



PURPLE GROUP
LIMITED

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INVESTING AND TRADING SOLUTIONS FOR EVERYONE

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.



AWARDS

FINANCIAL MAIL INVESTORS MONTHLY INTELLIDEX AWARDS 2016



H2 VENTURES KPMG 2016



FINTECH AFRICA AWARDS 2016



ACCENTURE INNOVATION INDEX 2016

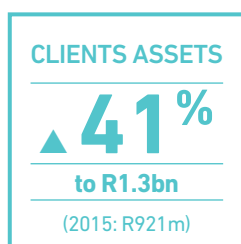
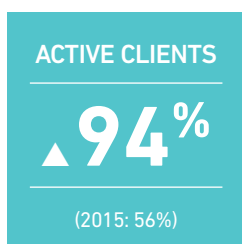


The Purple team are delighted with our awards. Not only are they a reflection of hard work done to fulfil our mission of making investing and trading accessible to all, but they also demonstrate the faith our customers have in us – something we are most proud of. Thank you to all who have contributed to these awards and we are looking forward to many more wins with our Purple community.



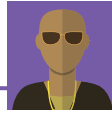
HIGHLIGHTS

The past year has seen us choosing to invest heavily in our partnerships and people. We continue to focus our marketing and IT capabilities in delivering what our current and future clients deserve. We have won awards, we have grown our share price and achieved many other traditional metrics of success. For us, however, the biggest highlight remains supporting our shareholders, team and clients to achieve financial freedom.





THE PURPLE PHILOSOPHY



12-year-old
Waiting in the wings
billionaire

SOLUTIONS

WITHOUT BARRIERS

YOU

INVEST AND TRADE

IRRESPECTIVE OF

AGE • INCOME • GENDER • EXPERIENCE

(NO EXCUSES)

As a leading FinTech company, the Purple Group uses cost-effective technology and modern communication tools to empower clients to trade and invest successfully, while having fun. Purple is on a mission to have all South Africans understand, participate in and benefit from financial markets. We don't believe in "can't" and offer education, research and a superb team to ensure all our clients "can". Join thousands of other South Africans on one of our platforms that is most suited to you.



Potlako Nkosi – 17
Investing for two months
Short-, medium- and long-term

EasyEquities
www.easyequities.co.za



Justin Nasbeck – 35
Trading and investing
for 10 years
Moderate to high risk

<GT247.COM>





FUN







Carl Harrington – 42
Trading for three years
Medium-term goal



GT
Private
Broking

SOLID

 easyequities.co.za
 @EasyEquities

 gt247.com
 @GT_247

 emperor.co.za
 @EmperorAsset

 gtprivatebroking.com
 @GTPB_ZA

AT PURPLE WE BELIEVE IN THE
DEMOCRATISATION OF TRADING AND
INVESTING, TRANSPARENCY AND
REAL-TIME COMMUNICATION.



TRUSTWORTHY



Nomahlubi Morolo – 25
Investing two years
Moderate to aggressive risk

EMPEROR
ASSET MANAGEMENT



Sizwe Ndlovu – 27
Trading for six months
High risk

<GT247.COM>

At the Purple Group we take what we do very seriously, but not ourselves. We are approachable and love spending time with all our clients – regardless of the size of their wallet. Our team are all shareholders in the Group and are determined that their communities should benefit from trading and investing. Whether you are investing your first R100 or needing us to co-pilot with you on your high-net worth portfolio, we enjoy being of service.



Arnold Fleishmann – 55
Trading for 23 years
Moderate risk

GT
Private
Broking



Greg Bannister – 62
Long-term goals
Low to moderate risk

EMPEROR
ASSET MANAGEMENT



Gladys Gwede – 33
Investing for three years
Low risk

EasyEquities
www.easyequities.co.za

STABLE





MARK BARNES



 @mark_barnes56

CHAIRMAN'S LETTER

2016 has proven to be a landmark year for clients, management and Purple shareholders alike. A year of building new products and crossing new frontiers in the worlds of investing, trading and asset management, whilst, at the same time, back-filling some of our foundations and defining our purpose.

Asset management as you knew it, stockbroking as you knew it, will never be the same again. To survive, let alone remain relevant, modern day businesses bring their goods and services to their customers, in an easy as you like it, personal way. The days of expecting your clients to come to you, the days of staying with the "if it ain't broke, don't fix it" philosophy of yore, just won't cut it in the modern era.

Technology and attitude come together nowadays to enable a much wider demographic, ranging from the so much younger to the so much older, enabled people who today know so much more than we did, with expectations to match. People have infinite, real time access to information and comparison – they know the price, they understand and demand value, they have alternatives. All of us carry real time world access around in our pockets, on our smartphones, 24/7. We live in the ether, we communicate on social media.

The old worlds of stockbroking, investment and asset management were stuffy, arrogant, mysterious, almost secret, apparently complex, heavily guarded for the few, by the few. Insiders shared amongst one another the reciprocal rights to the creation of wealth. They made the rules of access and defined the yardsticks of performance for themselves, amongst themselves. Consider yourself lucky to be included, amongst the whiskey and cigar smoke, only a very, very small fraction of South Africans were. It is, thankfully, no longer so.

EasyEquities has changed all of that. In essence, the challenge started with asking people what they wanted, listening to them and then providing access, at the right price. Choosing shares for an investment portfolio does not require a deep understanding of classical investment analysis (although bespoke research is available for those who want it). You don't need to know about DCF's and NAV's and P/E's and CAPM's to buy shares, as it turns out. Two rules beat all of that – buy the brands you love and the shares where you shop, and you'll be okay. You also don't need tons of money. It's far more important to start early with a little than to wait until you're old with a lot, maybe.

Purple provides access to the world of wealth creation for everyone – from novice, first time investors through to the most seasoned derivatives trader. Integrated economic models

within the group will help you on your journey through EasyEquities, GT247.com, Emperor Asset Management and GT Private Broking towards financial independence.

2016 was a year of investing, for Purple. What we've expensed through the income statement in technology, people and marketing, is not yet visible, not yet recorded in the balance sheet, in the brand, or in the value of Purple. We are however well beyond proof of concept, well into market acceptability – not only measured by the awards management have won from the objective assessment of professionals and peers in the industry, but as evidenced in the growth in our clients and assets under management.

I have never been more convinced of our plan, never more clearly understood our purpose. I congratulate our management team, on targets reached, accolades earned and energy applied. Expectations remain high. Well done.

"PURPLE PROVIDES ACCESS TO THE WORLD OF WEALTH CREATION FOR EVERYONE."

CHIEF EXECUTIVE OFFICER'S LETTER

CHARLES SAVAGE



 @csavagegt247

Just two years ago the somewhat naïve idea that we could democratise share ownership by abandoning failed industry practices and addressing customer barriers may have elicited the odd chuckle from old world asset managers and stockbrokers alike.

Today EasyEquities, a multi-award winning platform, is proving in the result and the choice to invest our income statement in our people, platforms, partnerships and promotions is delivering a world of new opportunities to the Purple Group.

In just two years, from South Africa to Africa and now Asia, the Purple Group has been awarded everything from best online stockbroker and most innovative business concept (South Africa), to best InvestTech and FinTech company (Africa) and we've just won the Financial Inclusion category of the BankTech Asia Fin5ive Challenge which will see us presenting our EasyEquities platform in front of 100+ banks from Asia Pacific in November.

These awards give flight to our ambitions as they provide us with a global platform to share our innovation, partner new opportunities and collaborate with leading industry players around the world. Growing the Group by partnering our disruptive platform and capabilities with the best opportunities is central to our strategy. Demonstrably evidenced through our proud partnership with Satrix, to launch SatrixNow, taking the best of what we do and partnering it with the best of what others do has the opportunity to create exponential outcomes and I am confident that our future success is more easily won in partnership with others.

Looking beyond the awards to our greatest asset, our clients, they continue to reach new highs and post impressive growth rates along the way. Across the

"I AM STRUCK BY THE PLATFORM WE ARE CREATING AND THE PEOPLE AND CULTURE WE ARE BUILDING."

group active client numbers are up 94% and client assets have run up strongly by 41%. Exponential growth in customers and assets remains our core focus and to this end the most powerful force is proving to be our very own happy, engaged clients who are responsible for 44% of all new client on boarding through referral and vouchering mechanism built into the platform.

Ask anyone who has visited us and they will tell you of the infectious culture that warms the corridors of this wonderful organisation, the diversity of our team and clients and the energy, togetherness and talent of the Purplistas on whose shoulders our success stands. It is our people that I am proudest of, their growing contribution to our development and success and their determination to make a significant impact every day.

I am struck by the incredible success we are achieving, the awards we are winning, the platform we are creating and the people and culture we are building.

Thank you Purplistas for being brave enough to fail, so that we might innovate, disrupt and succeed.



GARY VAN DYK



CHIEF FINANCIAL OFFICER'S REPORT

This section provides a detailed analysis of the financial results of the Group for the year ended 31 August 2016.

EASYEQUITIES REVENUE

▲ **R7.8m**

(2015: loss of R0.5m)

EASYEQUITIES DIRECT & PARTNER ASSETS

▲ **461%**

to R870m

(2015: R155m)

EASYEQUITIES ACCOUNTS OPENED

▲ **275%**

to 30 000+

(2015: 8 000+)

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2016 R'000	2015 R'000	% move
Revenue	105 811	131 433	(19.5)
Trading expenses	(9 747)	(10 231)	(4.7)
Operating expenses	(95 690)	(76 676)	24.8
Net income	374	44 526	(99.2)
Other income	952	554	71.8
EBITDA	1 326	45 080	(97.1)
Net interest expense	(2 176)	(1 043)	108.6
Depreciation and amortisation	(2 871)	(2 265)	26.8
Profit from core operations	(3 721)	41 772	(108.9)
Fair value and impairment adjustments	–	499	
(Loss)/Profit before tax	(3 721)	42 271	(108.8)
Current and deferred tax	531	(12 833)	(104.1)
(Loss)/Profit for the period	(3 190)	29 438	(110.8)
Basic (loss)/earnings per share (cents)	(0.37)	3.51	(110.5)
Headline (loss)/earnings per share (cents)	(0.37)	3.51	(110.5)

The Purple Group has taken significant strides forward over the past year towards proving the disruptive nature of its EasyEquities Investment platform. From being widely recognised as an OTC derivatives provider, servicing a very niche and relatively small segment of the South African investing landscape, to a Group that is providing investment solutions for every single South African, whether you have R10 or R1 million to invest. From being a business that is vaguely understood, to a business now widely recognised as one of the best Financial Technology ("FinTech") companies in Africa, focused on providing investment solutions that include everyone. This is what the future of the Purple Group holds and this is where the Group has achieved resounding success over the past financial year.

The Group has invested, significantly over the past two years, in furthering our ambitions in this regard, as reflected in the increase in operating expenses during FY 2015 and FY 2016 of 17.1% and 24.8% respectively. This investment in People, IT and Marketing is proving in the result, as follows:

- Total active clients across the Group's products increased 94% (FY2015: 56%);
- An additional 22 000 customers opened EasyEquities accounts during the year, with total accounts opened in excess of 30 000 at 31 August 2016;
- EasyEquities generated net revenue of R7.8 million compared to a loss of R0.5 million in the prior year.
- Total client assets across the Group increased by 41% to R1.3 billion (FY2015: R0.96 billion) with EasyEquities direct client assets totalling R711 million at 31 August 2016 (FY2015: R155 million), an increase of 360%;
- Partner assets secured, totalled R158.6 million, compared to zero in the prior year;
- Additional functionality has been incorporated into the platform, comprising recurring investments, baskets and bundles, with significant progress having been made in respect of numerous others, which will be launched over the next 12 months; and
- The platform and its associated features have gained widespread recognition as one of the most innovative and more importantly, the most inclusive investment platforms in Africa.

The revenue generated by GT247.com, GT Private Broking ("GTPB") and Emperor Asset Management ("EAM") was down by 26.8%, 12.5% and 45.1% respectively.

This result was primarily driven by poor trading and investing conditions for our trading and asset management clients, as indicated by a 7.4% decrease in trading volumes across GT247.com and GTPB (which was compounded by lower commission rates introduced during January 2015) and client outflows experienced by EAM, as reflected by the 25% decrease in client funds managed by EAM. In addition, the EAM segregated client portfolios have been conservatively positioned (from a leverage perspective) since December 2015, as dictated by our proprietary asset management models, resulting in lower asset management execution revenue earned by GT247.com.

The primary strategy of the group is to expand the functionality and offering of its EasyEquities Investment platform, enabling the group to offer a comprehensive suite of investment products to all South Africans, whilst maintaining the core disruptive features of the current platform, being easy, low cost and no minimum investment size. The Group has adopted a two prong approach to client acquisition, being a Direct Client Acquisition approach and a Partnership approach, whereby we will partner with like-minded institutions and individuals.

The EasyEquities platform will be the primary client acquisition brand of the Group and through specifically targeted conversion campaigns, we will cross sell clients into the group's other product offerings (where appropriate).



CHIEF FINANCIAL OFFICER'S REPORT continued

KEY REVENUE DRIVERS

GT247.com

Key revenue drivers	FY 2016	FY 2015	% move
Revenue (R'000)	72 809	99 469	(26.8)
Nominal traded (R'bn)	317.0	366.6	(13.5)
Client funds (R'm)	60.7	48.1	26.2
Market volatility	17.4	15.5	12.2

GT Private Broking

Key revenue drivers	FY 2016	FY 2015	% move
Revenue (R'000)	19 713	22 528	(12.5)
Nominal traded (R'bn)	55.7	35.8	55.6
Client funds (R'm)	96.3	138.6	(30.5)
Market volatility	17.4	15.5	12.2

Emperor Asset Management

Key revenue drivers	FY 2016	FY 2015	% move
Management fees (R'000)	3 227	3 782	(14.7)
Performance fees (R'000)	2 222	6 139	(63.8)
Total revenue (R'000)	5 449	9 921	(45.1)
Client funds (R'm)	434.6	579.6	(25.0)

EasyEquities

Key revenue drivers	FY 2016	FY 2015	% move
Net revenue/(expense) (R'000)	7 840	(485)	n/a
Accounts opened (EasyEquities Direct)	30 000+	8 000+	275.0
Client funds (EasyEquities Direct) (R'm)	711.3	154.7	359.8
Partner funds (R'm)	158.6	–	n/a

TRADING EXPENSES

Trading expenses, comprising introducing agent commissions, sales commissions and third-party research costs, amounted to 9.2% (FY 2015 – 7.8%) of revenue.

	FY 2016	FY 2015	% move
IA broker commissions	3 438	5 425	(36.6)
Sales commissions	4 138	3 887	6.5
Research costs	2 171	919	136.2
Total	9 747	10 231	(4.7)
% trading revenue	9.2	7.8	

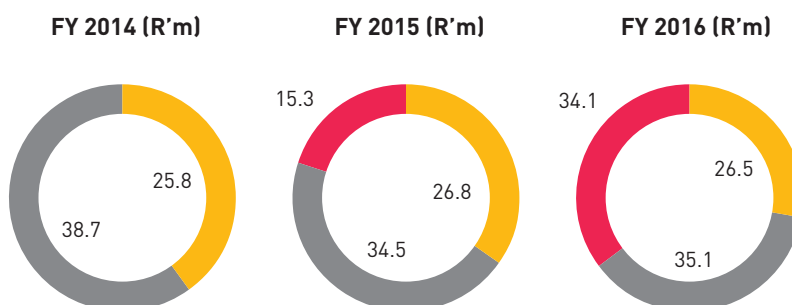
The increase in trading expenses as a percentage of revenue is primarily due to the costs associated with a new research offering that was introduced to clients of the business in the second half of the 2015 financial year; hence this year includes a full 12 months of the research cost.

OPERATING EXPENSES

	FY 2016	FY 2015	% move
Employment costs	46 749	36 471	28.2
IT costs	16 870	13 716	23.0
Marketing	13 230	9 611	37.7
Office costs	7 592	5 812	30.6
Professional fees	4 718	5 555	(15.1)
Other	6 531	5 510	18.5
Total	95 690	76 676	24.8

We have invested significantly in people, IT and marketing over the past two years and will continue to do so in order to fulfil the promise and expectations that have been fuelled by our achievements over the past few years.

The graphs below show the shift in focus and resource allocation over the past three years, highlighting where existing resources have been allocated and new resources secured:





CHIEF FINANCIAL OFFICER'S REPORT continued

EBITDA

EBITDA from core operations decreased by 97.1% to R1.3 million for the year ended 31 August 2016. This increase was driven by the 19.5% decrease in revenue and 24.8% increase in operating costs.

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 and the continued cash requirements of the business.

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 AND IMPAIRMENT ADJUSTMENTS

Fair value and impairment adjustments and other income	FY 2016 R'000	FY 2015 R'000
Real People Investment Holdings (RPIH)	862	31 557
Blockbuster Trading 3 ("BBT")	–	–
Provision for financial guarantee – BBT	–	(31 058)
Total – RPIH-related profit	862	499

Purple Group holds an indirect investment in Real People Investment Holdings Limited ("RPIH") through Blockbuster Trading 3 Proprietary Limited ("BBT"). BBT, of which Purple Group owns a 37.5% shareholding, holds a 3.93% (FY 2015: 3.93%) shareholding in RPIH.

Purple Group holds a direct investment in RPIH comprising 6 471 (FY 2015: 6 471) ordinary shares and 5 293 (FY 2015: 5 293) compulsory convertible preference shares. This results in a direct shareholding of 4.26% at 31 August 2016 (FY 2015: 4.26%).

In addition, Purple Group holds 826 (FY 2015: 763) cumulative redeemable preference shares. During the current year RPIH declared a dividend in specie, in the form of an additional 63 cumulative redeemable preference shares. The face value of these preference shares, totalling R0.8 million was debited to other investments and shown under other income on the face of the consolidated statement of profit or loss.

In respect of the Company's indirect investment in RPIH held through BBT, the fair value of BBT's investment in RPIH is lower than the liability owing to the Industrial Development Corporation ("IDC"), which 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.

This investment in RPIH remains non-core to the Purple Group and it will be exited when appropriate.

CURRENT AND DEFERRED TAX

The tax credit of R0.5 million for the year ended 31 August 2016 comprises current tax paid of R0.9 million and deferred tax credit of R1.4 million.

PROFIT FOR THE PERIOD

The Group has realised a basic and headline loss per share of 0.37 cents for the year ended 31 August 2016 compared to a basic and headline profit per share of 3.51 cents in the prior year.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current assets and current liabilities have decreased, predominantly due to a decrease in client funds managed by our asset management business and the lower leverage currently adopted by our strategies that has resulted in lower levels of client funds tied up in trades/margin.

The equity attributable to owners decreased by R2.1 million, mainly comprising capital distributions totalling R16.4 million and the loss realised of R3.2 million during the current year. This has been partially offset by the issue of shares during the year, totalling R11.1 million and a transfer of R4.9 million to the share-based payment reserve.



Gary van Dyk

Chief Financial and Operations Officer



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 two executive and four non-executive directors (two of which are independent). 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

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. The Chairman is a 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

Non-executive 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 Craig Carter (who chairs the committee), Ronnie Lubner 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, except for Mark Barnes, the non-executive Chairman who has share options from his time as an executive and it was approved at a general meeting of shareholders that these could be retained.

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), Mark Barnes and Dennis Alter. The 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 64 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 (who Chairs the committee), Bradley Leather 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 Head of Compliance, 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

INTEGRATED REPORTING

This is the sixth 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	^		
Chairman of the board is an independent non-executive director		^2	
No non-executive directors serving for more than nine years		^3	
Directors are appointed through a formal process	^		
Chief Executive Officer and Financial Director	^		
Adequate skills, knowledge and resources to manage the Group	^		
Meets at least four times a year		^4	
Directors act in the best interests of the Company	^		

Note 1
Two of the four non-executive directors are independent.

Note 2
The Company has a non-executive Chairman, Mark Barnes, who is not independent.

Note 3
Craig Carter and Dennis Alter have served as independent non-executive directors for more than nine years, however, their independence and performance is reviewed by the board.

Note 4
The board met formally twice during the 2016 financial year. Informal discussions are held with the non-executive directors on an ongoing basis.

	Apply	Partially apply	Explain
Suitable, qualified and experienced Company Secretary	^		
Regular performance evaluations of directors	^		
Directors and executives are fairly remunerated	^		
Remuneration of directors is disclosed	^		
Appropriate committees have been appointed		^5	
Agreed governance structure between the holding and subsidiary companies	^		
Audit committee			
Effective and independent	^		
Suitably skilled	^		
Consists of three independent non-executive directors		^6	
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			^7
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	^		

Note 5

Audit, remuneration, risk, social and ethics and regulation committees have been appointed. Due to the small size of the Group and the relatively small size of the board, 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 6

The audit committee comprises three non-executive directors of which two are independent. Craig Carter chairs the committee.

Note 7

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.



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 2015 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

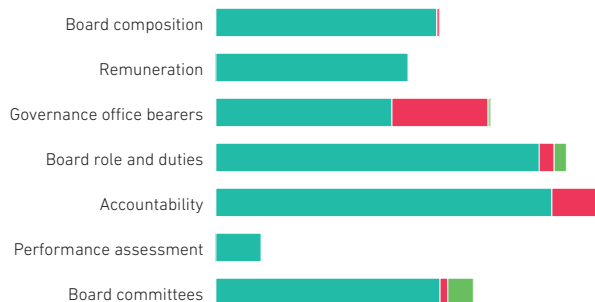
100%



Application meter

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

Weighting graphic



● Applied ● Explained ● Not applied



OUR PEOPLE

Working with various South African artists and as part of our support of Business Arts South Africa, each Purplista (Purple team member) has their portrait painted. These portraits are beautiful individually, but even more spectacular when all are together – combining various artistic styles and showcasing the strength and diversity of our team. When team members leave, they take these portraits with as a gift.



While we are justifiably proud of our products and our innovation, we know that it is our team and our clients who make us truly special. Strategy is culture and culture is a powerful blend of various personalities. The values of our team are closely aligned to our company values. Each Purplista brings their special flavour and interpretation of our culture to everything that they do, but at the heart is our burning passion to empower all South Africans with financial dignity. Our people are empowered to fail. It is only through failing and pushing boundaries, that real success happens. Thank you Team Purple!

"THESE COMPANIES HAVE A COMMITMENT TO EXCELLENCE,
SUPERIOR CUSTOMER EXPERIENCE AND A DEMONSTRATED ABILITY
TO DO SOMETHING IN A MARKET BETTER THAN EVERYONE ELSE"

KPMG 2016 Global Fintech 100





OUR LEADERSHIP

EXECUTIVE TEAM



Charles Savage
Group CEO
[@csavagegt247](#)

Charles completed a BCom Accounting and Information Systems at the University of Cape Town in 1996. For nearly 20 years he has been active in 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_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 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.

Owing to our growth and multitude of opportunities, our leadership team has developed post our year end. For all the latest information go to www.purplegroup.co.za

MANAGEMENT TEAM



Almero Oosthuizen
Head of Marketing
[@almerosplace](#)

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



Justin Pearce
Head of Client Engagement
[@justin_pearce](#)

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 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.



Nilan Morar
Head of Trading
[@NilanGTPB](#)

Nilan 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.



Patrick Daoust
Head of Finance
[@patdpurple](#)

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.



Carlos Fernandes
Head of IT
[@gomaz_69](#)

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.

**Bradley Leather**

Executive: Sales, Brand,
Customer Engagement,
GT, GTPB

@bradgt247

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.

**Beverley Ferreira**

Chief Human Resources
Officer

@PurpleGroupPPE

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**

Executive: Sales, Brand,
Customer Engagement,
GT, GTPB

@carel Nolte

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 people and brand consultancy, Chairman of St. Stithians College and loves the privilege of being part of Team Purple.

**Paul Jansen van Vuuren**

Chief Technology Officer
 @pauljgt247

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.

**Kelebogile Mokgosi**

Head of Compliance
 @PurpleGroupPPE

Kele joined Purple Group in April 2015 as Internal Compliance Officer, and was later promoted to Head of Compliance. Kele has experience as a Compliance Manager at both FNB and Standard Bank. She has a B Proc Degree and also holds a Senior Leadership Development Program (SLDP) certificate from Gordon Institute for Business Science (GIBS).

**Tristan Finnemore**

Head of Sales
 @TristFinn

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.

**Mark Wilkes**

Head of Risk and Compliance
 @Mark_Wilkes

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



OUR LEADERSHIP

BOARD MEMBERS

Mark Barnes

Non-executive Chairman

 @markbarnes56

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 is a frequent contributor in the South African media. As the current CEO of the South African Post Office, he is leading one of our most valuable national assets.

Charles Savage


Group CEO

 @csavagegt247

Charles completed a BCom Accounting and Information Systems at the University of Cape Town in 1996. For nearly 20 years he has been active in 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_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 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.

Ronnie Lubner

Non-executive Director

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. Ronnie has a wide portfolio of interests locally and abroad.

Craig Carter

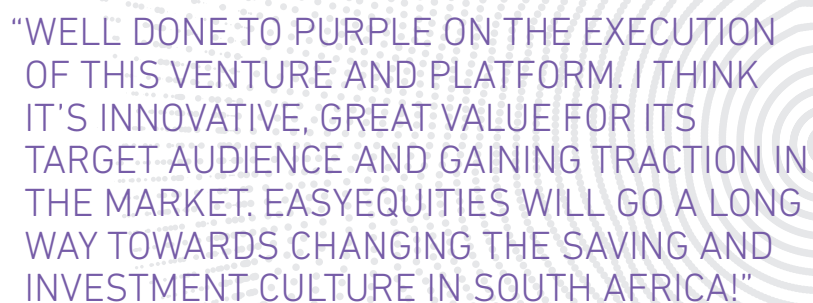
Non-executive Director

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 COO of Luminous Banking.

Dennis Alter

Non-executive Director

Dennis Alter served as the Chairman and Chief Executive Officer of Advanta Corporation for nearly 40 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.



"WELL DONE TO PURPLE ON THE EXECUTION OF THIS VENTURE AND PLATFORM. I THINK IT'S INNOVATIVE, GREAT VALUE FOR ITS TARGET AUDIENCE AND GAINING TRACTION IN THE MARKET. EASYEQUITIES WILL GO A LONG WAY TOWARDS CHANGING THE SAVING AND INVESTMENT CULTURE IN SOUTH AFRICA!"

Africa FinTech Awards Judge

OUR BOARD IS RESPONSIBLE

FOR OVERSEEING

ALL MATTERS THAT MAY MATERIALLY
IMPACT ON THE BUSINESS OF THE GROUP



OUR TEAM

Our team at Purple Group comprises 73 people, each experienced in their respective areas and ultimately incentivised to provide our clients with the best possible experience when dealing with the business.

Every month the Purple team comes together for our team meeting. It is here that we acknowledge and celebrate success, discuss what we must improve on and hand out monthly rewards.

Team members nominate each other and winners are chosen by a mixture of the executive team (who are not in the running for awards).

Meet a few of the Purple team who have been nominated for these awards over the year. There are too many to mention, so check out the profiles of the rest of the team on our website. We are proud to share with you how a few Purplistas describe our company.

"I'M HUGELY IMPRESSED WITH ALL THE AWARDS THE TEAM HAVE WON, AND WOULD LIKE TO THANK EACH AND EVERY ONE FOR HELPING DEMOCRATISE THE STOCK EXCHANGE."

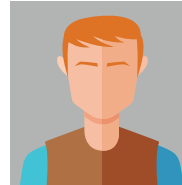
Ronnie Lubner, Shareholder and Director



"Innemende, trailblazing, robust, deursigtige, jonk, gees, verantwoordelikheid, endurance, goals, purpose, trust, simplicity."
Waylon Smit, Go-get-them Sales player



"Purple is a game-changing, forward-thinking, dynamic company run by a group of friends who all want to achieve."
Lee Scott, Wizz Salesman



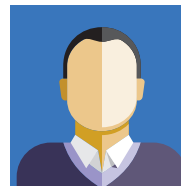
"Purple is a place where ideas are supercharged and people are powered up to do and think differently. Challenging, supportive, electric and always personal. No one here is a number."
Carly Barnes, Writer, EasyEquities Brand Manager and a whole lot more spunk!



"Purple gives people equal opportunity to shine. Personal and professional growth is guaranteed."
Lungile Msibi, Emperor's "power" Manager



"We believe in the power of 'what if', we believe in people and the power of relationships."
Yusuf Abrahams, UX, designer, tech wiz-kid



"A beacon in the financial industry that calls ALL South Africans to action."
Jono Bruton, Eastern Cape salesman who loves the waves



"Strong and fearless, Purple doesn't shy away from challenges and change!"
Maryke Duvenhage, Much more than the CEO's PA



HELPING

SOUTH AFRICANS

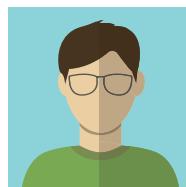
TO

PARTICIPATE, UNDERSTAND & BENEFIT FROM FINANCIAL MARKETS

"We have chosen the word AWESOME to best describe Purple Group.

- A** Appreciates and applauds employees.
- W** Winning team and a winning attitude.
- E** Encourages long- and short-term investment to clients.
- S** Sophisticated, fresh look to their products and services.
- O** Outstanding work ethics.
- M** Motivates employees at all times.
- E** Engages well with clients, in the most effective and dignified manner."

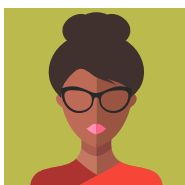
Phindi Ngubane, *Our Work Mother & life saver & Idah Masekela Frontline Goddess*



"An agile, go-getter company that values people and one that has an energy about it that is infectious."
Joshua Nuttall,
Brand, Data, and team player

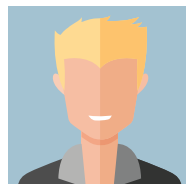


"Excellence, Innovation and Passion ... words some organisations display on their walls ... at Purple you see it in the people."
Shantell Williams,
VP Software Aficionado



"Home, Innovative, Talented, Disruptive, Dedicated, Ambitious, Able, Aspiration, Engagement, Client-centric."
Nkulie Gwala,
Sales Fashion-Guru

"A fun, diverse, Innovative, family-style company that puts its people first. A place/home that takes what they do seriously, but not themselves. Hardworking, loyal, work hard, play harder mentality. Stylish, chic and exceptional."
Kurt Solomon, *Buzz Ambassador*



"Family. Fun. Futuristic. Ingenious. Inspiring. Empowering. Resourceful. Industrious. Dynamic. Game-Changers. Visionaries."
Jordan Davis, *Static Data Guru*





NAVIGATE THE MARKETS

At Purple Group, research from leading financial gurus and companies is available to all our clients. We provide support in understanding and using this research. Results prove that the information empowers our clients, giving them confidence which drives good investment and trading behaviours.

RESEARCH BY INDEPENDENT ANALYSTS AT YOUR FINGERTIPS

Traders and investors should be well-read to enable them to make the most of market opportunities. However, with limited time, tons of information and providers who charge high premiums for research, many people are often not getting what they need. At Purple, we deliver bespoke research across all our platforms and are constantly on the lookout for more useful information, presented in an accessible way, to our clients. From leading fundamental and technical analysts to research houses such as Intellidex, our clients get the best, from the best. Purple clients also have access to Smart Traders, receiving a wealth of insights from some of the industries most successful traders.



Mark Ingham
Leading Independent Analyst

Mark Ingham

Mark is a board member of the Investment Analysts Society of Southern Africa and a director for Ingham Analytics Ltd. Mark provides analytical services to a select few South African and international clients in stock broking, fund management and private equity and to listed and private corporations. Purple is his sole retail client allowing our customers to benefit from his immense experience. Mark's past employers include Deloitte, Haskins & Sells and stockbrokers Frankel Pollak. With a sharp mind, broad experience, a desire to have his research help investors and always sporting funky socks, Mark is a powerful contributor to our research offering.



Colin Abrams
Leading Technical
Analyst

Colin Abrams

Colin Abrams has been trading the market actively for over 20 years, the past 15 of which have been on a full-time basis. He trades financial indices, stocks, commodities and currencies. He has completed a three-year degree in Technical Analysis by the Market Technicians Association in New York. Colin has made regular appearances on CNBC Africa and Summit TV, as well as financial radio. His work has also appeared on numerous local and international financial websites. He wrote a weekly technical analysis column in *FinWeek* magazine from 2001 to 2011, and currently writes weekly in *Business Report* (SA's largest financial daily). Colin holds a masters degree in Industrial Psychology. Colin's charts assists experienced and novice traders and investors to get the most from the market.

WE AIM TO DEMYSTIFY FINANCIAL MARKETS

THROUGH

EDUCATION

EMPOWERING

ORDINARY SOUTH AFRICANS TO INVEST & TRADE

Many of our traders and sales team present courses (face-to-face and via webinars) on a regular basis. These sessions are short, punchy ways to learn more about a particular topic – such as currency trading, or ETFs, for example. Sessions are free to our clients.

Via our “take what you do seriously, not yourself” EasyEquities newsletters, blogs and social media posts, our investment community regularly gets educational content to assist them. We are particularly proud to have been acknowledged as the number one Tax Free Savings Account (TFSA) provider – largely owing to our educational tools and insights around Exchange Traded Funds (ETFs).

All our platforms have various educational tools that are easy to use.

Education in the investment and trading space should be fun, accessible, engaging and recognise the limited time that many people have. It should also, always, be bespoke and take into consideration that all of us are at different stages on our financial journey.



OUR BRANDS

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.

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 11 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.

When markets are tough as they have been the past year, it is essential to, as Emperor is proud to have done, be even more transparent around costs and benchmarks. We pride ourselves on real-time, effective communication and are confident that our strategies should be an essential part of your long-term financial planning.



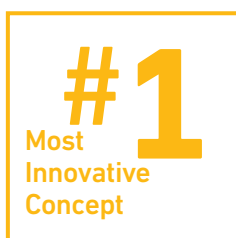
If you're not climbing,
neither are we.

AWARDS

FINTECH AFRICA AWARDS 2016



ACCENTURE INNOVATION INDEX 2016



H2 VENTURES KPMG 2016



LOOKING TO 2017

INVESTOR PROFILE



Greg Bannister – 62
Long-term goals
Low to moderate risk



Nomahlubi Morolo – 25
Investing two years
Moderate to aggressive risk

Launching our retail hedge fund, sponsoring our brand ambassador Sibusiso Vilane to do the Cape Epic with one of our team, Justin Pearse, hosting regular, intimate investment education sessions, and unveiling our new website are a few of the highlights our clients can expect. Not to mention Gigabucks courses to demystify asset management. Emperor will also be engaging clients on our EasyEquities platform with baskets and bundles as well as launching our robo advisor.

BASKETS AND BUNDLES

Helping clients determine their risk appetite and providing suitable baskets for purchase has significantly increased and diversified the Emperor client base.

EMPEROR
ASSET MANAGEMENT

RISK
53





OUR BRANDS

EasyEquities

www.easyequities.co.za

There's no minimum investment, no monthly fees and the lowest trading costs in the market (investors pay only 64c per R100 invested). And, in case you haven't yet heard, it is fun!

Fractional share rights (FSRs), which is unique to EasyEquities, provides investors with a solution to invest in fractions of shares. This enables the EasyEquities client 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. You can now invest into higher unit price stocks, even if you don't have the money to buy a full share. There is also a tax-free investment offering on the EasyEquities platform which has won numerous accolades.

We are proud that tens of thousands of South Africans (some as young as 9 and others in their nineties!) are having fun while investing. Many of our clients thought they couldn't and yet are now managing portfolios that rival those of seasoned asset managers. In our world, the democratisation of the stock exchange is here!

EASYEQUITIES HAS BEEN MAKING WAVES SINCE ITS LAUNCH – WINNING NUMEROUS AWARDS AND SHOWING ALL SOUTH AFRICANS THAT INVESTING CAN, AND SHOULD BE, FUN, CHEAP AND EASY!

Everyone should have the ability to buy shares on the stock exchange, regardless of any perceived barriers such as education, gender, wealth or size of wallet. In short, via the EasyEquities platform, anyone can, at any stage, using any amount of money, buy any shares, baskets of shares, ETFs or other listed JSE products.



AWARDS

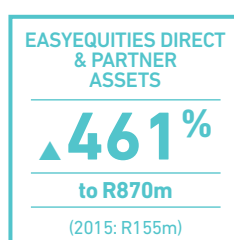
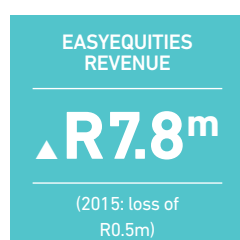
FINANCIAL MAIL INVESTORS MONTHLY INTELLIDEX AWARDS 2016



FINTECH AFRICA AWARDS 2016



HIGHLIGHTS



ACCENTURE INNOVATION INDEX 2016



LOOKING TO 2017

EasyEquities has launched "baskets" which enables our clients to access shares which have been picked by leading asset managers and other professionals. Working with well-known South Africans such as Gareth Cliff and Jan Braai, as well as charities such as PinkDrive, EasyEquities will be offering baskets and bundles of shares which will further support the democratisation of the stock exchange. We are also hugely excited by our ongoing ETF offerings. Numerous partnerships with leading South African institutions which are launching throughout the year will deliver even more benefit to our clients. Our loyalty programme, enabling clients to use loyalty points to buy shares, is also gaining traction and we expect some exciting developments on this front. Our sponsorship of the Born2Run club which won gold at the Comrades is one to watch out for! Join us and invest now.

INVESTOR PROFILES



Potlako Nkosi – 17
Investing for two months
Short-, medium- and long-term



Gladys Gwede – 33
Investing for three years
Low risk



OUR BRANDS



The GT247.com trading platform offers the cheapest way to easily access 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.

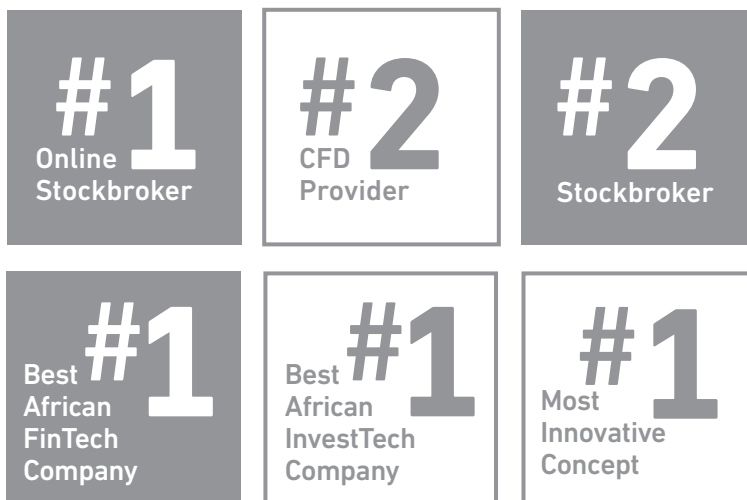
We like what Investors Monthly has to say: "A striking feature of GT247.com is that it never stops innovating in its quest to add value for clients, while remaining a cut-price broker. And it is not afraid to try original things."

GT247.COM IS THE CHEAPEST BROKER AND WE ARE VERY PROUD TO HAVE BEEN NAMED AS THE NUMBER ONE ONLINE BROKER IN SOUTH AFRICA.

Our clients are generally active, speculative, short-term derivatives traders but we have expanded our offering to enable innovative options such as buying international shares using Rands.

AWARDS

FINANCIAL MAIL INVESTORS MONTHLY INTELLIDEX AWARDS 2016



FINTECH AFRICA AWARDS 2016

ACCENTURE INNOVATION INDEX 2016

INVESTOR PROFILES



Sizwe Ndlovu – 27
Trading for six months
High risk



Justin Nasbeck – 35
Trading and investing for 10 years
Moderate to high risk



LOOKING TO 2017

GT247.com remains committed to being the cheapest platform to enable clients to use more of their money for their trading. We have further developed our sales capacity to strengthen the work done in the trading space. With enhanced leadership in this area we are determined to get back customers whom we have lost. As the number 2 best CFD provider in the country according to Investors Monthly, we have a solid base to work on. We see huge potential in our clients being able to, uniquely, buy international shares using Rand. In sponsoring various horse and motor racing initiatives, we are comfortable that we will be supporting our clients in various other spheres of their lives. With our revamped website, bespoke customer journeys and our soon-to launch mobile app, GT247.com is not only the cheapest but also easiest platform around.



OUR BRANDS

GT_o Private Broking

GTPB targets clients who value personal attention over pure low-cost, online access. Our experienced team develop strong bonds with their clients and will often be the first and last call of the working day!

Typical clients are sophisticated, active traders who need higher levels of personal attention while demanding access to leading stock research and trade ideas. GTPB delivers this and more and sees themselves as co-pilots to their clients' wealth, investing and trading ambitions. We love the success stories that flow from this symbiotic relationship.

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.



INVESTOR PROFILES



Carl Harrington – 42
Trading for 3 years
Medium-term goal



Arnold Fleishmann – 55
Trading for 23 years
Moderate risk

AWARDS

FINANCIAL MAIL
INVESTORS
MONTHLY
INTELLIDEX
AWARDS 2016



“THEY ARE CHANGING THE GAME AND
RULES OF INVESTING, AND MAKING
FINANCIAL MARKETS EASIER TO ACCESS.”

Africa FinTech Awards Judge

LOOKING TO 2017

Our team of experienced traders are excited about the affirmation of a strategy that sees each one of them managing a maximum of 20 clients. Developing strong relationships with clients, working hard on trading ideas and delivering exceptional stockbroking services, is what makes this team tick. With a lot of volatility in the market, opportunities abound.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Purple Group Limited, comprising the consolidated statement of financial position at 31 August 2016, 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 for the next 12 months from the date of approval. The external auditors are engaged to express an independent opinion on the financial statements.

The consolidated annual financial statements set out on pages 44 to 85 of Purple Group Limited, as identified in the first paragraph, were approved by the board of directors on 28 October 2016 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 South Africa, 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 South Africa, in respect of the financial period ended 31 August 2016, and that all such returns are true, correct and up to date.



Trifecta Statutory and Governance Services, a division of Trifecta Capital Services Proprietary Limited
Company Secretary

Florida North
24 October 2016

DIRECTORS' REPORT

for the year ended 31 August 2016

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 2016.

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 loss of R3.2 million (2015: profit of R29.4 million) for the 2016 financial year. Shareholders' funds have decreased from R265.5 million in 2015 to R263.4 million in 2016. 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 881 374 397 (2015: 860 345 723).

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

	2016				2015			
	Beneficial Direct	Indirect	Non-beneficial Direct	Indirect	Beneficial Direct	Indirect	Non-beneficial Direct	Indirect
Mark Barnes	44 852 718	166 080 851	–	–	44 852 718	166 080 851	–	–
Craig Carter	1 932 366	–	–	–	1 932 366	–	–	–
Ronnie Lubner	–	–	–	227 100 267	–	–	–	228 437 710
Dennis Alter	7 200 000	–	–	–	7 200 000	–	–	–
Charles Savage	20 850 011	–	–	4 540 000	21 100 011	–	–	4 540 000
Gary van Dyk	18 518 500	–	–	–	16 550 000	–	–	–
	93 353 595	166 080 851	–	231 640 267	91 635 095	166 080 851	–	232 977 710

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 2016.

During the year, Charles Savage sold 250 000 shares, Gary van Dyk exercised share options in respect of 1 968 500 shares and Ronnie Lubner sold 1 337 443 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 30 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)*	Gary van Dyk (CFO)
Dennis Alter (American)**	Craig Carter**
Charles Savage (CEO)	Ronnie Lubner (British)*

* Non-executive ** Independent

Thembeke Gwagwa resigned as a director during the current year.

SHARE INCENTIVE SCHEME

At 31 August 2016 the Purple Group Limited Employee Share Option Scheme had issued 124.2 million (2015: 118.1 million) options in total to the directors and staff of Purple Group. Details of the options in issue are disclosed in note 22 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 on page 85.

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 tax 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.

The directors also declared a capital distribution out of share premium, by way of a reduction of contributed tax capital of 0.65 (zero point six five) cents per share, *in lieu* of a dividend, paid on 25 April 2016 to ordinary shareholders recorded in the Company's register at the close of business on 22 April 2016.

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 29).

CORPORATE GOVERNANCE AND SUSTAINABILITY

The corporate governance and sustainability report is set out on pages 12 to 19.

GOING CONCERN

The annual financial statements have been prepared on the going concern basis. Despite the Group having accumulated losses, suffering losses in the current year and having current liabilities in excess of current assets, the directors, having reviewed the Group's financial projections, believe that the Group will continue trading as a going concern in the foreseeable future. This was based on the fact that the projections show positive cash flows for the foreseeable future.

SECRETARY

The secretary of the Company during the year was Trifecta Capital Services Proprietary Limited t/a Trifecta Statutory and Governance Services. 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 4 December 2015 the following resolutions were passed:

Ordinary resolutions

- Adoption of annual financial statements for the year ended 31 August 2015;
- Remuneration of auditors;
- Appointment of auditors;
- Ratification of re-election of Craig Carter, Mark Barnes and Gary van Dyk;
- To place the unissued shares of the Company under the control of the directors;
- To authorise the Company to issue shares and to sell treasury shares for cash under a general authority;
- To authorise the directors as signatories; and
- Non-binding advisory vote on remuneration policy.

Special resolutions

- To authorise the Company to purchase its own shares;
- Financial assistance to related and inter-related entities; and
- Approval of directors' remuneration to 31 August 2016.

AUDITORS

BDO South Africa 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. Thembeke Gwagwa resigned from the audit committee and Mark Barnes was appointed to the audit committee during the current year. Dennis Alter and Craig Carter (audit committee Chairman) continued as members.

The audit committee met twice during the year. The first meeting was on 30 October 2015 to approve the 2015 annual financial statements and again on 30 August 2016 to deal with the matters below and planning for the 31 August 2016 audit. The Chief Financial and Operating Officer of the Group 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 consolidated annual financial statements for the year ended 31 August 2016, 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 2016 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

28 October 2016

REPORT OF THE INDEPENDENT AUDITOR

TO THE SHAREHOLDERS OF PURPLE GROUP LIMITED

We have audited the consolidated financial statements which comprise the consolidated statement of financial position at 31 August 2016, 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 44 to 84.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards 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 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

OPINION

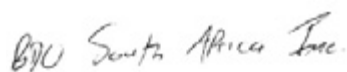
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 August 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT OF SOUTH AFRICA

As part of our audit of the consolidated financial statements for the year ended 31 August 2016, 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 consolidated 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 consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Purple Group Limited for six years.



BDO South Africa Incorporated

Director: Stephen Shaw

Registered Auditor

1 November 2016

22 Wellington Road, Parktown, 2193

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 August 2016

	Notes	2016 R'000	2015 R'000
Revenue	7	105 811	131 433
Trading expenses	8	(9 747)	(10 231)
Operating expenses	8	(95 690)	(76 676)
Net income		374	44 526
Other income	9	952	554
Earnings before interest, depreciation & amortisation		1 326	45 080
Interest expense	10	(2 176)	(1 043)
Depreciation and amortisation	8	(2 871)	(2 265)
(Loss)/Profit before fair value, impairment adjustments and tax		(3 721)	41 772
Fair value, impairments and guarantee adjustments	11	–	499
(Loss)/Profit before tax		(3 721)	42 271
Current and deferred tax	12	531	(12 833)
(Loss)/Profit for the period		(3 190)	29 438
(Loss)/Profit attributable to:			
Owners of the company		(3 190)	29 438
Non-controlling interest		–	–
		(3 190)	29 438
<i>Earnings per share</i>			
Basic (loss)/profit per share (cents)	21	(0.37)	3.51
Diluted (loss)/profit per share (cents)	21	(0.35)	3.38

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 August 2016

	Notes	2016 R'000	2015 R'000
(Loss)/Profit for the period		(3 190)	29 438
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit/loss			
Foreign currency translation reserve	20	1 494	(623)
Total other comprehensive income/(loss)		1 494	(623)
Total comprehensive (loss)/income		(1 696)	28 815
Total comprehensive (loss)/income attributable to:			
Owners of the company		(1 696)	28 815
Non-controlling interest		–	–
		(1 696)	28 815

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2016

	Notes	2016 R'000	2015 R'000
ASSETS			
Equipment	13	4 003	2 828
Intangible assets and goodwill	14	216 137	209 637
Investments	15	58 418	57 556
Other financial assets	16	954	3 170
Deferred tax assets	17	29 725	28 275
Total non-current assets		309 237	301 466
Trade and other receivables	18	8 429	7 479
Tax receivable		2 490	–
Investments	15	5 938	6 233
Other financial assets	16	1 749	137
Cash and cash equivalents	19	143 839	272 352
Total current assets		162 445	286 201
Total assets		471 682	587 667
EQUITY AND LIABILITIES			
Share capital and premium	20	456 669	461 720
Accumulated loss		(215 644)	(212 454)
Other reserves	20	22 358	16 251
Equity attributable to owners		263 383	265 517
Financial guarantee	15	31 058	31 058
Total non-current liabilities		31 058	31 058
Bank overdraft	19	12 172	9 851
Tax payable		–	844
Trade and other payables	23	165 069	280 397
Total current liabilities		177 241	291 092
Total equity and liabilities		471 682	587 667
Net asset value per ordinary share (cents)	31	29.88	30.86

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2016

	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 2014		8 156	450 548	(233 264)	(5 344)	24 603	244 699
Total comprehensive income for the period							
Profit for the period		–	–	29 438	–	–	29 438
Other comprehensive income							
Foreign currency translation reserve	20	–	–	–	(623)	–	(623)
Contributions by and distributions to owners							–
Dividend payment		–		(8 628)	–	–	(8 628)
Capital distribution	20		(8 230)				(8 230)
Shares issued	20	448	10 798			(5 104)	6 142
Share-based payment expense	20	–	–	–	–	2 719	2 719
Balance 1 September 2015		8 604	453 116	(212 454)	(5 967)	22 218	265 517
Total comprehensive income for the period							
Loss for the period		–	–	(3 190)	–	–	(3 190)
Other comprehensive income							
Foreign currency translation reserve	20	–	–	–	1 494	–	1 494
Contributions by and distributions to owners							
Capital distribution	20	–	(16 440)	–	–	–	(16 440)
Shares issued	20	210	11 179	–	–	(245)	11 144
Share-based payment expense	20	–	–	–	–	4 858	4 858
Balance at 31 August 2016		8 814	447 855	(215 644)	(4 473)	26 831	263 383

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 August 2016

	Notes	2016 R'000	2015 R'000
Cash flows (utilised in)/generated from operating activities			
Cash (utilised in)/generated by operations	26.1	(108 241)	190 709
Tax paid	26.4	(4 253)	(11 459)
Capital distribution	20	(16 440)	(8 230)
Dividend paid		–	(8 628)
Interest paid	10	(2 176)	(1 043)
Cash flows (utilised in)/generated by operating activities		(131 110)	161 349
Cash flows from investing activities			
Acquisition of equipment and intangibles	26.2	(10 546)	(4 454)
Acquisition of investment	26.3	(567)	(28 604)
Dividend received	9	–	549
Cash flows utilised in investing activities		(11 113)	(32 509)
Cash flows from financing activities			
Proceeds from the issue of share capital	20	11 389	6 148
Loan repayments		–	(3 849)
Cash flows generated by financing activities		11 389	2 299
Net (decrease)/increase in cash and cash equivalents		(130 834)	131 139
Cash and cash equivalents at beginning of period		262 501	131 362
Cash and cash equivalents	19	131 667	262 501

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 August 2016

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 2016 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 (IFRS), 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 28 October 2016.

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; and
- Financial instruments at fair value through profit or loss are measured 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 14 (intangible assets and goodwill), note 15 (investments and financial guarantee), note 17 (deferred tax) and note 22 (share-based payments).

Useful life of intangibles

The useful life of developed software is assessed each year based on information and data obtained from the Chief Technical Officer, Chief Financial Officer and Chief Executive Officer. Judgement is applied in determining the appropriate useful life based on previous technical experience with products of this nature and similar platforms in the industry.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 August 2016

2. Basis of preparation continued

USE OF ESTIMATES AND JUDGEMENTS continued

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

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 2016					
Investments	15	–	3 238	49 813	53 051
31 August 2015*					
Investments	15	–	3 533	49 813	53 346

* The categories for 2015 were adjusted following the review of these investments in 2016 to allow for an accurate comparison, the 2015 categories were reassessed and reclassified in 2016.

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.

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.

On consolidation, the results of foreign operations are translated into South African Rand at rates approximating those ruling when the transactions took place. All assets and liabilities of foreign 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.

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 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS_{continued}

for the year ended 31 August 2016

3. Significant accounting policies continued

FINANCIAL INSTRUMENTS continued

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 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 re-organisation and default or delinquency in payments are considered indicators that the trade receivables are 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.

Transfer between other reserves and share capital

Share options exercised result in a transfer of reserves from other reserves to share capital.

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.

3. Significant accounting policies continued

EQUIPMENT continued

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 to 5 years
Fixtures, fittings and improvements	6 years
Office equipment	3 years

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

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 is recognised in profit or loss as incurred.

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 and is assessed for impairment annually.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 August 2016

3. Significant accounting policies continued

INTANGIBLE ASSETS continued

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

Capitalised software development costs	7 years
Purchased software	3 years

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

During the current year the useful life of software development costs was reassessed from three years to seven years.

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 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.

3. Significant accounting policies continued

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 Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

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.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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.

Interest income

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

OTHER INCOME

Other income includes unrealised gains and losses as well as dividends arising from 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 EXPENSES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS_{continued}

for the year ended 31 August 2016

3. Significant accounting policies continued

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.

EARNINGS PER SHARE AND HEADLINE 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. Appropriate adjustments in terms of Circular 2/2015, issued by the South African Institute of Chartered Accountants, are made in calculating headline earnings per share.

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 Chief Executive Officer, 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.

3. Significant accounting policies continued

STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN CURRENT YEAR

None of the standards, amendments and interpretations that came into effect in the current period has had a material effect on the group.

NEW STANDARDS AND INTERPRETATIONS

At the date of authorisation of the financial statements for the year ended 31 August 2016, the following Standards and Interpretations were in issue but not yet effective that are applicable to the activities of the group:

	Standard/Interpretation	Annual periods beginning on or after
IFRS 9	<p>Financial instruments</p> <p>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:</p> <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 15	<p>Revenue from contracts from customers</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> (a) IAS 11 Construction Contracts; (b) IAS 18 Revenue; (c) IFRIC 13 Customer Loyalty Programmes; (d) IFRIC 15 Agreements for the Construction of Real Estate; (e) IFRIC 18 Transfers of Assets from Customers; and (f) SIC-31 Revenue – barter transactions involving advertising services. 	1 January 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 August 2016

3. Significant accounting policies continued

NEW STANDARDS AND INTERPRETATIONS continued

Standard/Interpretation	Annual periods beginning on or after
<p>IFRS 16 Leases</p> <ul style="list-style-type: none"> • New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. • IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. • IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. • IFRS 16 supersedes the following Standards or Interpretations: <ul style="list-style-type: none"> (a) IAS 17 Leases; (b) IFRIC 4 Determining whether an Arrangement contains a Lease; (c) SIC-15 Operating Leases – Incentives; and (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. 	1 January 2019

The Group does not intend to early adopt any of the Standards. Management are still determining the potential effects of IFRS 9, 15 and 16 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.

INVESTMENTS

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

Unlisted investments and investments that meet the IAS 28 scope exemption 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:

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

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 illiquid quoted investments, estimation techniques are used to determine fair value. Changes in fair value are reflected in profit or loss.

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. Due to the short-term nature of these receivables the fair value approximates the carrying values.

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 Black-Scholes 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

for the year ended 31 August 2016

5. Financial risk management

OVERVIEW

The Group has exposure to the following risks from its use of financial instruments (see note 24):

- 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.

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.

5. Financial risk management continued

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 bank overdrafts 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 cash and cash equivalents, bank overdraft and 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 2016

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.

	GT247.com and EAM R'000	Purple Group R'000	Investments R'000	Total R'000
2016				
Segment asset				
Non-current assets	18 601	232 218	58 418	309 237
Current assets	155 987	520	5 938	162 445
Total assets	174 588	232 738	64 356	471 682
Segment liabilities				
Non-current liabilities	–	–	(31 058)	(31 058)
Current liabilities	(164 681)	(12 560)	–	(177 241)
Total liabilities	(164 679)	(12 560)	(31 058)	(208 299)

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 R6 964 000 (2015: R8 496 000) and Emperor Asset Management Proprietary Limited of R3 093 000 (2015: R0) for the year, which are included in the GT24.com and EAM segment.

	GT247.com and EAM R'000	Purple Group R'000	Investments R'000	Inter- segment revenues R'000	Total R'000
2016					
Revenue	105 811	10 057	–	(10 057)	105 811
Trading expenses	(9 747)	–	–	–	(9 747)
Operating expenses*	(98 713)	(7 034)	–	10 057	(95 690)
Net (loss)/income	(2 649)	3 023	–	–	374
Other income	90	–	862	–	952
Fair value, impairment and guarantee adjustments	–	–	–	–	–
Profit/(loss) before interest, depreciation and amortisation	(2 559)	3 023	862	–	1 326
Interest expense	(251)	(1 925)	–	–	(2 176)
Depreciation and amortisation	(2 871)	–	–	–	(2 871)
(Loss)/profit before tax	(5 681)	1 098	862	–	(3 721)
Current and deferred tax	(2 023)	173	2 381	–	531
(Loss)/profit after tax	(7 704)	1 271	3 243	–	(3 190)

* Share-based payment expense of R4 613 000 is included in operating expenses. The split per segment is as follows:

- GT247.com and EAM: R3 942 000.
- Purple Group: R671 000.

One World Trader is registered in Mauritius as a vehicle for foreign currency hedging and has trading activity that uses the GT247.com platform in South Africa and is therefore not considered as a separate geographical segment.

	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
Impairment and fair value 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.

7. Revenue

	2016 R'000	2015 R'000
Trading and asset management income	105 327	130 759
Other fee income	484	674
Total revenue	105 811	131 433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 August 2016

8. Trading and operating expenses

	2016 R'000	2015 R'000
Trading expenses	9 747	10 231
Broker commission	3 438	5 425
Sales commission	4 138	3 886
Research costs	2 171	920
Employee expenses	46 749	36 471
Wages and salaries	42 136	33 752
Share-based payment expense	4 613	2 719
Auditor's remuneration	449	816
Audit fees – current year	449	816
Listing expenses	264	235
Lease rentals	4 628	4 068
Premises	4 151	3 670
Equipment	477	398
Fees paid for services	3 211	2 168
Consulting	1 669	149
Legal	1 542	2 019
Depreciation	1 254	837
Computer equipment	493	333
Furniture and fittings	724	499
Office equipment	37	5
Amortisation of intangibles	1 617	1 428

9. Other income

	2016 R'000	2015 R'000
Other income*	952	554

* 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 expense

	2016 R'000	2015 R'000
Interest on bank overdraft	(2 176)	(1 043)

11. Fair value, impairments and guarantee adjustments

	Notes	2016 R'000	2015 R'000
Fair value and guarantee adjustments		–	499
The above relates to the write-up/(down) of the following investments:			
Real People Investment Holdings Limited	15	–	31 557
Raising of provision for financial guarantee – Blockbuster Trading 3 Proprietary Limited	15	–	(31 058)
		–	499

Please refer to note 15 for further information regarding the write-up of investments and the provision for financial guarantee.

Fair value of investments were reassessed in 2016, the fair value has not changed from 2015.

12. Current and deferred tax

	2016 R'000	2015 R'000
Recognised in profit or loss		
Current tax expense	(919)	(12 463)
	(919)	(12 463)
Deferred tax expense		
Origination and reversal of temporary differences	1 096	(93)
Recognition of current year's tax (profit)/loss	354	(277)
Total deferred tax	1450	(370)
Total current and deferred tax	531	(12 833)
Reconciliation of effective tax rate:	%	%
Income tax charged to profit or loss	14.3	30.4
Tax exempt income	(6.5)	–
Non-deductible expenses	43.3	(2.2)
Assessed losses (utilised)/not recognised	36.0	(0.2)
Profits/(Losses) taxed at CGT rate	–	0.1
Reversal of prior year provisions	–	(0.1)
Tax rate change	(69.1)	–
Treasury shares	10.0	–
Domestic tax rate	28.0	28.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 August 2016

13. Equipment

The movement in the Group's equipment for the year ended 31 August 2016 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 2014		6 440	6 558	421	13 419
Additions		452	497	–	949
Balance at 31 August 2015		6 892	7 055	421	14 368
Additions		551	1 813	65	2 429
Scrapping of assets*		(5 423)	(390)	(236)	(6 049)
Balance at 31 August 2016		2 020	8 478	250	10 748
Accumulated depreciation and impairment losses					
Balance at 31 August 2014		5 964	4 398	341	10 703
Depreciation for the year		333	499	5	837
Balance at 31 August 2015		6 297	4 897	346	11 540
Depreciation for the year	8	493	724	37	1 254
Scrapping of assets*		(5 459)	(369)	(221)	(6 049)
Balance at 31 August 2016		1 331	5 252	162	6 745
Carrying amounts					
At 31 August 2014		476	2 160	80	2 716
At 31 August 2015		595	2 158	75	2 828
At 31 August 2016		689	3 226	88	4 003

* Assets with a nil carrying value and no longer in use were removed from the asset register in the current year.
No capital commitments have been entered into for the acquisition of property, plant and equipment.

14. Intangible assets and goodwill

The movement in the Group's intangible assets and goodwill for the year ended 31 August 2016 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 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
Additions	–	–	–	5 818	2 299	8 117
Scrapping of assets*	–	(40 746)	(1 766)	(16 342)	–	(58 854)
Balance at 31 August 2016	212 999	–	–	30 790	2 519	246 308
Accumulated amortisation and impairment losses						
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
Amortisation for the year 8	–	–	–	1 313	304	1 617
Scrapping of assets*	–	(40 746)	(1 766)	(16 342)	–	(58 854)
Balance at 31 August 2016	8 431	–	–	21 374	366	30 171
Carrying amounts						
At 31 August 2014	204 568	–	–	2 856	136	207 560
At 31 August 2015	204 568	–	–	4 911	158	209 637
At 31 August 2016	204 568	–	–	9 416	2 153	216 137

* Intangible assets with a nil carrying value and no longer in use were removed from the register in the current year.

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.

During the current year the useful life of software development costs was reassessed from three years to seven years.

No capital commitments have been entered into for the acquisition of intangible assets.

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

This value-in-use method was used to assess the impairment of 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:

	2016 R'000	2015 R'000
First World Trader Proprietary Limited	204 568	204 568
	204 568	204 568

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 valuation technique is consistent with prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 August 2016

14. Intangible assets and goodwill continued

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL continued

	2016	2015
First World Trader Proprietary Limited		
Discount period	10 years	8 years
Terminal growth rate (%)	3	3
Discount rate (%)	18.69	16.39

The discount period was changed to take into account the longer period that the cash-generating unit will contribute to the carrying amount. 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. Investments and financial guarantee

	2016 R'000	2015 R'000
The Group had the following unlisted investments:		
Investments – shown at fair value through profit or loss		
Real People Investment Holdings Limited	47 113	47 113
Misty Sea Trading Proprietary Limited	2 700	2 700
Investment accounts in Group's Asset Management Division	3 238	3 533
Loans and receivables at amortised cost		
Real People Investment Holdings Limited [#]	11 305	10 443
Total investments	64 356	63 789
Provision for financial guarantee – Blockbuster Trading 3 Proprietary Limited	(31 058)	(31 058)
Net value	33 298	32 731

[#] The Group's exposure to credit risk in respect of these redeemable preference shares is disclosed in note 24.

Fair value of investments were reassessed in 2016, the fair value has not changed from 2015.

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

15. Investments and financial guarantee continued

	2016 R'000	2015 R'000
Non-current assets – investments	58 418	57 556
Current assets – investments	5 938	6 233
Non-current liabilities – financial guarantee	(31 058)	(31 058)
Net value	33 298	32 731

Purple Group holds an indirect investment in Real People Investment Holdings Limited ("RPIH") through Blockbuster Trading 3 Proprietary Limited ("BBT"). BBT, of which Purple Group owns a 37.5% shareholding, holds a 3.93% (2015: 3.93%) shareholding in RPIH. Even though Purple Group holds 37.5% in BBT we have elected to adopt fair value accounting in respect of this investment.

Purple Group holds a direct investment in RPIH (included in investments – shown at fair value through profit or loss) comprising 6 471 (2015: 6 471) ordinary shares and 5 293 (2015: 5 293) compulsory convertible preference shares. The preference shares are convertible five years after issue (issue date was January 2015) and carry a dividend of JIBAR +10% (adjusted for tax). This results in a direct shareholding of 4.26% at 31 August 2016 (2015: 4.26%).

In addition, Purple Group holds 826 (2015: 763) cumulative redeemable preference shares in RPIH (classified as loans and receivable at amortised cost) which attract dividends at JIBAR +7% (adjusted for tax). During the current year RPIH declared a dividend *in specie*, in the form of an additional 63 cumulative redeemable preference shares. The face value of these preference shares, totalling R0.8 million was debited to other investments (classified as loans and receivable at amortised cost) and included in other income on the face of the Consolidated Statement of profit or loss.

In respect of the Company's indirect investment in RPIH held through BBT, the fair value of BBT's investment in RPIH is 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 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

	2016	2015
Discount period	10 years	10 years
Terminal growth rate (%)	3	3
Discount rate (%)	19.3	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 cash flows 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 2016

16. Other financial assets

	2016 R'000	2015 R'000
Rental deposits*	832	751
Loan receivable	1 871	2 556
	2 703	3 307

* The rental deposits are repayable upon termination of the leases. Refer to note 25.

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 rate;
- 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 24.

	2016 R'000	2015 R'000
Non-current receivable	954	3 170
Current receivable	1 749	137
	2 703	3 307

17. Deferred tax assets and liabilities

	2016 R'000	2015 R'000
Recognised deferred tax assets and liabilities		
Balance at the beginning of the period	28 275	28 645
Investments at fair value	–	(29)
Payables and accruals	(442)	(5)
Receivables and prepayments	(216)	(35)
Tax loss raised/(utilised)	354	(277)
Intangible assets	(446)	(24)
Tax rate change	2 200	–
Balance at the end of the period	29 725	28 275
Deferred tax comprises the following:		
Receivables and prepayments	(292)	(76)
Intangible assets	(448)	(2)
Deferred tax liability	(740)	(78)
Financial assets at fair value	15 267	13 067
Payables and accruals	1 662	2 104
Tax loss	13 536	13 182
Deferred tax asset	30 465	28 353
Net deferred tax assets	29 725	28 275

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 2016. No deferred tax was provided on capital losses amounting to R58.5 million (2015: R58.5 million) and revenue losses of R10.7 million (2015: R5.9 million).

18. Trade and other receivables

	2016 R'000	2015 R'000
Trade receivables [#]	3 285	1 669
Prepayments	2 217	973
Interest receivable [#]	521	4 096
Other receivables [#]	2 406	741
	8 429	7 479

[#] The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 24.

All of the above amounts fall under current assets.

2016	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	1 102	283	–	–	2 954	4 339
Provision against trade receivables*	–	–	–	–	(1 054)	(1 054)
Total	1 102	283	–	–	1 900	3 285

* The >90 days balance not impaired is deemed recoverable and mainly relates to income accrued but still to be received.
None of the recoverables are being held as collateral and no terms of payment were renegotiated.
94% of this balance is greater than two years overdue.

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.

Movement in provision against trade receivables

	2016 R'000	2015 R'000
Opening balance	1 030	766
Recovered	–	–
Raised	24	264
Closing balance	1 054	1 030

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 August 2016

19. Cash and cash equivalents

	2016 R'000	2015 R'000
Bank deposit	21 923	17 856
Trading margin with brokers	121 916	254 496
Cash and cash equivalents	143 839	272 352
Bank overdraft	(12 172)	(9 851)
Cash and cash equivalents in the statement of cash flows	131 667	262 501

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 24. The Company holds R470.5 million (2015: R467.1 million) of client funds which are not reflected on the statement of financial position. These are restricted funds held on trust 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 23).

R4.5 million of the cash and cash equivalent balance is held in foreign bank and broker accounts and are denominated in US\$ and GBP.

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

20. Capital and reserves

	Number of shares R'000	Number of shares R'000
The number of shares in issue is as follows:		
Ordinary share capital		
Ordinary share capital in issue at 1 September	862 645 723	817 875 723
Share options exercised (1 September 2015)	1 968 500	42 230 000
Share options exercised (15 January 2016)	137 129	2 540 000
Share options exercised (20 January 2016)	922 371	–
Share options exercised (18 February 2016)	898 485	–
Share options exercised (23 August 2016)	45 000	–
New shares issued (31 August 2016)*	17 057 189	–
In issue at 31 August – fully paid up	883 674 397	862 645 723
Less: Treasury shares [#]	(2 300 000)	(2 300 000)
In issue at year-end	881 374 397	860 345 723

[#] 2 300 000 (2015: 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.

* The directors of the Company issued 17 057 189 shares at a price of 61 cents to public shareholders under the general authority granted by shareholders to issue shares for cash.

20. 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 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
Payment of capital distribution***	–	(16 440)	(16 440)
Shares issued****	210	11 179	11 389
Balance at 31 August 2016	8 814	447 855	456 669

* 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 tax capital, 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.

*** On 30 November 2015 a capital distribution of 1.25 cents per share was paid to holders of fully paid ordinary shares by way of a reduction of contributed tax capital, in lieu of a dividend, and on 25 April 2016 a capital distribution of 0.65 cents per share was paid to holders of fully paid ordinary shares by way of a reduction of contributed tax capital, in lieu of a dividend.

**** R0.75 million of the share premium related to the subscription price in respect of options exercised and R0.25 million was a related transfer from the share-based payment reserve. R10.2 million of the share premium related to new shares issued for cash.

A further two million shares were issued subsequent to the year end.

At 31 August 2016, the authorised share capital comprised 1 200 000 000 ordinary shares of R0.01 each (2015: 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 22).

OTHER RESERVES

	2016 R'000	2015 R'000
Foreign currency translation reserve	(4 473)	(5 967)
Share-based payment reserve	26 831	22 218
Balance 31 August	22 358	16 251
Reconciliation of foreign currency translation reserve		
Balance as at 31 August of prior year	(5 967)	(5 344)
Translation of foreign operations	1 494	(623)
Balance as at 31 August	(4 473)	(5 967)
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 of prior year	22 218	24 603
Share options exercised	(245)	(5 104)
Share-based payment expense	4 858	2 719
Balance as at 31 August	26 831	22 218

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 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 August 2016

21. Earnings per share

	2016 R'000	2015 R'000
Basic earnings per share		
The calculation of basic and headline earnings per share at 31 August 2016 was based on a Group loss attributable to ordinary shareholders of R3.2 million (2015: profit of R29.4 million), a headline loss of R3.2 million (2015: profit of R29.4 million) and a weighted average number of ordinary shares outstanding during the year ended 31 August 2016 of 863 491 584 (2015: 839 120 764), calculated as follows:		
(Loss)/Profit attributable to ordinary shareholders	(3 190)	29 438
Headline (loss)/profit for the period	(3 190)	29 438
Weighted average number of ordinary shares		
Issued ordinary shares at 1 September*	839 120 764	815 575 723
Effect of shares issued for cash	24 370 820	23 545 041
Weighted average number of ordinary shares at 31 August	863 491 584	839 120 764
<i>* Number of ordinary shares is stated after taking into account treasury shares.</i>		
Basic (loss)/profit per share (cents)	(0.37)	3.51
Headline (loss)/profit per share (cents)	(0.37)	3.51
Headline earnings have been computed as follows:		
(Loss)/Profit attributable to ordinary shareholders	(3 190)	29 438
Headline earnings	(3 190)	29 438
Diluted earnings per share		
The calculation of diluted earnings and diluted headline earnings per share as at 31 August 2016 was based on a Group loss attributable to ordinary shareholders of R3.2 million (2015: profit of R29.4 million), a headline loss of R3.2 million (2015: profit of R29.4 million) and a diluted weighted average number of ordinary shares outstanding during the year ended 31 August 2016 of 912 097 991 (2015: 870 173 653), calculated as follows:		
(Loss)/Profit attributable to ordinary shareholders (diluted)	(3 190)	29 438
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at 31 August	870 173 653	839 120 764
Effect of share options in issue	41 924 338	31 052 889
Weighted average number of ordinary shares (diluted) at 31 August	912 097 991	870 173 653
Diluted (loss)/profit per share (cents)	(0.35)	3.38
Diluted headline (loss)/profit per share (cents)	(0.35)	3.38

Share options issued on 10 December 2015 are anti-dilutive and not included in the diluted earnings per share calculation as their calculated exercise price per share amounted to 113.53 cents compared to the weighted Average Share Price of 65.69 cents. The weighted average number of these options totalled 21.1 million.

There are currently 124.2 million (2015: 118.1 million) share options in issue in terms of the Group's share incentive scheme (see note 22) of which 47.4 million are exercisable.

22. 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 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
Exercised 1 September 2015	(1 968 500)
Issued 10 December 2015	29 000 000
Exercised 15 January 2016	(137 129)
Exercised 20 January 2016	(922 371)
Exercised 18 February 2016	(898 485)
Exercised 23 August 2016	(45 000)
Forfeiture 31 August 2016	(18 932 196)
Total at 31 August 2016	124 196 829

The options granted to directors are:

	Number of options 2016	Number of options 2015
Mark Barnes	17 160 000	12 160 000
Charles Savage	26 000 000	16 000 000
Gary van Dyk	21 250 000	13 218 500
	64 410 000	41 378 500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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22. Share-based payments continued

SHARE-BASED PAYMENT EXPENSES continued

	2016		2015	
	Weighted average exercise price (cents)	Number of options	Weighted average exercise price (cents)	Number of options
Outstanding at the beginning of the period	27	118 100 510	17	126 208 500
Granted during the period	75	29 000 000	41	36 662 010
Exercised during the period	25	(3 971 485)	14	(44 770 000)
Expired during the period	–	–	–	–
Forfeited during the period	22	(18 932 196)	–	–
Outstanding at the end of the period	38	124 196 829	27	118 100 510
Exercisable at the end of the period	23	47 369 583	21	35 926 000

The options outstanding at 31 August 2016 have been issued in a price range from 22 cents to 76 cents and have a weighted average exercise price of 38 cents (2015: 27 cents) and a weighted average contractual life of 4.76 years (2015: 5.05 years).

Share based payment expenses of R4.6 million was accounted for in profit or loss

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

		2016	2015
Key management personnel			
Fair value at issue date	(R'000)	9 822	6 364
Assumptions			
Weighted average share price	(cents)	75	41
Weighted average exercise price	(cents)	75	41
Expected volatility (expressed as weighted average volatility used under the Black-Scholes model)	(%)	40.0	40.0
Option life	(years)	7	7
Risk-free rate	(%)	9.09	7.49
Expected dividends	(%)	2.60	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.

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 (2015: 164.0 million shares).

23. Trade and other payables

	Notes	2016 R'000	2015 R'000
Trade payables		3 253	4 832
Client funds liability	19	150 649	263 735
Other payables and accrued expenses		6 028	8 646
Employee related		5 139	3 184
		165 069	280 397

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 24.

24. 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	2016 R'000	2015 R'000
Other financial assets	16	2 703	3 307
Investments	15	11 305	10 443
Trade and other receivables	18	6 066	6 506
Cash and cash equivalents	19	143 839	272 352
		163 913	292 608

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 the Group'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 the Group 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.

The Group'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+3; and
- excess management is the responsibility of Risk Management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 August 2016

24. Financial instruments continued

LIQUIDITY RISK

The following are the contractual maturities of financial liabilities, including estimated interest payments as at 31 August 2016:

	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	23	165 069	165 069	165 069	–	165 069
Overdraft	19	12 172	12 172	12 172	–	12 172
Financial guarantee	15	31 058	31 058	–	31 058	31 058
		208 299	208 299	177 241	31 058	208 299

The following were 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	23	280 397	280 397	280 397	–	280 397
Overdraft	19	9 851	9 851	9 851	–	9 851
Financial guarantee	15	31 058	31 058	–	31 058	31 058
	15	321 306	321 306	290 248	31 058	321 306

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 R150.7 million (2015: R263.7 million).

CURRENCY RISK

Exposure to currency risk

All of the Group'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 R4.3 million (2015: R4.6 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:

	2016 Profit or loss		2015 Profit or loss	
	5% increase R'000	5% decrease R'000	5% increase R'000	5% decrease R'000
Foreign currency held	155	(155)	166	(166)

24. 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 2016 R'000	Carrying amount 2015 R'000
Variable rate instruments				
Other financial assets	16	Prime	2 703	3 307
Cash and cash equivalents	19	Daily call rate	143 839	272 352
Overdraft	19	Prime	(12 172)	(9 851)

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 2015.

	2016		2015	
	Profit or loss 100 bp increase R'000	Profit or loss 100 bp decrease R'000	100 bp increase R'000	100 bp decrease R'000
Variable rate instruments				
Financial assets	1 060	(1 060)	2 066	(2 066)
Financial liabilities	(88)	88	(63)	63
	972	(972)	2 003	(2 003)

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 the Group'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 the Group 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 the Group'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.

The Group 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 intra-day 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 intra-day due to the liquidity available in the instruments that we offer our clients.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 August 2016

24. Financial instruments continued

PRICE RISK continued

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
2016				
Other price risk	6 228	5 992	9 198	1 814
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 (2015: R3.6 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	2016 R'000	2015 R'000
Financial assets			
Loans and receivables			
– Trade and other receivables	18	6 066	6 506
– Other financial assets	16	2 703	3 307
– Investments	15	11 305	10 443
– Cash and cash equivalents	19	143 839	272 352
		163 913	292 608
Investments at fair value through profit or loss			
– Investments	15	53 051	53 346
		53 051	53 346
Financial liabilities			
Held at amortised cost			
– Trade and other payables	23	(165 069)	(280 397)
– Bank overdraft	19	(12 172)	(9 851)
		(177 241)	(290 248)
Liabilities at fair value through profit or loss			
– Financial guarantee	15	(31 058)	(31 058)
		(31 058)	(31 058)

25. Operating lease commitment

LEASES AS LESSEE

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

	2016 R'000	2015 R'000
Future minimum lease payments		
Office equipment		
Less than one year	477	477
Between one and five years	80	557
Office premises		
Less than one year	3 685	2 874
Between one and five years	2 938	4 706
	7 180	8 614

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.

During the year ended 31 August 2016, R4.0 million (2015: R3.3 million) was recognised as an expense in the profit or loss in respect of operating leases.

26. Notes to the statement of cash flows

26.1 RECONCILIATION OF CASH UTILISED IN OPERATIONS

	Notes	2016 R'000	2015 R'000
(Loss)/Profit before taxation and net interest income		(1 545)	42 764
Adjustments for:			
– Depreciation and amortisation	8	2 871	2 265
– Fair value (profits)/losses on financial assets	11	–	(31 557)
– Provision for financial guarantee	11	–	31 058
– Share-based payment expense	8	4 613	2 719
– Foreign currency translation reserve	20	1 494	(623)
		7 433	46 626
Movement in working capital			
Decrease in other financial assets	16	604	56
Increase in trade and other receivables		(950)	(3 398)
(Decrease)/Increase in trade and other payables		(115 328)	147 425
		(108 241)	190 709

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 August 2016

26.2 ACQUISITION OF ASSETS

	Notes	2016 R'000	2015 R'000
Additions to maintain operations	13	(2 429)	[949]
Purchased and developed software	14	(8 117)	[3 505]
		(10 546)	[4 454]

26.3 INVESTMENTS ACQUIRED

Additional investment contribution		(567)	[28 604]
		(567)	[28 604]

26.4 TAX PAID

Balance at beginning of period		(844)	160
Current tax	12	(919)	[12 463]
Balance at end of period		(2 490)	844
Tax paid		(4 253)	[11 459]

27. Contingencies

There are no contingencies at the reporting date.

28. Related parties

IDENTITY OF RELATED PARTIES

The Group has related party relationships with its subsidiaries (note 29) and its directors (directors' report).

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

	2016 R'000	2015 R'000
Employee benefits		
Non-executive directors		
Mark Barnes (period 15 January 2016 to 31 August 2016)		
– fees	1 998	–
– share option expenses	432	–
Craig Carter – fees	240	90
Ronnie Lubner – fees	83	75
Thembeke Gwagwa – fees	17	90
	2 770	255
Employee benefits		
Executive directors		
Mark Barnes (period 1 September 2015 to 14 January 2016)		
– salary	1 500	3 738
– share option expenses	186	373
Charles Savage		
– salary	4 835	3 990
– share option expenses	943	376
Gary van Dyk		
– salary	3 708	2 838
– share option expenses	923	323
	12 005	11 638

The three highest paid non-directors earned salaries of R3.3 million, R2.3 million and R1.9 million, respectively. At 31 August the directors' interests in the issued share capital of the Company were as follows:

	2016				2015			
	Beneficial Direct	Indirect	Non-beneficial Direct	Indirect	Beneficial Direct	Indirect	Non-beneficial Direct	Indirect
Mark Barnes	44 852 718	166 080 851	–	–	44 852 718	166 080 851	–	–
Craig Carter	1 932 366	–	–	–	1 932 366	–	–	–
Ronnie Lubner	–	–	–	227 100 267	–	–	–	228 437 710
Dennis Alter	7 200 000	–	–	–	7 200 000	–	–	–
Charles Savage	20 850 011	–	–	4 540 000	21 100 011	–	–	4 540 000
Gary van Dyk	18 518 500	–	–	–	16 550 000	–	–	–
	93 353 595	166 080 851	–	231 640 267	91 635 095	166 080 851	–	232 977 710

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 August 2016

29. Group entities

Subsidiaries Name	Country	Ownership interest	
		2016 %	2015 %
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	100
Emperor Asset Management Proprietary Limited**	South Africa	100	100
Emperor Asset Management Nominees (RF) Proprietary Limited (Subsidiary of Emperor Asset Management Proprietary Limited)	South Africa	100	100
Emperor Asset Management GP 1 (RF) Proprietary Limited (Subsidiary of Emperor Asset Management Proprietary Limited)	South Africa	100	100

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

** Includes the operations of Emperor Asset Management, effective 1 July 2015. The operations of this entity were part of First World Trader Proprietary Limited prior to 1 July 2015.

30. 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.

31. Net asset value per share

The Group net asset value is 29.9 (2015: 30.9) cents per share and is based on the number of ordinary shares in issue net of treasury shares at year-end of 881 374 397 (2015: 860 345 723) and net assets of R260.5 million (2015: R265.5 million).

32. Going concern

The annual financial statements have been prepared on the going concern basis. Despite the Group having accumulated losses, suffering losses in the current year and having current liabilities in excess of current assets, the directors, having reviewed the Group's financial projections, believe that the Group will continue trading as a going concern in the foreseeable future. This was based on the fact that the projections show positive cash flows for the foreseeable future.

SHAREHOLDER ANALYSIS

	Number of shareholders	% of total shareholders	Number of shares	% of total issued share capital
Analysis of shareholdings				
1 – 999	1 427	45.33	358 809	0.04
1 000 – 9999	882	28.02	2 901 910	0.33
10 000 – 99 999	597	18.96	18 735 867	2.12
100 000 and over	242	7.69	861 677 811	97.51
Total	3 148	100.00	883 674 397	100.00
Distribution of shareholders				
Banks	4	0.13	100 132 509	11.33
Brokers	3	0.10	1 385 171	0.16
Close corporations	15	0.48	463 954	0.05
Individuals	3 009	95.59	243 773 956	27.59
Investment companies	13	0.41	83 410 086	9.44
Nominees and trusts	65	2.06	79 983 180	9.05
Other corporations	8	0.25	2 206 808	0.25
Private companies	31	0.98	372 318 733	42.13
Total	3 148	100.00	883 674 397	100.00
Shareholder spread				
Non-public	43	1.37	470 147 078	53.20
Directors*	6	0.19	102 440 101	11.59
Employees	36	1.14	35 545 275	4.02
10% of issued capital or more	1	0.03	332 161 702	37.59
Public	3 105	98.63	413 527 319	46.80
Total	3 148	100.00	883 674 397	100.00
Beneficial shareholding of 3% or more				
Business Venture Investments No 184			332 161 702	37.59
Mark Barnes			44 852 718	5.08
Erasmus Family Trust (CGIM)			50 001 819	5.66
Foreign custodians holding 3% or more				
SIX SIS Limited			61 012 910	6.90
JP Morgan Chase Bank Omnibus Clients Onshore			100 100 000	11.33
Country				
South Africa	3 125	99.27	710 191 539	80.37
Namibia	10	0.32	242 950	0.03
Australia	1	0.03	93	0.00
United States	3	0.10	7 239 114	0.82
Swaziland	1	0.03	30 000	0.00
Belgium	1	0.03	48 000	0.01
United Kingdom	5	0.16	103 574 820	11.72
Switzerland	2	0.06	62 347 881	7.06
Total	3 148	100.00	883 674 397	100.00
Dematerialised	2 937	93.30	876 047 814	99.14
Certificated	211	6.70	7 626 583	0.86
Total	3 148	100.00	883 674 397	100.00

* 9 086 506 shares held by Ronnie Lubner in a non-beneficial indirect capacity have been included under Directors holdings for a more accurate split between Public and non-Public holdings.



**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, 2 December 2016 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, 28 October 2016; 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, 25 November 2016.

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 2016, 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 Stephen Shaw, 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:

- Dennis Alter; and
- Ronnie Lubner

(A brief *curriculum vitae* in respect of these directors is contained on page 24 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:

- 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 132 551 160 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, 3 and 4."

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 13).

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."

NOTICE OF ANNUAL GENERAL MEETING continued

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
- 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 40 of the Company's annual report)
- Major shareholders (refer to page 85 of the Company's annual report)
- Directors' interest in securities (refer to page 40 of the Company's annual report)
- Share capital of the Company (refer to page 40 of the Company's annual report)
- Responsibility statement: the directors, whose names are given on page 40 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 40 of the Company's annual report, there has been no material change in the financial or trading position of the Company since 31 August 2016.

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: Awarding of shares and provision of financial assistance in connection therewith

Resolved that the Company be and is hereby authorised to implement a share award program which shall entail the following, and be on the following basis:

- The Company may procure that shares of the Company are awarded to selected employees of the Company or of group companies, on a monthly basis or such other basis, all as may be determined from time to time by the Company, such awards to be implemented by the purchase of shares on the market for the benefit of such employees (collectively "Awards");
- The Company may grant Awards of ordinary shares to selected clients or potential clients of the Company or of group companies, for loyalty, retention and/or marketing purposes, such Awards to be implemented by the issue of new shares, the transfer of treasury shares and/or the purchase of shares on the market for the benefit of such clients or potential clients, all as may be determined from time to time by the Company;
- Such Awards may be free of charge and for no consideration payable by the employees or clients or potential clients, as the case may be, and accordingly the Company shall be entitled to provide any necessary financial assistance in implementing such Awards;
- The authority contained in this resolution shall endure until the next annual general meeting of the Company;
- The aggregate of ordinary shares which may be Awarded to employees is a maximum of 250 000 shares;
- The aggregate of ordinary shares which may be Awarded to clients and potential clients is a maximum of 4 000 000 shares,

and to the extent that the implementation of any Awards is to entail the provision of financial assistance by the Company as contemplated in section 45 of the Act (to directors or prescribed officers of the Company or of group companies) and/or section 44 of the Act (for the purpose of or in connection with the acquisition of securities of the Company), such financial assistance be and is hereby authorised.

Reason for and effect of the special resolution

The Company's board is desirous of implementing a share awards program for purposes of incentivising its staff and clientele. To the extent that "financial assistance" is given by the Company in connection

with the Awards, as regulated by the Act, the board is obliged by the Act to pass resolutions pertaining to the solvency and liquidity of the Company and the fairness and reasonableness of the terms of the financial assistance. The Company shall not proceed to provide any such financial assistance unless such requirements are complied with. The authority contained herein constitutes specific authority for the issuance of ordinary shares of the Company as contemplated in the JSE Listings Requirements and, to the extent applicable, section 41 (1) of the Act (if shares are to be issued to directors or prescribed officers), as well as authority for the financial assistance.

5.7 Special resolution no. 3 – Ratification of non-executive Chairman's remuneration for the period 15 January 2016 to 31 August 2016

"Resolved that the remuneration paid to the non-executive Chairman, from the date of change of status to non-executive being 15 January 2016 to 31 August 2016 totalling R2 430 000 to be approved."

5.8 Special resolution no. 4 – 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 2017, as set out below, be approved:

Non-executive Chairman

- Annual fee of – R2 696 640 per year

Independent non-executive directors

- Annual fee of – R259 200 per year

Non-executive directors

- Attendance fee per Board meeting – R35 640
- Attendance fee per sub-committee – R17 820

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, 28 October 2016
Notice of AGM to be posted to shareholders on	Thursday, 3 November 2016
Last day to trade to be recorded in the register on the record date for participation in the AGM	Tuesday, 22 November 2016
Record date to participate in and vote at the AGM	Friday, 25 November 2016
Last day for lodging forms of proxy at 10:00 on	Wednesday, 30 November 2016
AGM at 10:00 on	Friday, 2 December 2016
Results of AGM released on SENS on	Friday, 2 December 2016

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, 30 November 2016.

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, 28 October 2016.

The last day to trade in order to be eligible to vote at the annual general meeting is Tuesday, 22 November 2016.

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, 25 November 2016.

By order of the board

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

Company Secretary

3 November 2016

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

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.

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. Ronnie has a wide portfolio of interests locally and abroad.



**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, 2 December 2016 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, 2 December 2016 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 2016			
Ordinary resolution number 2: Remuneration of auditors			
Ordinary resolution number 3: Appointment of auditors			
Ordinary resolution number 4: Ratification of re-election of Dennis Alter and Ronnie Lubner			
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: Awarding of shares and provision of financial assistance in connection therewith			
Special resolution number 3: Non-executive Chairman's remuneration to 31 August 2016			
Special resolution number 4: Directors' remuneration to 31 August 2017			

(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 _____ 2016

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 initialised 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, 30 November 2016.
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 initialised 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	Non-executive Chairman
Charles Savage	Chief Executive Officer
Gary van Dyk	Chief Financial and Operations Officer
Dennis Alter	Independent Non-executive Director
Craig Carter	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

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