**CHIEF EXECUTIVE OFFICER’S LETTER**

“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 future; and that like me you share my excitement for the future prospects of the Purple Group. We are always mindful of the need to build out our client assets and further our marketing initiatives that would support the future growth aspirations of the Group. We are also committed to our shareholders and to shareholders like you who share my vision and to those who will receive the dividend they are entitled to.”

Mark Barnes
Chairman

**CHIEF FINANCIAL OFFICER’S REVIEW**

**REVENUE**

Total Revenue increased by 4.6% during the six months ended 29 February 2016 (HY 2015: compared to the prior comparative period (HY 2015).

**GT24.com**

<table>
<thead>
<tr>
<th>Key revenue drivers</th>
<th>HY 2016:</th>
<th>HY 2015:</th>
<th>% move</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (R’000)</td>
<td>50 366</td>
<td>48 370</td>
<td>4.1</td>
</tr>
<tr>
<td>Nominal traded (R’bn)</td>
<td>178.9</td>
<td>156.3</td>
<td>14.5</td>
</tr>
<tr>
<td>Market volatility</td>
<td>20.2</td>
<td>16.1</td>
<td>25.5</td>
</tr>
</tbody>
</table>

A 25% increase in market volatility during HY 2016 resulted in a commensurate increase of 14.5% in the nominal value traded by our clients. This translated into a 6.1% increase in revenue. This further increase in revenue was offset by a reduction in commission rates during January 2015, which is consistent with our strategy to be the lowest cost retail broker in South Africa.

A primary driver of growth per our strategy for the six months ended 29 February 2016 was our asset management business. Market conditions over this period resulted in growth being muted for this revenue stream, however, we expect this line of business to return to strong growth as soon as investing conditions improve.

**GT Private Banking (GTPB)**

<table>
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<th>HY 2015:</th>
<th>% move</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (R’000)</td>
<td>9 716</td>
<td>10 825</td>
<td>(10.2)</td>
</tr>
<tr>
<td>Nominal traded (R’bn)</td>
<td>27.6</td>
<td>15.3</td>
<td>80.4</td>
</tr>
<tr>
<td>Client funds (R’m)</td>
<td>106.8</td>
<td>152.2</td>
<td>(31.1)</td>
</tr>
<tr>
<td>Market volatility</td>
<td>20.2</td>
<td>16.1</td>
<td>25.5</td>
</tr>
</tbody>
</table>

Revenue decreased by 10.2% mainly due to a 31.1% decrease in client funds during the six months ended 29 February 2016, which was partially offset by increased trading activity. The decrease in client funds was primarily due to difficult trading conditions over the period.

**EasyEquities**

<table>
<thead>
<tr>
<th>Key revenue drivers</th>
<th>HY 2016:</th>
<th>HY 2015:</th>
<th>% move</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (R’000)</td>
<td>1 978</td>
<td>2 148</td>
<td>(7.9)</td>
</tr>
<tr>
<td>Accounts opened</td>
<td>19 653</td>
<td>26 086</td>
<td>(30.7)</td>
</tr>
<tr>
<td>Client funds (R’m)</td>
<td>480.1</td>
<td>621.9</td>
<td>(21.9)</td>
</tr>
</tbody>
</table>

EasyEquities has started to make a positive contribution to net revenue, having generated R1.8 million in net revenue for HY 2016, compared to a loss of R1.1 million realised during HY 2015.

Accounts opened at 29 February 2016 (16 months since launch) totalled 19 653 accounts with assets totalling R810.1 million (excluding SatrionNOW). The primary drivers of this growth were our direct marketing activities (PR, online and billboards (12.8%) and referrals (friends and affiliates) (67.1%).

**Emperor Asset Management (EAM)**

<table>
<thead>
<tr>
<th>Key revenue drivers</th>
<th>HY 2016:</th>
<th>HY 2015:</th>
<th>% move</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (R’000)</td>
<td>2 097</td>
<td>1 641</td>
<td>28.2</td>
</tr>
<tr>
<td>Performance fees (R’000)</td>
<td>1 727</td>
<td>2 914</td>
<td>(40.7)</td>
</tr>
<tr>
<td>Total revenue (R’000)</td>
<td>3 824</td>
<td>4 575</td>
<td>(16.6)</td>
</tr>
<tr>
<td>Client funds (R’m)</td>
<td>923.1</td>
<td>922.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Total asset management fees decreased by 16.6% during HY 2016 compared to HY 2015, due to lower performance fees earned.

The decline in performance fees was mostly attributable to the underperformance, relative to its benchmark, experienced by our largest and flagship Robert Falcon Scott strategy. Whilst underperformance, over the short term, is an observed outcome of our Momentum-based strategy, our 10-year plus track record gives us every confidence that the strategy will return to benchmark breakeven performance.

In contrast, our Unit Trust (Empire P Momentum Equity Fund) and Hedge Fund (Empire Long/Short Hedge Fund) both ranked in the top 5, in South Africa, in their respective sectors over the 12 months ended 31 December 2015.

**TRADEING EXPENSES**

Trading expenses, comprising introducing agent commissions, sales commissions and third-party research costs, amounted to 9.7% (HY 2015: 8.1%) of revenue. The increase is primarily due to a new research offering introduced by GT Private Bank to its client base during the last 12 months. The utilisation of this research is being monitored in order to assess the benefits thereof to our clients and the business.

**OPERATING EXPENSES**

Operating expenses increased by 19.3% during HY 2016 compared to HY 2015. Employment, IT and marketing costs were the main contributors to this increase.

The increase in employment and marketing costs reflect the investment that the business has made in order to achieve its future growth ambitions. The majority of the increase in these expenses has been directed at the front end of the business, increasing our brand awareness in the market and increasing our sales, customer service and marketing resources.

IT costs primarily include hosting and connectivity fees, various data feeds expenses and licensing costs. The 13.7% increase during HY 2016 compared to HY 2015 included an inflationary increase from various service providers, the impact of the depreciating Rand on the cost of our眨眼lays and related data feeds and various other IT solutions and systems sourced from foreign suppliers. In addition, our hosting fees increased with the launch of EasyEquities, and increased capacity required to cater for future growth in our asset management business.

**EBITDA**

Earnings before interest, taxation, depreciation and amortisation from core operations increased by 34.6% to R186.4 million for the six months ended 29 February 2016 compared to the prior year comparatives.

**Net Interest Expense**

The increase in the net interest expense is attributable to the additional funding facilities secured to part fund Purple Group’s R28.6 million direct investment in Real People Investment Holdings (RPIH) 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 EasyEquities platform.

**Current and Deferred Tax**

The tax debit of R49.9 million for HY 2016 mainly comprises current tax paid by First World Trader Proprietary Limited in respect of current year profits.

**Profit for the Period**

Basic earnings and headline earnings per share for HY 2016 have decreased from a profit of 20.2 cents in HY 2015 to a profit of 1.29 cents per share for HY 2016.

**Summarised Consolidated Statement of Financial Position**

Non-current assets increased by R36.7 million during HY 2016 mainly comprising the write-up of Purple Group’s direct investment in RPIH.

The increase in non-current liabilities is due to the provision for the liquidation of RPIH in January 2015.

**Depreciation and amortisation**

The decrease in current assets of R186.0 million was matched by a corresponding decrease in current liabilities of R194.9 million.

**The equity attributable to owners increased by R29.2 million during HY 2016, after a reduction in share capital distributions totaling R121.8 million, and a decrease in reserves of R9.0 million, resulting from staff exercising share options during HY 2016.

Gary van Dyk
Chief Financial and Operations Officer
As at 29 February 2016

Segment asset
Non-current assets  13 173  230 830  57 664  301 667
Current assets  113 099  471  6 348  119 918
Total assets  126 272  231 301  64 912  421 593

Segment liabilities
Non-current liabilities  –  (31 058)  –  –  (31 058)
Current liabilities  (113 429)  (8 643)  –  (122 072)
Total liabilities  (113 429)  (8 643)  (31 058)  (153 130)

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 R1.7 million (HY 2015: R2.0 million) for the year.

GT247.com and EAM
R’000  Purple Group  Investments  Inter-segment revenues  Total  R’000
For the six months ended 29 February 2016
Revenue  65 684  1 731  –  (1 731)  65 684
 Trading expenses (6 325)  –  –  (6 325)  
Operating expenses* (38 987)  (3 748)  –  –  (42 735)  
Net (income)/loss  20 172  (2 017)  –  –  18 155
Earnings/(loss) before interest, depreciation and amortisation  20 369  (2 017)  –  –  18 352
Profit/(loss) after tax  19 490  (2 465)  –  –  16 025
Profit/(loss) after tax  12 956  (1 806)  –  –  11 150

* Share-based payment expense of R 770.000 is included in operating expenses. The split per segment is as follows:

GT247.com and EAM: R 1 526 000 • Purple Group: R 346 000

SUBSEQUENT EVENTS

The directors are not aware of any other matter or circumstances arising since 29 February 2016 up to the date of this announcement, not otherwise dealt with in this announcement.

Basic preparation of the unaudited results

The unaudited condensed group interim financial statements are prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34 - Interim Financial Reporting, the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listing Requirements of the JSE Limited and in the manner required by the South African Companies Act 71 of 2008. This announcement does not include the information required pursuant to paragraph 14A of IAS 34, however the areas that include significant judgements made by management in applying the Group’s accounting policies and where sources of estimates/uncertainty were the same as those identified in the audited consolidated annual financial statements as at and for the year ended 31 August 2015, and which are available on the company’s website, is as follows on its website and in the audited consolidated annual financial statements.

Accounting policies which comply with IFRS have been applied consistently by all entities in the group and are consistent with those applied in the previous financial year. The preparation of these condensed group interim financial statements for the six months ended 29 February 2016 was supervised by the Financial Director, Gary van Dyk CA (SA).

Any forward looking statements contained in this announcement have not been reviewed or reported on by the company’s auditors.

Capital distribution out of share premium in lieu of a dividend

The directors declared a capital distribution out of share premium in lieu of a dividend of 0.65 (zero point six five) cents per share paid to shareholders, by way of a reduction of contributed capital of 1.25 (one point two five) cents per share, in lieu of a dividend, paid on 30 November 2015 to ordinary shareholders recorded in the Company’s register at the close of business on 27 November 2015.

In respect of the six months ended 29 February 2016, the directors resolved that a capital distribution of 0.55 (zero point five five) cents per share be paid to shareholders, by way of a reduction of contributed capital of R5.6 million in cash decrease in share capital.

The proposed distribution is payable to all shareholders on the Register of Members on 22 April 2016. The total estimated capital distribution to be paid is R5.6 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 full year results for the year ending 31 August 2016, which would result in a R 5.6 million decrease in share capital.

Profit attributable to:

Owners of the company  11 150  16 270  29 438
Non-controlling interest  –  –  –  –

Weighted number of shares in issue at end of period

318 262  815 576  839 121

Earnings per share

Basic earnings per share (cents) (33.0)  1.82  3.38
Diluted earnings per share per share (cents) (35.5)  1.29  3.51

Headline earnings

Profit for the period  –  –  –
Headline profit for the period  11 150  16 270  29 438
Headline earnings per share (cents) (33.0)  1.82  3.38

Diluted headline earnings per share (cents) (35.5)  1.29  3.51