14. Intangible assets and goodwill

The movement in the Group's intangible assets and goodwill for the year ended 31 August 2015 is as follows:

	Notes	Goodwill R'000	Customer relationships R'000	Contracts R'000	Software development R'000	Purchased software R'000	Total R'000
Cost							
Balance at 31 August 2013		212 999	40 746	1 766	35 558	–	291 069
Additions		–	–	–	2 323	148	2 471
Balance at 31 August 2014		212 999	40 746	1 766	37 881	148	293 540
Additions		–	–	–	3 433	72	3 505
Balance at 31 August 2015		212 999	40 746	1 766	41 314	220	297 045
Accumulated amortisation and impairment losses							
Balance at 31 August 2013		8 431	40 746	1 766	33 903	–	84 846
Amortisation for the year	8	–	–	–	1 122	12	1 134
Balance at 31 August 2014		8 431	40 746	1 766	35 025	12	85 980
Amortisation for the year	8	–	–	–	1 378	50	1 428
Balance at 31 August 2015		8 431	40 746	1 766	36 403	62	87 408
Carrying amounts							
At 31 August 2013		204 568	–	–	1 655	–	206 223
At 31 August 2014		204 568	–	–	2 856	136	207 560
At 31 August 2015		204 568	–	–	4 911	158	209 637

The intangible assets were acquired as part of the First World Trader Proprietary Limited purchase in November 2007. Each was valued at the date of acquisition.

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2015 R'000	2014 R'000
First World Trader Proprietary Limited	204 568	204 568
	204 568	204 568

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2015

14. Intangible assets and goodwill continued

The values assigned to the key assumptions in the discounted cash flow model represent management's assessment of future trends in the online trading and asset management sectors and are based on both external sources and internal sources (historical data). The main drivers of the model are the assumptions around income growth and expenses that have been based on past trends and management's view of future prospects. The fair value measurement technique would be categorised as Level 3 in the fair value hierarchy (see note 2). The valuation technique is consistent with prior years.

	2015	2014
First World Trader (Pty) Ltd		
Discount period	8 years	8 years
Terminal growth rate (%)	3	3
Discount rate (%)	16.39	14.82

The higher discount rate applied during the current year reflects the higher levels of volatility in the equity market at the date of valuation.

The various sensitivity analyses performed by changing key variables by 3.5% in the calculation resulted in the recoverable amount exceeding the carrying amounts in all instances.

15. Interest in associate companies

Umnombo Investment Holdings is a dormant company only holding investments in Blockbuster Trading 3 Proprietary Limited and Misty Sea Trading 131 Proprietary Limited.

Umnombo's investment in Blockbuster was written down to zero during the prior year resulting in the Purple Group having to write-down the carrying value of Purple Group's shareholder loan to zero, as the value of Umnombo's investment in Blockbuster supported the recoverability of the Group's shareholder loan to Umnombo.

	Issued ordinary share capital	Holding
Associated company name		
Umnombo Investment Holdings Proprietary Limited	100	40%

16. Other investments and financial guarantee

	2015 R'000	2014 R'000
The Group had the following unlisted other investments:		
Other investments – shown at fair value through profit or loss		
Real People Investment Holdings Limited	47 113	–
Other	6 233	3 628
Loans and receivables at amortised cost		
Real People Investment Holdings Limited*	10 443	–
Total other investments	63 789	3 628
Provision for financial guarantee – Blockbuster Trading 3 Proprietary Limited	(31 058)	–
Net value	32 731	3 628

* The Group's exposure to credit risk in respect of these redeemable preference shares is disclosed in note 26.

16. Other investments and financial guarantee continued

	2015 R'000	2014 R'000
Non-current assets – other investments	57 556	3 628
Current assets – other investments	6 233	–
Non-current liabilities – financial guarantee	(31 058)	–
Net value	32 731	3 628

During December 2014 Real People Investment Holdings Limited (RPIH) concluded a capital raising, required to strengthen its capital adequacy ratio, to enable the business to continue to raise funding to support its lending operations. The capital was raised at a discount to the net asset value of the business.

At the time, Purple Group held an indirect investment in RPIH through Blockbuster Trading 3 Proprietary Limited (BBT). BBT, of which Purple Group owns a 37.5% shareholding, elected not to participate in the capital raising, as it did not have the capital to do so. In order to off-set the dilution of Purple Group's indirect investment in RPIH through BBT, at the discounted capital raising price, the board of the Company decided to invest directly in RPIH. At 31 August 2015 BBT held a 3.93% shareholding in RPIH (2014: 7.1%)

The direct investment in RPIH (included in Other investments – shown at fair value through profit or loss) comprises 6 471 ordinary shares and 5 293 compulsory convertible preference shares. The preference shares are convertible 5 years after issue and carry a dividend of Jibar +10% (adjusted for tax). This results in a direct shareholding of 4.26% at 31 August 2015 (2014: 0%)

In addition, Purple Group subscribed for 763 cumulative redeemable preference shares (classified as Loans and receivables at amortised cost) which attract dividends at Jibar +7% (adjusted for tax).

In respect of the Company's indirect investment in RPIH held through BBT, the dilution of BBT's shareholding in RPIH has resulted in the fair value of BBT's investment in RPIH being lower than the liability owing to the Industrial Development Corporation (IDC), who funded the transaction. In this regard, the shareholders of BBT granted the IDC a put option, on a joint and several basis, whereby the IDC may put any unredeemed preference shares (as at 1 September 2017) to the shareholders of BBT at the subscription price. The company has provided for the estimated liability in respect of this guarantee (shown as a financial guarantee).

Other investments comprise preference shares in Misty Sea Trading 131 Proprietary Limited that held shares in Cipla Medpro Limited indirectly, as well as investment accounts held by the Group with its asset management division.

ASSUMPTIONS APPLIED IN DETERMINING FAIR VALUE

The fair value in respect of the Company's direct investment in RPIH and resultant provision for financial guarantee, in respect of its indirect investment through BBT, was calculated using a 10-year discounted cash flow model based on the projected income and expenses of the business, discounted at an appropriate weighted average cost of capital. The recoverable amount of each unit was in excess of the carrying value.

The values assigned to the key assumptions in the discounted cash flow model represent management's assessment of future trends and are based on both external sources and internal sources (historical data). The main drivers of the model are the assumptions around income growth and net yields that have been based on past trends (e.g. net yields achieved) and management's view of future prospects. The fair value measurement technique would be categorised as Level 3 in the fair value hierarchy (see note 2).

Key assumptions used –

Real People Investment Holdings Limited/Blockbuster Trading 3 Proprietary Limited

Discount period	10 years
Terminal growth rate (%)	3
Discount rate (%)	18.2

The various sensitivity analyses performed by changing key variables by 1% in the calculation resulted in the recoverable amount exceeding the carrying amount in all instances. The projected cashflows of the business as well as the discount rate applied are deemed to be conservative in the opinion of the board, as such, a higher level of sensitivity was not deemed appropriate.

The value of the other investments (including the preference shares in Misty Sea Trading 131 Proprietary Limited and investment accounts held by the Group with its asset management division) has been determined with reference to quoted market prices (unadjusted) in an active market for identical instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

17. Other financial assets

	2015 R'000	2014 R'000
Rental deposits*	751	731
Loan receivable	2 556	2 632
	3 307	3 363

* The rental deposits are repayable upon termination of the leases. Refer to note 27.

Loans were provided to staff members, other than directors and prescribed officers, for the purchase of shares in the Purple Group.

Terms of the loan:

- loans were issued at Prime
- repayment in three years from date of issue; and
- shares purchased are held as security.

For more information regarding the Group's exposure to interest rate and credit risk please refer to note 26.

	2015 R'000	2014 R'000
Non-current receivable	3 170	3 156
Current receivable	137	207
	3 307	3 363

18. Deferred tax assets and liabilities

	2015 R'000	2014 R'000
Recognised deferred tax assets and liabilities		
Balance at the beginning of the period	28 645	22 711
Investments at fair value	(29)	2 433
Payables and accruals	(5)	322
Receivables and prepayments	(35)	105
Tax loss utilised	(277)	2 907
Intangible assets	(24)	167
Balance at the end of the period	28 275	28 645
Deferred tax comprises the following:		
Receivables and prepayments	(76)	(41)
Intangible assets	(2)	–
Deferred tax liability	(78)	(41)
Financial assets at fair value	13 067	13 096
Intangible assets	–	22
Non-trade payables and accruals	2 104	2 109
Tax loss	13 182	13 459
Deferred tax asset	28 353	28 686
Net deferred tax assets	28 275	28 645

The Group is currently in the process of rolling out a wealth management business and administration business that will enable the Group to take advantage of the deferred tax assets as at 31 August 2015. No deferred tax was provided on capital losses amounting to R58.5 million (2014: R58.5 million) and revenue losses of R5.9 million (2014: R5.9 million).

19. Trade and other receivables

	2015 R'000	2014 R'000
Trade receivables [#]	1 669	959
Prepayments and deposits	973	650
Interest receivable [#]	4 096	2 192
Other receivables [#]	741	280
	7 479	4 081

[#] The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 26.

All of the above amounts fall under current assets.

2015	Current R'000	30 days R'000	60 days R'000	90 days R'000	>90 days R'000	Total R'000
Debtors ageing						
Trade receivables	1 405	104	133	27	1 030	2 699
Provision against trade receivables*	–	–	–	–	(1 030)	(1 030)
Total	1 405	104	133	27	–	1 669

* 80.93% of this balance is greater than two years overdue.

2014	Current R'000	30 days R'000	60 days R'000	90 days R'000	>90 days R'000	Total R'000
Debtors ageing						
Trade receivables	865	–	–	94	766	1 725
Provision against trade receivables*	–	–	–	–	(766)	(766)
Total	865	–	–	94	–	959

* 80.23% of this balance is greater than two years overdue.

Movement in provision against trade receivables:

	2015 R'000	2014 R'000
Opening balance	766	812
Recovered	–	(46)
Raised	264	–
Closing balance	1 030	766

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

20. Cash and cash equivalents

	2015 R'000	2014 R'000
Bank deposit	17 856	12 857
Trading margin with brokers	254 496	121 254
Cash and cash equivalents	272 352	134 111
Bank overdraft	(9 851)	(2 749)
Cash and cash equivalents in the statement of cash flows	262 501	131 362

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 26. The Company holds R467.1 million (2014: R455.1 million) of client funds which are not reflected on the statement of financial position. These are restricted funds and are not available for use by the entity. Included in Group cash and cash equivalents are client funds held in margin whose use is restricted to hedging. The related liability is included under client funds liability in trade and other payables (see note 25).

The Group has an overdraft facility totalling R20 million with Mercantile Bank. The overdraft is secured by a pledge and cession over the indirect investment structure that held an investment in Cipla Medpro Limited, the Group's investment in Blockbuster Trading 3 Proprietary Limited and Real People Investment Holdings Limited and unlimited suretyship by Purple Group Limited.

21. Capital and reserves

	Number of shares 2015	Number of shares 2014
The number of shares in issue is as follows:		
Ordinary share capital		
Ordinary share capital in issue at 1 September	817 875 723	817 875 723
Share options exercised (19 February 2015)	42 230 000	–
Share options exercised (27 March 2015)	2 540 000	–
In issue at 31 August – fully paid up	862 645 723	817 875 723
Less: Treasury shares [#]	(2 300 000)	(2 300 000)
In issue at year end	860 345 723	815 575 723

[#] 2 300 000 (2014: 2 300 000) shares (acquired at an average price of 18.17 cents) in Purple Group are held by First World Trader and are eliminated on consolidation.

21. Capital and reserves continued

The movement in share capital and share premium is as follows:

Group	Share capital R'000	Share premium R'000	Total R'000
Balance at 31 August 2013	8 156	466 853	475 009
Payment of capital distribution*	–	(16 305)	(16 305)
Balance at 31 August 2014	8 156	450 548	458 704
Payment of capital distribution**	–	(8 230)	(8 230)
Shares issued***	448	10 798	11 246
Balance at 31 August 2015	8 604	453 116	461 720

* On 17 December 2013 a capital distribution of 2 cents per share was paid to holders of fully paid ordinary shares by way of a reduction of contributed capital of 2 cents per share, in lieu of a dividend.

** On 1 December 2014 a capital distribution of 1 cent per share was paid to holders of fully paid ordinary shares by way of a reduction of contributed capital of 1 cent per share, in lieu of a dividend.

*** R5.7 million of the share premium related to the subscription price in respect of options exercised and R5.1 million was a related transfer from the share-based payment reserve.

The directors have declared a capital distribution out of share premium, by way of a reduction of contributed capital of 1.25 (one point two five) cents per share, in lieu of a dividend, to be paid on 30 November 2015, to ordinary shareholders recorded in the Company's register at the close of business on 27 November 2015. As the capital distribution was declared after the reporting date, it will only be accounted for in the 2016 financial year.

At 31 August 2015, the authorised share capital comprised 1 200 000 000 ordinary shares of R0.01 each (2014: 1 200 000 000).

The unissued shares were placed under the control and authority of the directors until the next annual general meeting, and they have been empowered to allot, issue or otherwise dispose of the shares as they may in their discretion deem fit, subject to the provisions of the Companies Act of South Africa and the Listings Requirements of the JSE Limited. The Group has also issued share options to key management and staff (see note 24).

OTHER RESERVES

	R'000 2015	R'000 2014
Foreign currency translation reserve	(5 967)	(5 344)
Share-based payment reserve	22 218	24 603
Balance 31 August	16 251	19 259
Reconciliation of Foreign currency translation reserve		
Balance as at 31 August	(5 344)	(5 484)
Translation of foreign operations	(623)	140
Balance as at 31 August	(5 967)	(5 344)
Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.		
Reconciliation of Share-based payment reserves		
Balance as at 31 August 2014	24 603	22 698
Share options exercised	(5 104)	–
Share-based payment expense	2 719	1 905
Balance as at 31 August	22 218	24 603

The above relates to share options granted by the Company to its employees under its employee share option plan. For further information please refer to note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

22. Earnings per share

	2015 R'000	2014 R'000
Basic earnings per share		
The calculation of basic and headline earnings per share at 31 August 2015 was based on a Group profit attributable to ordinary shareholders of R29.4 million (2014: loss of R17.1 million), a headline profit per share of R29.4 million (2014: loss of R16.4 million) and a weighted average number of ordinary shares outstanding during the year ended 31 August 2015 of 839 120 764 (2014: 815 575 723), calculated as follows:		
Profit/(Loss) attributable to ordinary shareholders	29 438	(17 069)
Headline profit/(loss) for the period	29 438	(16 366)
Weighted average number of ordinary shares		
Issued ordinary shares at 1 September*	815 575 723	815 575 723
Effect of shares issued for cash	23 545 041	–
Weighted average number of ordinary shares at 31 August	839 120 764	815 575 723
* Number of ordinary shares is stated after taking into account treasury shares.		
Basic profit/(loss) per share (cents)	3.51	(2.09)
Headline profit/(loss) per share (cents)	3.51	(2.01)
Headline earnings have been computed as follows:		
Profit/(Loss) attributable to ordinary shareholders	29 438	(17 069)
Impairment of investments, net of tax	–	703
Headline earnings	29 438	(16 366)
Diluted earnings per share		
The calculation of diluted earnings and diluted headline earnings per share as at 31 August 2015 was based on a Group profit attributable to ordinary shareholders of R29.4 million (2014: loss of R17.1 million), a headline profit per share of R29.4 million (2014: loss of R16.4 million) and a diluted weighted average number of ordinary shares outstanding during the year ended 31 August 2015 of 870 173 653 (2014: 854 700 065), calculated as follows:		
Profit/(Loss) attributable to ordinary shareholders (diluted)	29 438	(17 069)
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at 31 August	839 120 764	815 575 723
Effect of share options in issue	31 052 889	39 124 342
Weighted average number of ordinary shares (diluted) at 31 August	870 173 653	854 700 065
Diluted profit/(loss) per share (cents)	3.38	(2.00)
Diluted headline profit/(loss) per share (cents)	3.38	(1.91)

Share options issued between 12 November 2014 and 27 August 2015 are anti-dilutive and not included in the diluted earnings per share calculation. The weighted average number of these options totalled 15.2 million.

22. Earnings per share continued

	2015 R'000	2014 R'000
Continuing operations earnings per share		
The calculation of continued earnings per share at 31 August 2015 was based on a Group profit from continued operations of R29.4 million (2014: loss of R15.0 million) and a weighted average number of ordinary shares outstanding during the year ended 31 August 2015 of 839 120 764 (2014: 815 575 723), calculated as follows:		
Profit/(Loss) for the period	29 438	(15 042)
Weighted average number of ordinary shares at 31 August	839 120 764	815 575 723
Basic profit/(loss) per share from continued operations (cents)	3.51	(1.84)
Diluted profit/(loss) per share (cents)	3.38	(1.76)
Diluted headline profit/(loss) per share (cents)	3.38	(1.91)
Discontinued operations earnings per share		
The calculation of discontinued earnings per share at 31 August 2015 was based on a Group profit from discontinued operations of R0 (2014: loss of R2.0 million) and a weighted average number of ordinary shares outstanding during the year ended 31 August 2015 of 839 120 764 (2014: 815 575 723), calculated as follows:		
Loss for the period	–	(2 027)
Weighted average number of ordinary shares at 31 August	839 120 764	815 575 723
Basic loss per share from discontinued operations (cents)	–	(0.25)
Diluted loss per share (cents)	–	(0.24)
Diluted headline loss per share (cents)	–	(0.24)

There are currently 118.1 million (2014: 126.2 million) share options in issue in terms of the Group's share incentive scheme (see note 24) of which 35.9 million are exercisable.

23. Loans and borrowings

	2015 R'000	2014 R'000
This note provides information regarding the Group's interest-bearing borrowings that are measured at amortised cost. For more information on the Group's exposure to interest rate and liquidity risk see note 26.		
Current liabilities		
Secured bank loan	–	3 844
Total loans and borrowings	–	3 844

The terms and conditions of the outstanding loans are as follows:

	Nominal interest rate	Year of maturity	2015 Carrying value R'000	2014 Carrying value R'000
Secured bank loan	Prime + 1%	2015	–	3 844

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

23. Loans and borrowings continued

The Group agreed with the provider of the loan that the loan would be amortised over 12 months ending February 2015.

In terms of the existing loan covenants, the debt equity ratio of the Group must not exceed 100%. The Group has complied with this.

Security

- Unlimited cession on the net proceeds from the sale of Blockbuster Trading 3 Proprietary Limited.
- Unlimited surety by all companies in the Group.

24. Share-based payments

SHARE-BASED PAYMENT EXPENSES

On 1 February 2005, an employee share option scheme was introduced by approval at the general meeting of the Company. The terms and conditions of the options, as well as details of the options granted, are as follows:

Options granted to key management and staff	Number of options
Total at 31 August 2012	125 140 000
Exercised 6 December 2012	(400 000)
Expired 23 April 2013	(4 572 000)
Forfeiture 31 August 2013	(43 854 500)
Total at 31 August 2013	76 313 500
Issued 23 December 2013	55 600 000
Expired 31 July 2014	(1 905 000)
Forfeiture 31 August 2014	(3 800 000)
Total at 31 August 2014	126 208 500
Issued 12 November 2014	14 499 985
Issued 15 January 2015	3 500 000
Exercised 19 February 2015	(42 230 000)
Exercised 27 March 2015	(2 540 000)
Issued 1 April 2015	3 000 000
Issued 27 August 2015	15 662 025
Total at 31 August 2015	118 100 510

The vesting conditions of all the options granted to date are:

- Up to 25% on or after the first anniversary date of acceptance of the options;
- Up to 50% on or after the second anniversary of the acceptance date;
- Up to 75% on or after the third anniversary date; and
- Up to 100% on or after the fourth anniversary date.

The contractual life of all options is seven years from date of grant.

The aggregate number of share options granted under the scheme is limited to 164.0 million shares (2014: 164.0 million shares).

24. Share-based payments continued

The options granted to directors are:

	Number of options 2015	Number of options 2014
Mark Barnes	12 160 000	34 340 000
Charles Savage	16 000 000	21 000 000
Gary van Dyk	13 218 500	17 768 500
	41 378 500	73 108 500

	2015		2014	
	Weighted average exercise price (cents)	Number of options	Weighted average exercise price (cents)	Number of options
Outstanding at the beginning of the period	17	126 208 500	19	76 313 500
Granted during the period	41	36 662 010	22	55 600 000
Exercised during the period	14	(44 770 000)	–	–
Expired during the period	–	–	28	(1 905 000)
Forfeited during the period	–	–	22	(3 800 000)
Outstanding at the end of the period	27	118 100 510	19	126 208 500
Exercisable at the end of the period	21	35 926 000	17	70 417 130

The options outstanding at 31 August 2015 have been issued in a price range from 15 cents to 46 cents and have a weighted average exercise price of 27 cents (2014: 19 cents) and a weighted average contractual life of 5.05 years (2014: 4.13 years).

Additional options were granted or accepted during the year. The estimate of the fair value of the options granted was measured on a modified binomial tree model. The contractual life of the option (seven years) is used as an input into this model. Expectations of early exercise are incorporated.

	2015	2014
Key management personnel		
Fair value at issue date (R'000)	6 364	6 440
Assumptions		
Weighted average share price (cents)	41	22
Weighted average exercise price (cents)	41	22
Expected volatility (expressed as weighted average volatility used under the modified binomial tree model) (%)	40.0	40.0
Option life (years)	7	7
Risk-free rate (%)	7.49	5.89
Expected dividends (%)	2.60	–

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

Share options are granted under a service condition. This condition is not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the share option grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

25. Trade and other payables

	2015 R'000	2014 R'000
Trade payables	4 832	9
Client funds liability	263 735	121 254
Other payables and accrued expenses	8 646	6 644
Employee related	3 184	5 065
	280 397	132 972

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

26. Financial instruments

CREDIT RISK

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

	Notes	2015 R'000	2014 R'000
Other financial assets	17	3 307	3 363
Other investments	16	10 443	–
Trade and other receivables	19	6 506	3 431
Cash and cash equivalents	20	262 501	131 362
		282 757	138 156

The exposure to credit risk for loans and receivables at the reporting date was in South Africa. Purple Group's receivables are predominantly with a few large corporates whom management deems to be credit worthy. In respect of the staff loans the value of the shares held as security exceeds the loan amount thereby reducing the credit risk on these receivables.

In First World Trader's credit risk is the risk of financial loss if the counterparty fails to meet its contractual obligations. These consist principally of unsettled trades with broking counterparties and customers. Financial assets which potentially subject First World Trader to concentrations of credit risk consist principally of amounts owing due to unsettled trades with broking counterparties and are limited to high credit quality financial institutions. The maximum credit risk exposure is represented by the carrying amount of the assets, except where otherwise stated. At year end no amounts are past due. All trades are settled daily through the mark-to-market process.

First World Trader's credit policy is set by the board on advice from the risk management committee, which is responsible for:

- formulating the principles and guidelines on setting counterparty and product limits, approving transactions with credit risk and excess approvals, cash equity trading and prime broking exposures. The purpose of these policies is to articulate the minimum standard for credit across the firm and to define the roles and responsibilities necessary for the management of credit on a timely, accurate and complete basis;
- settling cash equity trading policy, which addresses the risk of cash trading with a settlement cycle of T+5; and
- excess management is the responsibility of Risk Management.

26. Financial instruments continued

LIQUIDITY RISK

The following are the contractual maturities of financial liabilities, including estimated interest payments as at 31 August 2015:

	Notes	Carrying amount R'000	Contractual cash flows R'000	One year R'000	Two to five years R'000	Total R'000
Trade and other payables	25	280 397	280 397	280 397	–	280 397
Overdraft	20	9 851	9 851	9 851	–	9 851
		290 248	290 248	290 248		290 248

The following were the contractual maturities of financial liabilities, including estimated interest payments as at 31 August 2014:

	Notes	Carrying amount R'000	Contractual cash flows R'000	One year R'000	Two to five years R'000	Total R'000
Secured loan	23	3 844	3 844	3 844	–	3 844
Trade and other payables	25	132 972	132 972	132 972	–	132 972
Overdraft	20	2 749	2 749	2 749	–	2 749
		139 565	139 565	139 565	–	139 565

The Group manages this exposure through ensuring there are adequate contracted overdraft facilities available to cover any deficit between current assets and liabilities. Included in trade payables are client funds on margin of R263.7 million (2014: R121.2 million).

In the previous year, the secured loan with Mercantile was renegotiated and capital repayments over a period of a year was agreed, commencing 1 March 2014, ending 1 February 2015. Prior to this, the Group was only servicing interest.

CURRENCY RISK

Exposure to currency risk

All of First World Trader's products based on off-shore underlying instruments are Rand-settled. There is no foreign exchange risk on trading of foreign instruments.

The only currency risk for the group relates to foreign currency held at its subsidiary One World Trader (OWT) in Mauritius, which is used for off-shore hedging purposes. At the reporting date the amount of foreign currency held at OWT was R4.6 million (2014: R2.6 million).

Sensitivity analysis – currency risk

For foreign currency held, the impact on profit or loss after tax of a 5% change in the exchange rate at the reporting date would have the following impact:

	2015 Profit or loss		2014 Profit or loss	
	5% increase R'000	5% decrease R'000	5% increase R'000	5% decrease R'000
Foreign currency held	166	(166)	94	(94)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

26. Financial instruments continued

INTEREST RATE RISK

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Notes	Interest rates applicable	Carrying amount 2015 R'000	Carrying amount 2014 R'000
Variable rate instruments				
Financial assets	17	Prime	3 307	3 363
Cash and cash equivalents	20	Daily call rate	272 352	134 111
Financial liabilities	23	Prime +1%	-	(3 844)
Overdraft	20	Prime	(9 851)	(2 749)

Fair value sensitivity analysis for fixed rate instruments

The Group does not have any fixed rate financial assets and liabilities at fair value through profit or loss and therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

	2015 Profit or loss		2014 Profit or loss	
	100 bp increase R'000	100 bp decrease R'000	100 bp increase R'000	100 bp decrease R'000
Variable rate instruments				
Financial assets	2 066	(2 066)	989	(989)
Financial liabilities	(63)	63	(43)	43
	2 003	(2 003)	946	(946)

PRICE RISK

First World Trader purchases and sells derivatives in the ordinary course of business and incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee.

Management of price risk

The principal tool used to measure and control market risk exposure within First World Trader's trading portfolios is value at risk (VaR). The VaR of a portfolio is the maximum loss that could arise on a given confidence level. The VaR model used by First World Trader is based on a 95% confidence level and assumes a 21-day holding period. The VaR model is based on historical simulation using market data from the last 250 trading days with a maximum time lag of one month.

Although VaR is an important tool for measuring and managing First World Trader's exposure to market risk, there are certain limitations due to the assumptions on which the model is based.

This includes the use of historical data as a basis for determining the possible range of future outcomes that may not always cover all possible scenarios, especially those of an exceptional nature.

26. Financial instruments continued

PRICE RISK continued

First World Trader uses VaR analysis for the measurement and management of market risk. The VaR limits are determined at a management level and are subject to review and approval by the risk management committee. VaR limits are allocated to each trading portfolio and are measured and monitored on an intra-day basis. Daily VaR reports are submitted to senior management for review.

Although VaR is a primary indicator of risk, the intraday risk is monitored in real-time by the risk committee and the risk tolerance for the day is assessed and monitored, taking into account market conditions. All risk on our book is capable of being extinguished intraday due to the liquidity available in the instruments that we offer our clients.

A summary of the VaR position of the Company's trading portfolio at 31 August and during the period is as follows:

	At 31 August R'000	Average R'000	Maximum R'000	Minimum R'000
2014				
Other price risk	2 863	3 860	15 189	1 047
2015				
Other price risk	4 172	5 078	12 458	961

Sensitivity analysis – equity price risk of unlisted investments shown at fair value through profit or loss

For investments classified as fair value through profit or loss, the impact on profit or loss after tax of a 5% increase in the price of the equities at the reporting date of the Group's unlisted investments would be an increase of R3.6 million (2014: R2.9 million).

CLASSES OF FINANCIAL ASSETS AND LIABILITIES

The table below sets out the classification of each class of financial assets and liabilities, and their fair values:

	Notes	2015 R'000	2014 R'000
Financial assets			
Loans and receivables			
– Trade and other receivables	19	6 506	3 431
– Other financial assets	17	3 307	3 363
– Other investments	16	31 640	–
– Cash and cash equivalents	20	272 352	134 111
		313 805	140 905
Investments at fair value through profit or loss			
– Other investments	16	32 149	3 628
		32 149	3 628
Financial liabilities			
Held at amortised cost			
– Loans and borrowings	23	–	(3 844)
– Trade and other payables	25	(280 397)	(132 848)
– Bank overdraft	20	(9 851)	(2 749)
		(290 248)	(139 441)
Liabilities at fair value through profit or loss			
– Financial guarantee	16	(31 058)	–
		(31 058)	–
Total financial assets and liabilities		24 648	5 092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

27. Operating lease commitment

LEASES AS LESSEE

Non-cancellable operating lease rentals are payable as follows on the rental agreements for office premises and equipment:

	2015 R'000	2014 R'000
Future minimum lease payments		
Office equipment		
Less than one year	477	–
Between one and five years	557	–
More than five years	–	–
Office premises		
Less than one year	2 874	2 723
Between one and five years	4 706	7 580
More than five years	–	–
	8 614	10 303

The Group leases a number of offices under operating leases. The leases typically run for five years with an option to renew the lease after that date. All leases escalate at 8%. The premises are in Hyde Park, Cape Town and Durban.

Office equipment is a 36-month lease for printers and telephone systems, with no annual escalation. No contingent rent is payable.

During the year ended 31 August 2015, R3.3 million (2014: R3.6 million) was recognised as an expense in the profit or loss in respect of operating leases.

28. Notes to the statement of cash flows

	Notes	2015 R'000	2014 R'000
28.1 Reconciliation of cash utilised in operations			
Profit/(Loss) before taxation and net interest income		42 764	(15 310)
Adjustments for:			
– Depreciation and amortisation	8	2 265	1 982
– Fair value (profits)/losses on financial assets	11	(31 557)	30 646
– Provision for financial guarantee	11	31 058	–
– Share-based payment expense	8	2 719	1 905
– Foreign currency translation reserve	21	(623)	140
– Impairment of investments	11	–	978
		46 626	20 341
Movement in working capital			
Decrease/(Increase) in loan receivable	17	56	(2 632)
(Increase)/Decrease in trade and other receivables		(3 398)	28 879
Increase/(Decrease) in trade and other payables		147 425	(3 606)
		190 709	42 982

28. Notes to the statement of cash flows continued

	Notes	2015 R'000	2014 R'000
28.2 Acquisition of assets			
Additions to maintain operations	13	(949)	(492)
Purchased and developed software	14	(3 505)	(2 471)
		(4 454)	(2 963)
28.3 Investments acquired			
Additional Investment contribution		(28 604)	(763)
		(28 604)	(763)
28.4 Tax paid			
Balance at beginning of period		160	(469)
Current tax	12	(12 463)	(6 826)
Balance at end of period		844	(160)
Tax paid		(11 459)	(7 455)

29. Contingencies

There are no contingencies at the reporting date.

30. Related parties

IDENTITY OF RELATED PARTIES

The Group has related party relationships with its associates (note 15), subsidiaries (note 31) and its directors (directors' report).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

30. Related parties continued

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The key management personnel compensation is as follows and is included in "personnel expenses" (see note 8):

	2015 R'000	2014 R'000
Employee benefits		
Non-executive directors		
Dennis Alter – fees	–	25
Craig Carter – fees	90	120
Ronnie Lubner – fees	75	25
Thembeka Gwagwa – fees	90	150
	255	320
Employee benefits		
Executive directors		
Mark Barnes		
– salary	3 738	2 911
– share option expenses	373	268
Charles Savage		
– salary	3 990	2 949
– share option expenses	376	368
Gary van Dyk		
– salary	2 838	1 912
– share option expenses	323	213
	11 638	8 621

The three highest paid non-directors earned salaries of R2.6 million, R1.4 million and R1.1 million, respectively.

At 31 August the directors' interests in the issued share capital of the Company were as follows:

	2015				2014			
	Beneficial Direct	Indirect	Non-beneficial Direct	Indirect	Beneficial Direct	Indirect	Non-beneficial Direct	Indirect
Mark Barnes	44 852 718	166 080 851	–	–	67 171 670	129 090 371	–	–
Craig Carter	1 932 366	–	–	–	1 932 366	–	–	–
Ronnie Lubner	–	–	–	228 437 710	–	–	–	237 606 182
Dennis Alter	7 200 000	–	–	–	7 200 000	–	–	–
Charles Savage	21 100 011	–	–	4 540 000	10 100 011	–	–	4 540 000
Gary van Dyk	16 550 000	–	–	–	10 000 000	–	–	–
	91 635 095	166 080 851	–	232 977 710	96 404 047	129 090 371	–	242 146 182

31. Group entities

OWNERSHIP INTEREST

Subsidiaries Name	Country	Ownership interest	
		2015 %	2014 %
First World Trader Proprietary Limited**	South Africa	100	100
One World Trader Proprietary Limited (Subsidiary of First World Trader Proprietary Limited)	Mauritius	100	100
First World Trader Nominees Proprietary Limited (Subsidiary of First World Trader Proprietary Limited)	South Africa	100	–
Emperor Asset Management Proprietary Limited***	South Africa	100	–
Emperor Asset Management Nominees (RF) Proprietary Limited (Subsidiary of Emperor Asset Management Proprietary Limited)	South Africa	100	–
Emperor Asset Management GP 1 (RF) Proprietary Limited (Subsidiary of Emperor Asset Management Proprietary Limited)	South Africa	100	–
Global Trader Canada Limited	Canada	100	100
Global Trader Europe Limited*	UK	100	100
New World Trader Limited	Ireland	100	100

* Currently being liquidated.

** Includes the operations of GT247.com, GT Private Broking and Emperor Asset Management.

*** Includes the operations of Emperor Asset Management, effective 1 July 2015.

32. Subsequent events

The directors are not aware of any other matter or circumstance arising since year end up to the date of this report, not otherwise dealt with in this report.

33. Net asset value per share

The Group net asset value is 30.9 (2014: 30.0) cents per share and is based on the number of ordinary shares in issue net of treasury shares at year end of 860 345 723 (2014: 815 575 723) and net assets of R265.5 million (2014: R244.7 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

34. Discontinued operations

Following a strategic decision to place a greater focus on the Group's core activities, management sold Purple Capital Treasury and Powerbet Gaming, in 2013.

Results of discontinued operation – Group

	2015 Powerbet R'000	Total R'000	2014 Powerbet R'000	Total R'000
Revenue	-	-	-	-
Expenses	-	-	(2 514)	(2 514)
Net interest depreciation and amortisation	-	-	-	-
Loss before tax	-	-	(2 514)	(2 514)
Income tax	-	-	487	487
Loss for the period	-	-	(2 027)	(2 027)
Basic loss per share	-	-	-	(0.25)
Diluted loss per share	-	-	-	(0.24)

35. Disposal of a subsidiary

There were no disposals in the current year.

36. Shareholder analysis

	Number of share- holders	% of total share- holders	Number of shares	% of total issued share capital
Analysis of shareholdings				
1 – 999	489	28.94	138 810	0.02
1 000 – 9999	526	31.12	1 619 572	0.19
10 000 – 99 999	443	26.21	14 276 688	1.65
100 000 and over	232	13.73	846 610 653	98.14
Total	1 690	100.00	862 645 723	100.00
Distribution of shareholders				
Banks	5	0.30	166 740 910	19.33
Brokers	8	0.47	3 836 072	0.44
Close Corporations	23	1.36	973 620	0.11
Individuals	1 536	90.89	230 057 914	26.67
Investment Companies	3	0.18	408 932	0.05
Nominees and trusts	59	3.49	60 750 693	7.04
Other Corporations	27	1.60	4 465 232	0.52
Private Companies	29	1.71	395 412 350	45.84
Total	1 690	100.00	862 645 723	100.00
Shareholder spread				
Non-public:	39	2.31	455 556 796	52.81
Directors	5	0.30	91 635 095	10.62
Employees	33	1.95	31 759 999	3.68
10% of issued capital or more	1	0.06	332 161 702	38.50
Public	1 651	97.69	407 088 927	47.19
Total	1 690	100.00	862 645 723	100.00
Beneficial shareholders holding 3% or more				
Business Venture Investments No 184			332 161 702	38.50
Mark Barnes			44 852 718	5.20
Erasmus Family Trust			42 929 463	4.98
Foreign custodians holding 3% or more				
JPMorgan Chase Bank N.A.			100 100 000	11.60
SIX SIS Ltd			61 012 910	7.07
Country				
South Africa	1 663	98.40	684 265 715	79.32
United Kingdom	6	0.35	104 033 741	12.06
Switzerland	3	0.18	65 130 353	7.55
United States	7	0.41	8 991 114	1.04
Namibia	4	0.24	94 300	0.01
Australia	2	0.12	49 000	0.01
Belgium	1	0.06	48 000	0.01
Swaziland	4	0.24	33 500	0.00
Total	1 690	100	862 645 723	100
Dematerialised	1 479	87.51	855 019 140	99.12
Certificated	211	12.49	7 626 583	0.88
Total	1 690	100.00	862 645 723	100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2015

37. Going concern

The annual financial statements have been prepared on the going concern basis. Having reviewed the Group's financial projections, the directors believe that the Group will continue trading as a going concern in the foreseeable future.

38. Dividend payment

An interim gross cash dividend of 1 (one) cent per share (0.85 cents per share net of dividend withholding tax at a rate of 15%) was declared to shareholders in the register on 24 April 2015 and paid on 28 April 2015



**PURPLE GROUP
LIMITED**

(Incorporated in the Republic of South Africa) (Registration number 1998/013637/06)
Share code: PPE ISIN: ZAE 000185526
("Purple Group" or "the Company")

NOTICE OF ANNUAL GENERAL MEETING

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, please consult your stockbroker, accountant, attorney, banker or other independent professional adviser immediately.

Notice is hereby given that the annual general meeting of ordinary shareholders ("shareholders") of the Company will be held at Ground Floor, Block B, The Offices of Hyde Park, Strouthos Place (off 2nd Road), Hyde Park on Friday, 4 December 2015 at 10:00.

ATTENDANCE AND VOTING

In terms of section 59(1)(a) and (b) of the Companies Act, 2008 (Act 71 of 2008), as amended ("the Act"), the board of directors has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the annual general meeting, i.e. the Notice Record Date (being the date on which a shareholder must be registered in the company's share register in order to receive notice of annual general meeting) as Friday, 30 October 2015; and
- participate in and vote at the annual general meeting, i.e. the Meeting Record Date (being the date on which a shareholder must be registered in the company's share register in order to participate in and vote at the annual general meeting) as Friday, 27 November 2015.

Please note that all participants at the annual general meeting will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the annual general meeting. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

ELECTRONIC ATTENDANCE

There will be no provision for electronic participation for attending and voting at the annual general meeting.

PURPOSE OF THE MEETING

The purpose of this meeting is for shareholders to consider and if deemed fit, pass the following ordinary resolutions.

1. To receive, consider and present the audited financial statements of the Company for the year ended 31 August 2015, together with the reports of the auditors and directors;
2. To authorise the directors to fix the remuneration of the auditors for the past audit;
3. To authorise the directors to confirm the appointment of the auditors, BDO South Africa Incorporated, as auditors and Fred Bruce-Brand, as the registered auditor responsible for the audit, until the conclusion of the next annual general meeting and to fix their remuneration;

4. To re-elect directors for positions to the board:

4.1 in terms of the Articles of Association, the following directors retire by rotation, but being eligible, hereby offer themselves for re-election:

- Craig Carter
- Gary van Dyk; and
- Mark Barnes

[A brief *curriculum vitae* in respect of these directors is contained on page 104 of this Integrated Annual Report]

5. Special business

Shareholders will be asked to consider and, if deemed fit, to pass the following resolutions with or without amendment:

5.1 Ordinary resolution number 5 – Unissued shares to be placed under the control of the directors

"Resolved that, all of the authorised but unissued ordinary shares of the Company be and are hereby placed under the control and authority of the directors of the Company and that the directors be and are hereby authorised and empowered to allot and issue all or any such ordinary shares to such person or persons on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the proviso that the aggregate number of shares allotted and issued in terms of this resolution shall be limited to 15% (fifteen percent) of the authorised share capital and subject to the provisions of the Act and the Listings Requirements of the JSE Limited ("JSE").

5.2 Ordinary resolution number 6 – General authority to issue shares and to sell treasury shares for cash

"Resolved that, subject to not less than 75% of the votes exercisable by ordinary shareholders in aggregate of the Company, present in person or by proxy or represented and entitled to vote at the annual general meeting at which this ordinary resolution is to be considered, being cast in favour thereof, the directors of the Company and/or any of its subsidiaries from time to time be and are hereby authorised by way of a general authority to allot and issue all or any of the authorised but unissued ordinary shares in the Company and/or sell or otherwise dispose of or transfer, or issue any options in respect of ordinary shares in the Company, for cash, to such person/s on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the Act, the Articles of association of the Company and Listings Requirements of the JSE, which Listings Requirements currently provide, *inter alia*, that:

NOTICE OF ANNUAL GENERAL MEETING (continued)

- the equity securities 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 securities or rights that are convertible into a class already in issue;
- the equity securities must be issued to public shareholders, as defined by the Listings Requirements of the JSE, and not to related parties;
- this general authority is valid and will extend to the date of the next annual general meeting of the Company, provided that it will not extend beyond 15 (fifteen) months from the date of this annual general meeting;
- the number of ordinary shares issued for cash shall not in the aggregate in any one financial year of the Company exceed 15% (fifteen percent) or 129 396 858 shares of the Company's issued ordinary shares, including instruments which are convertible into ordinary shares. The number of ordinary shares which may be issued for cash shall be based on the number of ordinary shares in issue at the date of the application, less any ordinary shares issued by the Company during the current financial year, provided that any ordinary shares to be issued for cash pursuant to a rights issue (announced, irrevocable and fully underwritten) or acquisition (concluded up to the date of application) may be included as if they were ordinary shares in issue at the date of application;
- a press announcement giving full details, including the impact on net asset value, net tangible asset value, headline earnings and earnings per share, will be published at the time of any issue representing, on a cumulative basis within any 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to such issue;
- in determining the price at which an issue of ordinary shares will be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of such ordinary shares, as determined 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; and
- whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares.

5.3 Ordinary resolution number 7 – Authorised signatories

"Resolved that, any director of the Company or the Company Secretary be and is hereby authorised to do all such things and to sign all such documents issued by the Company to give effect to ordinary resolutions numbers 5 and 6 and special resolutions number 1, 2 and 3."

5.4 Ordinary resolution number 8 – Non-binding advisory vote on remuneration policy

"To endorse by way of a non-binding advisory vote, the Company's remuneration policy, as set out in the integrated annual report (page 41).

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution."

5.5 Special resolution number 1 – Acquisition of own shares

"Resolved that, the Company hereby approves, as a general approval, the acquisition from time to time, by the Company and/or any of its subsidiary companies, of issued shares of the Company upon such terms and conditions and in such amounts as the directors of the Company may from time to time decide, subject to the articles of association of the Company, the provisions of the Act and the Listings Requirements of the JSE and on the basis that the directors will, at the time of each repurchase undertaken, ensure that following each repurchase, (a) the Company will satisfy the solvency and liquidity tests contemplated in section 46 (1)(b) of the Act and (b) there will be no subsequent material change to the financial position of any company in the Purple Group group, provided that:

- any such repurchase of shares is effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- the Company is authorised thereto by its articles of association;
- the general authority shall only be valid until the Company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- provided that the repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the issued shares for the 5 (five) business days immediately preceding the date on which any acquisition by the Company and/or any of its subsidiary companies is effected;
- at any point in time the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;
- the Company or its subsidiary may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the Listings Requirements of the JSE;
- repurchases of shares, by the Company, and/or its subsidiaries, in aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued share capital pursuant to this general authority;
- subsidiaries of the Company shall not acquire, in aggregate, more than 10% of the Company's issued share capital; and
- an announcement will be published as soon as the Company has cumulatively repurchased 3% of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases."

In terms of the Listings Requirements of the JSE, on the date of this notice the directors consider that were the Company to effect the maximum repurchase contemplated above:

- the Company and its subsidiaries will be able in the ordinary course of business to pay its debts as they become due, for a period of 12 months after the date of the notice of the annual general meeting;
- the consolidated assets of the Company and its subsidiaries, will be in excess of the consolidated liabilities of the Company and its subsidiaries for a period of 12 months after the date of the notice of the annual general meeting, For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest annual group financial statements;
- the issued ordinary shares capital and reserves of the Company and its subsidiaries for a period of 12 months after the date of the notice of the annual general meeting will be adequate for the purpose of the business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries for a period of 12 months after the date of the notice of the annual general meeting will be adequate for the requirements of the Company and its subsidiaries; and

Shareholders' attention is drawn to the following relevant general information, which is required by the Listings Requirements of the JSE, with regard to the resolution granting a general authority to the Company to repurchase securities:

- Directors of the Company (refer to page 51 of the Company's annual report)
- Major shareholders (refer to page 97 of the Company's annual report)
- Directors' interest in securities (refer to page 51 of the Company's annual report)
- Share capital of the Company (refer to page 51 of the Company's annual report)
- Responsibility statement: the directors, whose names are given on page 51 of the Company's annual report, collectively and individually accept full responsibility for the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and notice of annual general meeting contains all information required by the Listings Requirements of the JSE.

Material changes: other than the transactions mentioned in "Subsequent events" on page 51 of the Company's annual report, there has been no material change in the financial or trading position of the Company since 31 August 2015.

At the present time the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate.

Reasons for and effect of the special resolution

The reason for and effect of the passing of the aforesaid special resolution is so as to enable the Company and/or any of its subsidiary companies to acquire the issued shares of the Company from time to time upon the terms and conditions and in the amounts as the directors of the Company may from time to time decide, subject to the requirements of the Act and the Listings Requirements of the JSE at any time while the general authority exists.

5.6 Special resolution no 2 – Financial assistance to related and inter-related entities

"Resolved that the directors of the Company may, subject to compliance with the requirements of the articles of association of the Company and the Act, authorise the provision by the Company, at any time and from time to time during the period of two (2) years commencing on the date of adoption of this special resolution, of direct or indirect financial assistance, by way of a loan, guarantee of a loan or other obligation or the securing of a debt or other obligation to any one or more related or interrelated companies or corporations of the Company and/ or to any one or more members of any such related or inter-related company or corporation related to any such company or corporation as outlined in section 2 of the Act, on such terms and conditions as the directors may deem fit".

Reasons for and effect of the special resolution

The reason for the passing of this special resolution is that, on a strict interpretation of section 45 of the Act, the Company may not provide the financial assistance contemplated in such section without a special resolution. The above resolution gives the directors the authority to authorise the Company to provide direct or indirect financial assistance, by way of a loan, guaranteeing of a loan or other obligation or securing of a debt or other obligation, to the recipients contemplated in special resolution number 2. It is difficult to foresee the exact details of financial assistance that the Company may be required to provide over the next two (2) years. It is essential, however, that the Company is able to organise effectively its internal financial administration. For these reasons and because it would be impractical and difficult to obtain shareholder approval every time the Company wishes to provide financial assistance as contemplated above, it is necessary to obtain the approval of shareholders, as set out in special resolution number 2.

It should be noted that this resolution does not authorise financial assistance to a director or a prescribed officer or any company or person related to a director or prescribed officer.

NOTICE OF ANNUAL GENERAL MEETING (continued)

5.7 Special resolution no. 3 – Approval of directors' remuneration

"Resolved that unless otherwise determined by the Company in general meeting, the fees payable to non-executive directors for their services as directors, for the financial year ending 31 August 2016, as set out below, be approved:

Independent non-executive directors

- Annual fee of – R240 000 per year

Non-executive directors

- Attendance fee per Board meeting – R33 000
- Attendance fee per sub-committee – R16 500

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% of the voting rights to be cast on the resolution.

SALIENT DATES

See the section titled Salient Dates and Times situated below after the resolutions.

Salient Dates and Times

Record date to receive notice of AGM	Friday, 30 October 2015
Notice of AGM to be posted to shareholders on	Thursday, 5 November 2015
Last day to trade to be recorded in the register on the record date for participation in the AGM	Friday, 20 November 2015
Record date to participate in and vote at the AGM	Friday, 27 November 2015
Last day for lodging forms of proxy at 10:00 on	Wednesday, 2 December 2015
AGM at 10:00 on	Friday, 4 December 2015
Results of AGM released on SENS on	Friday, 4 December 2015

Note: Any changes to the above dates will be announced on SENS subject to JSE approval.

In compliance with section 62(3)(c) of the Act and/or the Listings Requirements it is confirmed that a voting majority of 50% is required for the approval of ordinary resolutions number 1 to 8. For the special resolutions a 75% voting majority is required by law and the JSE Listings Requirements.

VOTING AND PROXIES

All shareholders will be entitled to attend and vote at the annual general meeting or any adjournment thereof. On a show of hands, every shareholder of the Company who, being an individual, is present or is present by proxy at the annual general meeting or which, being a company or body corporate, is represented thereat by a representative appointed, shall have one vote only and on a poll every shareholder of the Company (whether an individual or a company or a body corporate) or represented by a proxy at the annual general meeting shall have one vote for every ordinary share held by such shareholder.

Holders of dematerialised shares, other than with "own name" registration intending to attend the annual general meeting, must inform their Central Securities Depository Participant ("CSDP") or broker of their intention and must obtain the necessary authorisation from their CSDP or broker to attend or, if unable to attend the annual general meeting in person, should provide their CSDP or broker with their voting instructions in terms of their agreement with the CSDP or broker in the manner and time stipulated therein.

The necessary form of proxy is attached for the convenience of certificated shareholders and dematerialised shareholders with "own name" registration who cannot attend the annual general meeting but who wish to be represented thereat. Any

shareholder entitled to attend and vote at the annual general meeting may appoint one or more persons to attend, speak and vote in place of such shareholder. A proxy so appointed need not be a shareholder of the Company. In order to be valid, duly completed proxy forms must be received by Trifecta Capital Services, Trifecta Capital House, Nr 31 Beacon Road, Florida-North, 1709 (PO Box 61272, Marshalltown, 2107) by no later than 10:00 on Wednesday, 2 December 2015.

RECORD DATES

The posting record date, being the date that shareholders must be recorded in the register to be eligible to receive this notice of annual general meeting, is Friday, 30 October 2015.

The last day to trade in order to be eligible to vote at the annual general meeting is Friday, 20 November 2015.

The voting record date, being the date that shareholders must be recorded in the register to be eligible to speak and vote at the annual general meeting is Friday, 27 November 2015.

By order of the board

Trifecta Statutory and Governance Services, a division of Trifecta Capital Services (Pty) Ltd

Company Secretary

5 November 2015

SHAREHOLDER RIGHTS

In terms of section 58 of the Companies Act, No. 71 of 2008 (as amended), shareholders have rights to be represented by proxy as herewith stated.

- (1) At any time, a shareholder of the Company may appoint any individual, including an individual who is not a shareholder of the Company, as a proxy to:
 - a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
 - b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

Provided that the shareholder may appoint more than one proxy to exercise voting rights attached to different shares held by the shareholder.

- (2) A proxy appointment:
 - a) must be in writing, dated and signed by the shareholder; and
 - b) remains valid for:
 - (i) one year after the date on which it was signed; or
 - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8) (d).
- (3) Except to the extent that the Memorandum of Incorporation of the company provides otherwise:
 - a) a shareholder of the Company 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;
 - b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - c) a copy of the instrument appointing a proxy must be delivered to the Company, or to any other person on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy:
 - a) 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;
 - b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
 - c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:
 - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - (ii) delivering a copy of the revocation instrument to the proxy, and to the Company.

- (5) 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:
 - a) the date stated in the revocation instrument, if any; or
 - b) the date on which the revocation instrument was delivered as required in subsection (4) (c) (ii).
- (6) If the instrument appointing a proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by this Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder must be delivered by the Company to:
 - a) the shareholder; or
 - b) the proxy or proxies, if the shareholder has
 - (i) directed the company to do so, in writing; and
 - (ii) paid any reasonable fee charged by the company for doing so
- (7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.
- (8) If the Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of instrument for appointing a proxy:
 - a) the invitation must be sent to every shareholder which is entitled to notice of the meeting at which the proxy is intended to be exercised;
 - b) the invitation, or form of instrument supplied by the Company for the purpose of appointing a proxy, must:
 - (i) bear a reasonably prominent summary of the rights established by this section;
 - (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
 - (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
 - c) the Company must not require that the proxy appointment be made irrevocable; and
 - d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).
- (9) Subsection (8)(b) and (d) do not apply if the Company merely supplies a generally available standard form of proxy appointment on request by a shareholder.

BRIEF CURRICULUM VITAE OF DIRECTORS STANDING FOR RE-ELECTION

CRAIG CARTER

Craig has over 30 years' experience, predominantly in technology and financial services, including treasury, corporate finance, venture capital, banking and mobile payments. Craig joined Purple Group at its inception as COO and was most recently COO for WIZZIT International. He is currently an independent management consultant.

MARK BARNES

Honours Degree in Actuarial Science and attended a Management Programme at Harvard Business School.

Mark is widely known as an investment banker in South Africa. He has 30 years of experience in financial services, holding positions of leadership at Standard Bank, Capital Alliance and Brait. Mark has had a wide exposure to financial markets previously as head of the biggest treasury operation in South Africa and as Chairman of the South African Futures Exchange. He is currently the Chairman and a significant shareholder in the Purple Group.

Never without an opinion, and a good story teller, Mark writes a weekly column in the leading business newspaper in South Africa, the Business Day. He has a regular TV program on his column, "Straight Talk with Mark Barnes" where his challenging opinions are presented. Mark is a regular panellist on "Editing Allowed" a weekly television talk show with the country's leading business editors.

A sought-after speaker, Mark is a committed South African leading change through active participation.

GARY VAN DYK

Gary completed his articles at KPMG at the end of 2002 at which time he qualified as a Chartered Accountant. He then spent four years in the Transaction Advisory Division prior to joining Purple Group in November 2006. Gary was Head of Corporate Finance until April 2013 at which time he was appointed as the Group's Chief Financial and Operations Officer.



PURPLE GROUP
LIMITED

(Incorporated in the Republic of South Africa) (Registration number 1998/013637/06)
Share code: PPE ISIN: ZAE 000185526
("Purple Group" or "the Company")

FORM OF PROXY

"OWN-NAME" REGISTRATION

For use at the annual general meeting of members to be held in the boardroom, Purple Group Limited, Ground Floor, Block B, The Offices of Hyde Park, Strouthos Place (Off 2nd Road), Hyde Park on Friday, 4 December 2015 at 10:00 (the "annual general meeting")

I/We _____ (Name in block letters)

of (Address) _____

being a member/s of Purple Group Limited, holding ordinary shares hereby appoint:

1. _____ or, failing him/her,
2. _____ or, failing him/her,
3. _____ or, failing him/her,
4. the Chairman of the annual general meeting, as my proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at 10:00 on Friday, 4 December 2015 and at any adjournment thereof and to speak and act for me/us and, on a poll, vote on my/our behalf,

My/Our proxy shall vote as follows:

	Number of ordinary shares		
	In favour of	Against	Abstain
Ordinary resolution number 1: Adoption of annual financial statements for the year ended 31 August 2015			
Ordinary resolution number 2: Remuneration of auditors			
Ordinary resolution number 3: Appointment of auditors			
Ordinary resolution number 4: Ratification of re-election of Craig Carter, Mark Barnes and Gary van Dyk			
Ordinary resolution number 5: To place the unissued shares of the Company under the control of the directors			
Ordinary resolution number 6: To authorise the Company to issue shares and to sell treasury shares for cash under a general authority			
Ordinary resolution number 7: To authorise the directors as signatories			
Ordinary resolution number 8: Non-binding advisory vote on remuneration policy			
Special resolution number 1: To authorise the Company to purchase its own shares			
Special resolution number 2: Financial assistance			
Special resolution number 3: Directors' remuneration to 31 August 2016			

(Indicate instruction to proxy by way of a cross in space provided above)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this _____ day of _____ 2015

Signature _____

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. Purple Group shareholders who have dematerialised their shares through a CSDP or broker must not complete this form of proxy but must provide their CSDP or broker with their voting instructions, except for Purple Group shareholders who have elected 'own-name' registration in the sub-register through a CSDP or broker. It is these shareholders who must complete this form of proxy and lodge it with the transfer secretaries.
2. Holders of dematerialised Purple Group shares wishing to attend the annual general meeting must inform their CSDP or broker of such intention and request their CSDP or broker to issue them with the relevant authorisation to attend.
3. A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, vote and speak in his/her/its stead at the annual general meeting. A proxy need not be a member of the Company.
4. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the Chairman of the annual general meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. A member or his/her proxy is not obliged to use all the votes exercisable by the member or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by his/her proxy.
6. Holders of dematerialised shares, other than with "own-name" registration must inform their CSDP or broker of whether or not they intend to attend the annual general meeting and obtain the necessary authorisation from their CSDP or broker to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person.
7. Forms of proxy must be received at the Company's transfer secretaries, Trifecta Capital Services, Trifecta Capital House, Nr 31 Beacon Road, Florida-North, 1709 (PO Box 61272, Marshalltown, 2107 by not later than 10:00 on Wednesday, 2 December 2015.
8. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the Chairman of the annual general meeting.
10. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
12. The Chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the Chairman is satisfied as to the manner in which the member wishes to vote.

CORPORATE INFORMATION

NATURE OF BUSINESS

Purple Group Limited is a financial services company.

DIRECTORS

Mark Barnes	Executive Chairman
Charles Savage	Chief Executive Officer
Gary van Dyk	Chief Financial and Operations Officer
Dennis Alter	Non-executive Director
Craig Carter	Non-executive Director
Thembeke Gwagwa	Independent Non-executive Director
Ronnie Lubner	Non-executive Director

BUSINESS ADDRESS

Block B, The Offices of Hyde Park
Strouthos Place
Hyde Park
2196

POSTAL ADDRESS

PO Box 411449
Craighall
2024

BANKERS

Mercantile Bank Limited

AUDITORS

BDO South Africa Incorporated
Registered Auditors

GROUP SECRETARY

Trifecta Statutory and Governance Services, a division
of Trifecta Capital Services Proprietary Limited
31 Beacon Road
Florida North
1709

SHARE REGISTRARS

Trifecta Capital Services Proprietary Limited
31 Beacon Road
Florida North
1709

COMPANY REGISTRATION NUMBER

1998/013637/06

ISIN

ZAE000185526

VAT REGISTRATION NUMBER

4640178168

TAX NUMBER

9552/065/64/2

Saying thank you is so #easy.

Thank you to our shareholders for helping us make investing #easy for everyone. To say thanks, here's a free R100 voucher. All you need to do is send an email to vouchers@easyequities.co.za and we will send you a voucher within 24 hours!

EasyEquities. #Easy, #affordable, #innovative investing.



EasyEquities is a product of First World Trader (Pty) Ltd t/a GT247.com which is an authorised Financial Services Provider (FSP number 22588).

Terms & Conditions apply.

EasyEquities
www.easyequities.co.za



EasyEquities & GT247.com are proudly part of Purple Group.

● www.purplegroup.co.za

 @PurpleGroupPPE

PURPLE GROUP INTEGRATED ANNUAL REPORT LIMITED

for the year ended 31 August 2015