



PURPLE GROUP LIMITED

(formerly Purple Capital Limited)

UNAUDITED RESULTS AND CAUTIONARY ANNOUNCEMENT

for the six months ended 28 February 2014

R537,3m

CLIENT FUNDS
73% INCREASE

R48,9m

REVENUE
FROM CONTINUING OPERATIONS
35% INCREASE

R29,6m

OPERATING EXPENSES
2% INCREASE

R15,0m

PROFIT FROM CONTINUING OPERATIONS
BEFORE FAIR VALUE ADJUSTMENTS AND TAX
486% INCREASE

CHAIRMAN'S REPORT

The impact of clear purpose and focused effort are self-evident in the relative performances of the Purple Group over the last six months.

Our forward ambitions for client growth and the products and services we now offer cater to investment needs which range from the novice trader to the most sophisticated investor.

Our offering covers personal financial decision-making covering second to second trading through to lifetime retirement planning.

The Purple Group, through GT247.com, Emperor Asset Management and GT Private Broking has now finally put in place a destination that combines technology with experience to present the modern day solution for personal wealth management.

We have moved well past critical mass and have capacity for extraordinary increases in revenue over a relatively fixed cost base.

I welcome in this new era of growth for the group and extend my gratitude and congratulations to the management team and all of our many loyal employees who have brought us to where we are today.

I am ambitious and confident about our future.

CEO'S REPORT

The last six-month period has built on the foundations set out in our audited results for the year ended 31 August 2013. Increased focus on our core derivative trading and asset management operations, whilst containing costs, continues to prove in our results.

When compared to the corresponding period ended 28 February 2013:

- revenue increased by 35% to R48,9 million;
- client funds increased by 73% to R537,3 million;
- nominal value traded increased by 55% to R117 billion; and
- operating expenses increased by 2% to R29,6 million.

We have delivered an increased profit before tax and fair value adjustments of R15 million compared to R2,6 million generated during the same period last year. This translates to a strong increase of 486% and demonstrates the group's significant leverage over its operating cost structure together with an increased strategic focus.

GT247.com

The group's largest business posted significant revenue growth of 38% driving revenue up to R35,8 million (R25,9 million in 2013) for the period. Drivers for the strong growth included:

- nominal value traded by self-directed clients increased by 56% to R106,4 billion; and
- revenue attributable to services rendered to asset management clients increased by 198% to 10,5 million.

This performance is particularly strong considering that market volatility, a significant driver of our spread trading revenue, was down by 7%, compared to the previous period. The transforming client mix, self-directed and managed, continues to increase the resilience of GT247.com's revenue and better positions the business to post strong revenue growth regardless of market conditions.

GT Private Broking (GTPB)

The group's private client division posted good revenue growth of 16%, seeing revenue climb to R10,6 million (R9,1 million in 2013) for the period. The primary drivers for this growth were:

- client nominal value traded increased by 48% to R10,1 billion.
- active clients increase by 15%; and
- client funds increased by 12%.

All things considered this was a solid set of results for GTPB. Competition is strongest at this end of the industry and the strategic decision to differentiate our offering through a high degree of personal service and professional attention is working well towards establishing GTPB as the best broker for in person services in South Africa.

Emperor Asset Management (EAM)

The group's alternative asset management division posted impressive growth of 123%, doubling revenue to a meaningful R2,3 million (R1 million in 2013) for the period.

Growth drivers for the division continue to be:

- client funds increased by 117% to R387,3 million;
- active clients increased by 81% to 1 390; and
- client returns over the period averaged 14,88% vs the benchmark return of 13,09%.

OPERATING SEGMENTS

The results by operating segments are as follows:

	Continuing operations			Discontinued		Intersegment revenues	Total
	GT247.com and EAM	Purple Group	Investments	Voltbet	Purple Capital Treasury		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
For the six months ended 28 February 2014							
Revenue	48 857	2 075	-	-	-	(2 075)	48 857
Trading expenses	(3 239)	-	-	-	-	-	(3 239)
Operating expenses	(28 372)	(3 264)	-	(2 659)	-	2 075	(32 220)
Earnings before interest, depreciation, amortisation and fair value adjustments	17 246	(1 189)	-	(2 659)	-	-	13 398
Fair value adjustments and other income	257	-	-	-	-	-	257
Interest income	-	197	-	-	-	-	197
Interest expense	(97)	(503)	-	-	-	-	(600)
Depreciation and amortisation	(885)	(8)	-	-	-	-	(893)
Profit/(Loss) before tax	16 521	(1 503)	-	(2 659)	-	-	12 359
Tax	(4 713)	269	-	487	-	-	(3 957)
Profit/(Loss) for the period	11 808	(1 234)	-	(2 172)	-	-	8 402
For the six months ended 28 February 2013							
Revenue	36 220	474	-	2 413	1 802	(474)	40 435
Trading expenses	(2 847)	-	-	(958)	(324)	-	(4 129)
Operating expenses	(24 701)	(4 818)	-	(7 748)	(3 678)	474	(40 471)
Earnings before interest, depreciation, amortisation and fair value adjustments	8 672	(4 344)	-	(6 293)	(2 200)	-	(4 165)
Fair value adjustments and other income	146	-	9 255	-	-	-	9 401
Interest income	179	-	-	-	-	-	179
Interest expense	(3)	(520)	-	-	-	-	(523)
Depreciation and amortisation	(841)	(727)	-	(7)	-	-	(1 575)
Profit/(Loss) before tax	8 153	(5 591)	9 255	(6 300)	(2 200)	-	3 317
Tax	(1 956)	(108)	-	-	-	-	(2 064)
Profit/(Loss) for the period	6 197	(5 699)	9 255	(6 300)	(2 200)	-	1 253

PURPLE GROUP LIMITED

(formerly Purple Capital Limited)
(Incorporated in the Republic of South Africa)
(Registration number 1998/013637/06)
Share code: PPE ISIN: ZAE000185526
("Purple Group" or "the group")

Registered office

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

Independent auditors

BDO South Africa Incorporated
Chartered Accountants (SA)
Registered Auditors
22 Wellington Road, Parktown, 2193
Private Bag X60500, Houghton, 2041

Transfer secretaries

Link Market Services South Africa Proprietary Limited
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein, 2001

Sponsor

Deloitte & Touche Sponsor Services Proprietary Limited
Building 6
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead, 2196
Private Bag X6
Gallo Manor, 2052

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*
Thembeka Gwagwa *Independent Non-executive Director*
Ronnie Lubner *Non-executive Director*

Establishing EAM, over the next five years, as the leading retail alternative asset manager in South Africa is a journey that we are paying careful attention to. Our roadmap remains to identify investment excellence, deliver market beating returns, whilst delivering a user experience that builds confidence and understanding through complete transparency and a high degree of client engagement.

EAM was awarded a category II A hedge fund licence on 8 April 2014 which opens the door for institutional investors.

DISCONTINUED OPERATIONS

Purple Group disposed of its interests in Voltbet.com and Purple Capital Treasury during the latter part of the last financial year. No further expenses will be incurred in relation to these businesses.

FINANCIAL DIRECTOR'S REVIEW

The Purple Group recorded an after-tax profit of R8,4 million for the six months ended 28 February 2014 compared to a profit of R1,25 million for the same period last year (a 571% increase) and R2,26 million for the financial year ended 31 August 2013.

INDIRECT INVESTMENT IN REAL PEOPLE INVESTMENT HOLDINGS (PTY) LIMITED AND CAUTIONARY ANNOUNCEMENT

As detailed in our published results for the year ended 31 August 2013, Purple Group wrote down its investment in an empowerment vehicle (Blockbuster Trading) holding a stake in Real People Investment Holdings (Pty) Limited ("RPIH"), by R18,7 million, in line with RPIH's publicly listed peers.

Purple Group is currently negotiating its exit from this investment, primarily with the funders of the investment vehicle. Discussions are at an early stage and as such we are unable to assess the negative financial impact that these negotiations could have on the carrying value of this investment, currently R21,6 million, net of deferred tax, and the results of the Purple Group.

We will communicate the outcome of our negotiations as well as the impact on the Purple Group as soon as practicable.

Cautionary announcement

The impact of the above negotiations could have a material effect on the price of the Purple Group's securities. Accordingly, shareholders are advised to exercise caution when dealing in the group's securities until a further announcement is made.

SUBSEQUENT EVENTS

The directors are not aware of any other matter or circumstances arising since 28 February 2014 up to the date of this announcement, not otherwise dealt with in this announcement.

ACCOUNTING POLICIES

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 Listings Requirements of the JSE Limited and in the manner required by the South African Companies Act, 71 of 2008.

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 28 February 2014 was supervised by the Chief Financial and Operations Officer, 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.

On behalf of the board

Mark Barnes (*Executive Chairman*)

Charles Savage (*Chief Executive Officer*)

Gary van Dyk (*Chief Financial and Operations Officer*)

Johannesburg
10 April 2014

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS

for the six months ended 28 February 2014

	Change 2013 to 2014 %	Unaudited six months 28 February 2014 R'000	Unaudited six months 28 February 2013 R'000	Audited 12 months 31 August 2013 R'000
Continuing operations				
Revenue	35	48 857	36 220	82 921
Trading expenses	14	(3 239)	(2 847)	(7 109)
Operating expenses	2	(29 561)	(29 045)	(62 763)
Net income	271	16 057	4 328	13 049
Other income	76	257	146	259
Earnings before interest, depreciation and amortisation	265	16 314	4 474	13 308
Interest income	-	197	179	368
Interest expense	-	(600)	(523)	(1 084)
Depreciation and amortisation	-	(893)	(1 568)	(1 797)
Profit before fair value adjustments and tax	486	15 018	2 562	10 795
Fair value adjustments	-	-	9 255	(15 324)
Profit/(Loss) before tax	-	15 018	11 817	(4 529)
Current and deferred tax	-	(4 444)	(2 064)	2 391
Profit/(Loss) from continuing operations	-	10 574	9 753	(2 138)
Discontinued operations				
Loss from discontinued operations, net of tax	-	(2 172)	(8 500)	(17 310)
Profit on sale of discontinued operation	-	-	-	21 713
Profit for the period	571	8 402	1 253	2 265
Profit attributable to:				
Owners of the company	-	8 402	1 253	2 265
Minority interest	-	-	-	-
		8 402	1 253	2 265
Weighted number of shares in issue at end of period ('000)		817 211	820 738	819 928
Earnings per share				
Basic profit per share (cents)	587	1,03	0,15	0,28
Diluted profit per share (cents)	580	1,02	0,15	0,27
Earnings per share – continuing operations				
Basic profit/(loss) per share (cents)	8	1,29	1,19	(0,26)
Diluted profit/(loss) per share (cents)	8	1,28	1,19	(0,25)
Headline profit per share				
Profit for the period	571	8 402	1 253	2 265
Headline profit/(loss) for the period	571	8 402	1 253	(18 419)
Headline profit/(loss) per share (cents)	587	1,03	0,15	(2,25)
Diluted headline profit/(loss) per share (cents)	580	1,02	0,15	(2,17)

CONDENSED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 28 February 2014

	Unaudited six months 28 February 2014 R'000	Unaudited six months 28 February 2013 R'000	Audited 12 months 31 August 2013 R'000
Profit for the period	8 402	1 253	2 265
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit/loss</i>			
Foreign currency translation reserve	(181)	(421)	(847)
Available-for-sale revaluations	-	(103)	42
Available-for-sale assets sold	-	-	(44)
Total comprehensive profit	8 221	729	1 416
Total comprehensive profit attributable to:			
Owners of the company	8 221	729	1 416
Minority interest	-	-	-
	8 221	729	1 416

CONDENSED GROUP STATEMENT OF CASH FLOWS

for the six months ended 28 February 2014

	Unaudited six months 28 February 2014 R'000	Unaudited six months 28 February 2013 R'000	Audited 12 months 31 August 2013 R'000
Cash flow generated by operating activities	28 030	14 689	62 647
Cash flow utilised in investing activities	(1 700)	(348)	(4 993)
Cash flow utilised in financing activities	-	(1 817)	(1 816)
Net increase in cash and cash equivalents	26 330	12 524	55 838
Cash and cash equivalents at the beginning of the period	119 525	63 687	63 687
Cash and cash equivalents at the end of the period	145 855	76 211	119 525

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

as at 28 February 2014

	Unaudited six months 28 February 2014 R'000	Unaudited six months 28 February 2013 R'000	Audited 12 months 31 August 2013 R'000
ASSETS			
Equipment	2 617	1 080	3 072
Intangible assets and goodwill	206 815	214 441	206 223
Interest in associate companies	5 396	5 200	5 200
Other investments	30 834	55 676	30 167
Long-term receivables	598	-	118
Deferred tax assets	22 695	16 065	22 711
Total non-current assets	268 955	292 462	267 491
Trade and other receivables	5 578	4 044	33 573
Cash and cash equivalents	150 237	80 041	123 361
Total current assets	155 815	84 085	156 934
Total assets	424 770	376 547	424 425
EQUITY AND LIABILITIES			
Share capital and premium	458 704	476 062	475 009
Accumulated loss	(207 793)	(216 016)	(216 195)
Other reserves	17 534	15 624	17 214
Equity attributable to owners	268 445	275 670	276 028
Bank overdraft	4 382	3 830	3 836
Tax payable	1 598	-	469
Loans and borrowings	7 505	7 429	7 514
Trade and other payables	141 661	87 971	134 881
Provisions	1 179	1 647	1 697
Total current liabilities	156 325	100 877	148 397
Total equity and liabilities	424 770	376 547	424 425
Net asset value per ordinary share (cents)	32,91	33,58	33,84

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 28 February 2014

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