PURPLE GROUP LIMITED

REVENUE 4.6%⬆ R65.5 MILLION HY 2015: R62.6 MILLION

CLIENT FUNDS 46.3%⬆ R1.158 BILLION

EASY-EQUITIES' PARTNER'S CLIENT FUNDS R23.1 MILLION HY 2015: ZERO

ACTIVE CLIENTS 101.6%⬆

EARNINGS AND HEADLINE EARNINGS PER SHARE (CENTS) 35.5%⬇ 1.29 FY 2015: 2.00

CAPITAL DISTRIBUTION TO SHAREHOLDERS 0.65 CENTS HY 2015: DIVIDEND OF 1.00 CENT

UNAUDITED SUMMARY CONSOLIDATED RESULTS

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2016

CHAIRMAN'S LETTER

After so many years of conserving capital and restrained growth the Purple Group is back into expansion mode. Investments already made across the board in people, systems and technology, and new product development have moved us up a notch in the markets we chose to operate in.

The expanded client base and investment and trading entry points into Purple Group will naturally introduce the opportunity for partnerships and alliances, where these make short-term and strategic sense we will maintain an open mind to explore them.

In order to take up my role as CEO of the South African Post Office I stepped aside from executive responsibilities in Purple Group. I do however remain Chairman, albeit non-executive, and a major shareholder.

Of course I'm still involved, but I have the fullest confidence in Charles, Gary and their executive team to continue Purple Group's growth path. In practice, they have been running the day-to-day business for some time now, although I've always been in the room. I will still play a role in doing deals and in client and shareholder relationships, but "the green shoots of future earnings growth" referred to in the CEO's letter are products of their intellect and energy, not mine – they have my full support going forward.

Mark Barnes
Chairman

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 right places and that we grow our people, remaining focused on making things #easy."

This quote was taken from my CEO's letter in our most recent full year results. It hinted at a future that required the Purple Group to balance income statement growth, returns and dividends against investing in partnership opportunities, people, projects and marketing initiatives that would support the future growth aspirations of the group. We are always mindful of the need to build out our client assets and further our strategic positioning of making investing #easy for everyone.

In this regard we have done well. We are a small team with limited financial and human capital resources and so it's even more important that our initiatives and investments deliver the desired results.

Modest Group Revenue growth of 4.6% was a solid result, market conditions were tough and an increased focus on future growth initiatives meant that we certainly left some revenue on the table. However, I am comfortable that we made the right choices and have every confidence that we can make up the difference in the periods ahead.

Partnering Satrix and launching SatrixNow (www.SatrixNow.co.za) in December 2015 was one such notable future growth initiative. The partnership firmly entrenches EasyEquites in the fastest growing sector of the JSE, exchange traded funds (ETFs), and with anticipated growth in this sector not expected to slow down anytime soon it was important for us to partner the leading provider of ETFs in South Africa.

Partnership is a critical aspect of our future growth strategy and whilst this won't return markedly to our income statement in the short term, there is no doubt that it will deliver handsomely into the future. EasyEquities is well positioned to partner the Purple Group into other opportunities and it's really a case of choosing the right partners, who share our #easy vision.

In Satrix we found a shared vision and common purpose that made the decision easy. We are very proud to be their partner and grateful for their support. Satrix CEO, Helena Conradie, had this to say in their SatrixNOW media launch.

"We looked at the different technologies and options that are out there, and even considered building our own platform," Conradie says. "But EasyEquities is just really attractive in terms of making it easy for people to save money. They won by far."

The decline in Purple Group's earnings by 35.5% should be seen in context. The Group CFO review below should provide you with adequate insights into the increased expenditure that primarily drove the earnings result.

The ultimate test of whether this increased expenditure is delivering the desired outcomes, if not in the income statement for now, must lie in our client assets and acquisition rates. These are the true valuation metrics, over time.

Client funds have increased by a strong 46.3%, for the first time breaching the R1 billion mark at R1.158 billion and active client accounts posted triple digit growth of 101.6% over the respective reporting periods.

Returning to my opening quote and in context of my letter and the CFO's review, I hope that like me you share my excitement for the future prospects of the Purple Group.

As always I would like to reaffirm my gratitude to #TeamPurple and its shareholders for their ongoing efforts and support. Congratulations on posting a solid set of interim results. Whilst the magic that is so apparent in our work environment may not yet be obvious in our income statement, the green shoots of future earnings growth are clear and the Purple Group continues to strengthen its foundations and build out a market leading Fintech position.

Charles Savage
Group CEO

CHIEF FINANCIAL OFFICER'S REVIEW

REVENUE

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

GT247.com

Key revenue drivers	HY 2016	HY 2015	% move
Revenue (R'000)	**50 366**	48 370	4.1
Nominal traded (R'bn)	**178.9**	156.3	14.5
Market volatility	**20.2**	16.1	25.5

A 25.5% 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 4.1% 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 over the same period last year was our asset management execution 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 Broking (GTPB)

Key revenue drivers	HY 2016	HY 2015	% move
Revenue (R'000)	**9 716**	10 825	(10.2)
Nominal traded (R'bn)	**27.6**	15.3	80.4
Client funds (R'm)	**104.8**	152.2	(31.1)
Market volatility	**20.2**	16.1	25.5

Revenue decreased by 10.2% mainly due to a 31.1% decrease in client funds during the year, which was partially offset by increased trading activity. The decrease in client funds was primarily driven by difficult trading conditions over the period.

EasyEquities

Key revenue drivers	HY 2016	HY 2015	% move
Net trading income/(expense) (R'000)	**1 578**	(1 148)	237.5
Accounts opened	**19 653**	4 086	381.0
Client funds (R'm)	**480.1**	62.1	673.1

EasyEquities has started to make a positive contribution to net revenue, having generated R1.6 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 R480.1 million (excluding SatrixNOW).

The primary drivers of this growth were our direct marketing activities (PR, online and billboards) (42.82%) and referrals (friends and affiliates) (48.9%).

Emperor Asset Management (EAM)

Key revenue drivers	HY 2016	HY 2015	% move
Management fees (R'000)	**2 097**	1 661	26.2
Performance fees (R'000)	**1 727**	2 914	(40.7)
Total revenue (R'000)	**3 824**	4 575	(16.4)
Client funds (R'm)	**523.1**	522.2	0.2

Total asset management fees decreased by 16.4% 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 beating performance.

In contrast, our Unit Trust (Emperor IP Momentum Equity Fund) and Hedge Fund (Emperor 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.

TRADING 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 Broking 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 (R'000)	HY 2016	HY 2015	% move
Employment costs	**21 029**	15 732	33.7
IT costs	**7 521**	6 502	15.7
Marketing	**4 255**	3 565	19.4
Office costs	**3 534**	2 929	20.7
Professional fees	**2 443**	2 826	(13.6)
Other	**2 222**	2 804	(20.8)
Total	**41 004**	34 358	19.3

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-feed expenses and licensing costs. The 15.7% 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 Bloomberg and Reuters 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 decreased by 26.6% to R18.4 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 R26 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 R4.9 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 2.00 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 R34.7 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 raised for the financial guarantee in respect of Purple Group's indirect investment in RPIH through Blockbuster Trading.

The decrease in current assets of R184.0 million was matched by a corresponding decrease in current liabilities of R194.9 million.

The equity attributable to owners increased by R2.9 million (during HY 2016), after payment of capital distributions totalling R10.8 million, and an increase in capital reserves of R0.9 million, resulting from staff exercising share options during HY 2016.

Gary van Dyk
Chief Financial and Operations Officer

PURPLE GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/013637/06) • Share code: PPE • ISIN: ZAE000185526 • ("Purple Group" or "the Company" or "the Group")

These unaudited results are available on the Company's website:
www.purplegroup.co.za

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.

	GT247.com and EAM R'000	Purple Group R'000	Investments R'000	Total R'000
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	64 012	421 585
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 R'000	Investments R'000	Inter-segment revenues R'000	Total R'000
For the six months ended 29 February 2016					
Revenue	65 484	1 731	–	(1 731)	65 484
Trading expenses	(6 325)	–	–	–	(6 325)
Operating expenses*	(38 987)	(3 748)	–	1 731	(41 004)
Net income/(loss)	20 172	(2 017)	–	–	18 155
Other income	197	–	–	–	197
Earnings/(loss) before interest, depreciation and amortisation	20 369	(2 017)	–	–	18 352
Interest expense	(64)	(468)	–	–	(532)
Depreciation and amortisation	(1 815)	–	–	–	(1 815)
Profit/(loss) before tax	18 490	(2 485)	–	–	16 005
Current and deferred tax	(5 534)	679	–	–	(4 855)
Profit/(loss) after tax	12 956	(1 806)	–	–	11 150

** Share-based payment expense of R1 770 000 is included in operating expenses. The split per segment is as follows:*

- *GT247.com and EAM: R1 526 000*
- *Purple Group: R244 000*

	GT247.com and EAM R'000	Purple Group R'000	Investments R'000	Inter-segment revenues R'000	Total R'000
For the six months ended 28 February 2015					
Revenue	62 622	2 032	–	(2 032)	62 622
Trading expenses	(5 087)	–	–	–	(5 087)
Operating expenses*	(32 947)	(3 443)	–	2 032	(34 358)
Net income/(loss)	24 588	(1 411)	–	–	23 177
Other income	1 810	–	–	–	1 810
Earnings/(loss) before interest, depreciation and amortisation	26 398	(1 411)	–	–	24 987
Interest expense	(94)	(290)	–	–	(384)
Depreciation and amortisation	(955)	(2)	–	–	(957)
Profit/(loss) before tax	25 349	(1 703)	–	–	23 646
Current and deferred tax	(7 795)	419	–	–	(7 376)
Profit/(loss) after tax	17 554	(1 284)	–	–	16 270

** Share-based payment expense of R1 256 000 is included in operating expenses. The split per segment is as follows:*

- *GT247.com and EAM: R1 016 000*
- *Purple Group: R240 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.

Basis of 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 Guides 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 16A(j) of IAS 34, however the areas that include significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that were 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, at its registered office and upon request.

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 unaudited 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, 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 0.65 (zero point six five) cents per share be paid to shareholders, by way of a reduction of share premium on 25 April 2016. 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 R5.6 million decrease in share premium.

Please refer to the announcement released on SENS on 1 April 2016 for the salient dates for the payment of the capital distribution.

On behalf of the board

Mark Barnes *(Non-Executive Chairman)*
Charles Savage *(Chief Executive Officer)*
Gary van Dyk *(Chief Financial and Operations Officer)*

Johannesburg
31 March 2016

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION
as at 29 February 2016

	Unaudited six months 29 February 2016 R'000	Unaudited six months 28 February 2015 R'000	Audited twelve months 31 August 2015 R'000
ASSETS			
Equipment	4 336	2 819	2 828
Intangible assets and goodwill	210 889	208 007	209 637
Other investments	57 664	25 999	57 556
Other financial assets	932	740	3 170
Deferred tax assets	27 846	29 375	28 275
Total non-current assets	301 667	266 940	301 466
Trade and other receivables	11 112	10 262	7 479
Other investments	6 348	–	6 233
Other financial assets	1 834	–	137
Cash and cash equivalents	100 624	293 610	272 352
Total current assets	119 918	303 872	286 201
Total assets	421 585	570 812	587 667
EQUITY AND LIABILITIES			
Share capital and premium	451 769	450 474	461 720
Accumulated loss	(203 434)	(216 994)	(212 454)
Other reserves	20 120	20 370	16 251
Equity attributable to owners	268 455	253 850	265 517
Financial guarantee	31 058	–	31 058
Total non-current liabilities	31 058	–	31 058
Bank overdraft	9 147	22 846	9 851
Tax payable	1 621	6 150	844
Trade and other payables	111 304	287 966	280 397
Total current liabilities	122 072	316 962	291 092
Total equity and liabilities	421 585	570 812	587 667
Net asset value per ordinary share (cents)	31.06	31.12	30.86

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS
for the six months ended 29 February 2016

	Change 2015 to 2016 %	Unaudited six months 29 February 2016 R'000	Unaudited six months 28 February 2015 R'000	Audited twelve months 31 August 2015 R'000
Revenue	4.6	65 484	62 622	131 433
Trading expenses	24.3	(6 325)	(5 087)	(10 231)
Operating expenses	19.3	(41 004)	(34 358)	(76 676)
Net income	(21.7)	18 155	23 177	44 526
Other income	(89.1)	197	1 810	554
Earnings before interest, depreciation and amortisation	(26.6)	18 352	24 987	45 080
Interest expense		(532)	(384)	(1 043)
Depreciation and amortisation		(1 815)	(957)	(2 265)
Profit before fair value, impairment adjustments and tax	(32.3)	16 005	23 646	41 772
Fair value, impairments and guarantee adjustments		–	–	499
Profit before tax	(32.3)	16 005	23 646	42 271
Current and deferred tax		(4 855)	(7 376)	(12 833)
Profit for the period	(31.5)	11 150	16 270	29 438

	Change 2015 to 2016 %	Unaudited six months 29 February 2016 R'000	Unaudited six months 28 February 2015 R'000	Audited twelve months 31 August 2015 R'000
Profit attributable to:				
Owners of the company		11 150	16 270	29 438
Non-controlling interest		–	–	–
		11 150	16 270	29 438
Weighted number of shares in issue at end of period ('000)		861 282	815 576	839 121
Earnings per share				
Basic earnings per share (cents)	(35.5)	1.29	2.00	3.51
Diluted earnings per share (cents)	(33.0)	1.22	1.82	3.38
Headline earnings				
Profit for the period		11 150	16 270	29 438
Headline profit for the period		11 150	16 270	29 438
Headline earnings per share (cents)	(35.5)	1.29	2.00	3.51
Diluted headline earnings per share (cents)	(33.0)	1.22	1.82	3.38

CONDENSED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME
for the six months ended 29 February 2016

	Unaudited six months 29 February 2016 R'000	Unaudited six months 28 February 2015 R'000	Audited twelve months 31 August 2015 R'000
Profit for the period	11 150	16 270	29 438
Other comprehensive income			
Items that may be reclassified subsequently to profit/loss			
Foreign currency translation reserve	(31)	(145)	(623)
Total comprehensive income	11 119	16 125	28 815
Total comprehensive income attributable to:			
Owners of the Company	11 119	16 125	28 815
Non-controlling interest	–	–	–
	11 119	16 125	28 815

CONDENSED GROUP STATEMENT OF CASH FLOWS
for the six months ended 29 February 2016

	Unaudited six months 29 February 2016 R'000	Unaudited six months 28 February 2015 R'000	Audited twelve months 31 August 2015 R'000
Cash flow (utilised in)/generated by operating activities	(156 498)	178 017	161 349
Cash flows utilised in investing activities	(4 575)	(26 571)	(32 509)
Cash flows (utilised in)/generated by financing activities	(9 951)	(12 044)	2 299
Net (decrease)/increase in cash and cash equivalents	(171 024)	139 402	131 139
Cash and cash equivalents at the beginning of the period	262 501	131 362	131 362
Cash and cash equivalents at the end of the period	91 477	270 764	262 501

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY
for the six months ended 29 February 2016

	Unaudited six months 29 February 2016 R'000	Unaudited six months 28 February 2015 R'000	Audited twelve months 31 August 2015 R'000
Balance at beginning of the period	265 517	244 699	244 699
Shares issued	857	–	6 142
Profit for the period	11 150	16 270	29 438
Share-based payments	1 770	1 256	2 719
Foreign currency translation reserve	(31)	(145)	(623)
Dividend payment	–	–	(8 628)
Capital distribution	(10 808)	(8 230)	(8 230)
	268 455	253 850	265 517

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