



PURPLE GROUP LIMITED

EASYEQUITIES ACCOUNTS OPENED
122% ↑ TO
43 710
HY 2016: 19 653

EASYEQUITIES REVENUE
117% ↑ TO
R3.4 MILLION
HY 2016:
R1.6 MILLION

CLIENT ASSETS
20% ↑
R1.390 BILLION

EASYEQUITIES' PARTNER ASSETS
770% ↑
R200 MILLION
HY 2016:
R23.1 MILLION

ACTIVE CLIENTS
44.1% ↑

UNAUDITED SUMMARY CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2017

CHAIRMAN'S LETTER

A weak trading performance in our core operations is further compounded by the write-off of a legacy asset. Beyond that the group has spent a lot of money investing in a platform for future growth.

Financial inclusion is increasingly recognised across the globe (particularly in South Africa) not only as necessary but as the primary source of growth in asset management. For the entry level or first time investor it's as much about incremental education as it is about cost effective access.

Growth in client numbers and assets under management underpin the many recognition awards that EasyEquities has received over the past years.

Of course I'm disappointed in the result, but I know how well Purple Group is positioned for the changing, informed retail environment. I expect extraordinary growth over the next 18 months and I have no doubt that our significant investment in technology will pay off handsomely.

Mark Barnes
Chairman

CHIEF EXECUTIVE OFFICER'S LETTER

The evolution of the Purple Group from a little-known niche financial services provider to a globally well-recognised disruptive Fintech group delivering on our mission, to democratise investing for all, remains well on track.

Tough operating conditions held back the revenue of the Purple Group and with it our ability to invest more aggressively in the opportunities that we see in, especially, EasyEquities. This highlights the importance of delivering on our stated objective to raise capital to better support growth as well as consider a more accommodative group structure that better aligns the varying interests of the stakeholders of the group.

At a high level, all group businesses posted revenue for the past six months that was in line with that generated in the second half of 2016, whilst EasyEquities continued to double its "client opportunities" across all key performance metrics. With no significant change in the macro environment effecting our primary sources of revenue this was a satisfactory outcome. The write down of the Real People asset is a once off event, whilst disappointing it is a legacy of Purple Capital and a non-strategic asset of the Purple Group.

More awards, more clients and more partnership opportunities present themselves to the group each day and I can say with upmost confidence that the value of the group grows in line with these metrics and not the ones lining our income statement for now.

Fintech is one of the few industries where exponential opportunities are still to be found. It takes vision, innovation and resolute and committed stakeholders that are brave enough to fail in order that they may succeed and build a high growth business on solid foundations.

Such organisations are valued by their ability to double their "client opportunities" each year by turning customers into fans and by being a multiple better, faster and cheaper than the competition.

In the Purple Group I find all the right stuff to continue to deliver on the opportunities before us and look forward to a very different future.

Charles Savage
Group CEO

CHIEF FINANCIAL OFFICER'S REVIEW

For the first time the respective income statements of the various Purple Group businesses have been carved out below.

Although these businesses leverage off a centralised resource base and have varying levels of intersection, they each target very different segments of the market and are at different stages of the business life cycle.

GT247.com and GT Private Broking

GT247.com and GT Private Broking (GTPB) are established businesses operating in a niche segment of the market that provides a trading destination for active OTC derivatives traders. This market is highly competitive and provides healthy margins.

GT247.com & GT Private Broking

Operating expenses (R'000)	HY 2017	HY 2016	% move
Revenue	32 791	60 082	(45.4)
Trading expenses	(2 266)	(4 984)	(54.5)
Operating expenses	(27 909)	(25 998)	7.3
Net income	2 616	29 100	(91.0)
Other income	-	197	(100.0)
Profit before interest, depreciation and amortisation	2 616	29 297	(91.1)
Interest expense	(541)	(266)	103.6
Depreciation and amortisation	(689)	(908)	(24.1)
Profit before fair value, impairment and guarantee adjustments	1 386	28 123	(95.1)
Fair value adjustments	-	-	-
Guarantee adjustments	-	-	-
Profit before tax	1 386	28 123	(95.1)
Taxation	(240)	(8 531)	(97.2)
Profit after tax	1 146	19 592	(94.2)
Key revenue drivers			
Trading activity indicator	5.9	6.0	(1.0)
Client funds (R'm) – Trading	138.2	154.8	(10.7)
Average asset management funds	339 525	532 080	(36.2)

Despite difficult trading conditions experienced over the past 12 months, this business still managed to generate a small profit for the six months ended 28 February 2017, even though revenue was down 45.4% compared to the comparative period in the prior year. Revenue for the past six months is in line with that generated during the second half of FY 2016.

The decline in revenue was primarily driven by lower client funds (10.7% down), as trading activity was only down by 1%.

Revenue generated from asset management execution was down by 52%, compared to the comparative period, due to a 36% decrease in average assets under administration, coupled with the funds being conservatively positioned for the entire period under review, limiting funding and commission revenue.

Emperor Asset Management

Emperor Asset Management is a relatively unknown alternative asset manager that offers its 2 000+ retail clients segregated portfolios tailored to each individual's risk-return profile.

Although Emperor has an 11-year track record of quantitative momentum-style investing, its client offering was only launched during 2012.

As with any asset manager it will take time for this business to reach critical mass and perhaps even attract some institutional asset flows.

The last 24 months have been extremely difficult for our momentum based strategies, culminating in Emperor's worst year of performance since the financial crisis in 2008.

As a result, the funds experienced significant outflows over the last 12 months and did not generate performance fees.



Emperor Asset Management (EAM)

Key revenue drivers	HY 2017	HY 2016	% move
Revenue	1 227	3 824	(67.9)
Trading expense	(387)	(1 013)	(61.7)
Operating expenses	(2 933)	(2 297)	27.7
Net (loss)/income	(2 093)	514	(507.8)
Other income	-	-	-
(Loss)/profit before interest, depreciation and amortisation	(2 093)	514	(507.8)
Interest expense	-	-	-
Depreciation and amortisation	-	-	-
(Loss)/profit before fair value, impairments and guarantee adjustments	(2 093)	514	(507.8)
Fair value adjustments	-	-	-
Guarantee adjustments	-	-	-
(Loss)/profit before tax	(2 093)	514	(507.8)
Taxation	363	(156)	(332.7)
(Loss)/profit after tax	(1 730)	358	(583.5)
Key revenue drivers			
Management fees (R'000)	1 209	2 097	(42.3)
Performance Fees (R'000)	18	1 727	(99.0)
Total revenue (R'000)	1 227	3 824	(67.9)
Client funds (R'm)	340	523	(35.0)

EasyEquities

The Group has continued to invest in its EasyEquities investment platform over the past six months.

In the result, 43 710 accounts have been opened (an increase of 122.4% since HY 2016), with client assets totalling R912 million (up 90.1%) and partner funds under administration totalling R200 million (up 766.4%).

The launch of new features and products, including recurring investments and Bundles (managed portfolios) in the past six months have started gaining traction and adding to the revenue line.

Over the next six months we will be adding US shares to the platform and retirement wrappers, amongst other exciting enhancements that will no doubt continue to attract new clients and assets to the platform and bring us closer to our vision of democratising investing for all South Africans.

In addition, we will continue to explore new partnerships and focus on delivering innovative solutions for our current partners.



EasyEquities

Key revenue drivers	HY 2017	HY 2016	% move
Revenue	3 423	1 578	116.9
Trading expense	(655)	(328)	99.5
Operating expenses	(18 341)	(12 709)	44.3
Net loss	(15 573)	(11 459)	35.9
Other income	-	-	-
Loss before interest, depreciation and amortisation	(15 573)	(11 459)	35.9
Interest expense	(1 264)	(266)	375.1
Depreciation and amortisation	(1 607)	(907)	77.1
Loss before fair value, impairments and guarantee adjustments	(18 444)	(12 632)	46.0
Fair value adjustments	-	-	-
Guarantee adjustments	-	-	-
Loss before tax	(18 444)	(12 632)	46.0
Taxation	3 200	3 832	(12.4)
Loss after tax	(15 244)	(8 800)	71.4
Key revenue drivers			
Accounts opened	43 710	19 653	122.4
Client funds (R'm)	912	480	90.1
Partner funds (R'm)	200	23	769.6
Total funds	1 112	503	121.1

Trading expenses

Trading expenses, comprising introducing agent commissions, sales commissions and third-party research costs decreased by 47.7% for the six months ended 28 February 2017, which is in line with the decrease in revenue.

OPERATING EXPENSES

Operating expenses (R'000)	HY 2016	6 months ended 31 August 2016	HY 2017	% move vs HY 2017	% move 6 months ended 31 August 2016 vs HY 2017
Employment costs	21 029	25 720	24 022	14.2	(6.6)
IT costs	7 530	9 340	8 844	17.5	(5.3)
Marketing	4 255	8 975	5 526	29.9	(38.4)
Office costs	3 534	4 058	4 160	17.7	2.5
Professional fees	1 568	3 150	2 484	58.4	(21.1)
Other	3 088	3 443	4 147	34.3	20.4
Total	41 004	54 686	49 183	19.9	(10.1)

Operating expenses

Operating expenses for the six months ended 28 February 2017 are 19.9% higher than the comparative period, however, are 10.1% lower than the six months ended 31 August 2016.

Net interest expense

The increase in the interest expense is due to an increased utilisation of overdraft facilities to fund the continued growth of the EasyEquities business.

Depreciation and amortisation

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

Fair value and impairment adjustment

Purple Group part-funded a BEE transaction in Real People Investment Holdings Limited ("RPIH") back in 2007, through an empowerment vehicle, Blockbuster Trading 3 Pty Ltd ("BBT"). Subsequent to this and as announced on SENS on 15 December 2014, Purple Group made a direct investment in RPIH during January 2015 (in order to off-set the dilution of Purple Group's investment in RPIH through BBT) through participating in a RPIH capital raise, concluded at a significant discount to net asset value.

In the result Purple Group holds an indirect investment in RPIH through BBT. BBT, of which Purple Group owns a 37.5% shareholding, holds 10 843 ordinary shares in RPIH. In respect of Purple Group's indirect investment in RPIH held through BBT, the shareholders of BBT granted the Industrial Development Corporation ("IDC"), (which funded the transaction) 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.

In addition, Purple Group holds a direct investment in RPIH comprising 6 471 ordinary shares, 6 089 compulsory convertible preference shares and 892 cumulative redeemable preference shares.

The net carrying value of this investment at 31 August 2016 was R27.4 million comprising the fair value of the investment, less the financial guarantee raised.

RPIH is currently raising capital and restructuring its debt to ensure that RPIH meets its debt covenants. It would appear from discussions with management of RPIH that existing shareholders of RPIH, of which BBT and Purple Group are two, could be diluted (perhaps even down to zero) if unable to participate in the capital raising that is currently underway.

Purple Group has no further appetite to invest capital into RPIH and has thus provided 100% against its ordinary shares and compulsory convertible preference shares held directly and indirectly in RPIH and retained the redeemable preference shares at their face value of R12.2 million.

In addition, Purple Group has raised a Financial Guarantee provision for its share of the debt owed to the IDC, totalling R26.9 million.

In the result, a total write-down of R42.9 million before tax and R33.3 million after tax has been included in the results for the six months ended 28 February 2017.

Current and deferred tax

The tax credit of R12.9 million for HY 2017 mainly comprises the fair value adjustment of RPIH.

Profit for the period

Basic earnings and headline earnings per share for HY 2017, have decreased from a profit of 1.29 cents in HY 2016 to a loss of [5.52] cents per share for HY 2017.

Summarised Consolidated Statement of Financial Position

Non-current assets decreased by R28.9 million during HY 2017, mainly comprising the write-down of Purple Group's direct investment in RPIH.

The equity attributable to owners decreased by R24.1 million during HY 2017 due to the losses realised of R48.2 million which was partially off-set by capital raised during the period, totalling R20.5 million.

Gary van Dyk

Chief Financial and Operations Officer

PURPLE GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1998/013637/06) • Share code: PPE • ISIN: ZAE000185526
• ("Purple Group" or "the Company" or "the Group")

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

OPERATING SEGMENTS

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

- EasyEquities: Online investment platform
- GT247.com & GT Private Broking: Online derivatives trading platforms, offering a private client service through GT Private Broking (GTPB)
- Emperor Asset Management (EAM): Asset management operations of the Group offering segregated portfolios, unit trusts and a hedge fund.
- Investments: Fees and dividends earned on non-core investments and fair value adjustments made against them.
- Purple Group: Purple Group is the listed holding company.

	EasyEquities, GT247.com, GTPB and EAM R'000	Purple group R'000	Investments R'000	Total R'000
As at 28 February 2017				
Segment asset				
Non-current assets	24 703	243 380	12 208	280 291
Current assets	127 568	867	5 785	134 220
Total assets	152 271	244 247	17 993	414 511
Segment liabilities				
Non-current liabilities	-	-	(26 887)	(26 887)
Current liabilities	(134 882)	(13 477)	-	(148 359)
Total liabilities	(134 882)	(13 477)	(26 887)	(175 246)

There are no unallocated amounts

	Easy Equities R'000	GT247.com & GTPB R'000	EAM R'000	Investments R'000	Total R'000
For the six months ended 28 February 2017					
Revenue	3 423	32 791	1 227	-	37 441
Trading expenses	(655)	(2 266)	(387)	-	(3 308)
Operating expenses*	(18 341)	(27 909)	(2 933)	-	(49 183)
Net (loss)/income	(15 573)	2 616	(2 093)	-	(15 050)
Other income	-	-	-	903	903
(Loss)/profit before interest, depreciation and amortisation	(15 573)	2 616	(2 093)	903	(14 147)
Interest expense	(1 264)	(541)	-	-	(1 805)
Depreciation and amortisation	(1 607)	(689)	-	-	(2 296)
(Loss)/profit before fair value, impairments and guaranteed adjustments	(18 444)	1 386	(2 093)	903	(18 248)
Fair value adjustments	-	-	-	(47 113)	(47 113)
Guarantee adjustments	-	-	-	4 171	4 171
(Loss)/profit before tax	(18 444)	1 386	(2 093)	(42 039)	(61 190)
Current and deferred tax	3 200	(240)	363	9 619	12 942
(Loss)/profit after tax	(15 244)	1 146	(1 730)	(32 420)	(48 248)

* Share-based payment expense of R3 024 612 is included in operating expenses. The split per segment is as follows:

- EasyEquities R1 117 189
- GT247.com + GTPB R1 719 711
- EAM: R187 712

	Easy Equities R'000	GT247.com & GTPB R'000	EAM R'000	Investments R'000	Total R'000
For the six months ended 29 February 2016					
Revenue	1 578	60 082	3 824	-	65 484
Trading expenses	(328)	(4 984)	(1 013)	-	(6 325)
Operating expenses	(12 709)	(25 998)	(2 297)	-	(41 004)
Net (loss)/income	(11 459)	29 100	514	-	18 155
Other income	-	197	-	-	197
(Loss)/profit before interest, depreciation and amortisation	(11 459)	29 297	514	-	18 352
Interest expense	(266)	(266)	-	-	(532)
Depreciation and amortisation	(907)	(908)	-	-	(1 815)
(Loss)/profit before fair value, impairments and guaranteed adjustments	(12 632)	28 123	514	-	(16 005)
Fair value adjustments	-	-	-	-	-
Guarantee adjustments	-	-	-	-	-
(Loss)/profit before tax	(12 632)	28 123	514	-	(16 005)
Current and deferred tax	3 832	(8 531)	(156)	-	(4 855)
(Loss)/profit after tax	(8 800)	19 592	358	-	11 150

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

- EasyEquities R531 000
- GT247.com + GTPB R1 129 260
- EAM: R109 740

SUBSEQUENT EVENTS

The directors are not aware of any other matter or circumstances arising since 28 February 2017 up to the date of this announcement, not otherwise dealt with in this announcement.

Basis of preparation of the unaudited results

The unaudited condensed Group interim financial statements are prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and in the manner required by the South African Companies Act, 71 of 2008.

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34, however, the areas that include significant judgements made by management in applying the Group's

accounting policies and key sources of estimation uncertainty were the same as those that were identified in the audited consolidated annual financial statements as at and for the year ended 31 August 2016, and which are available on the Company's website, at its registered office and upon request.

Accounting policies which comply with IFRS have been applied consistently by all entities in the Group and are consistent with those applied in the previous financial year. The preparation of these unaudited condensed Group interim financial statements for the six months ended 28 February 2017 was supervised by the Financial Director, Gary van Dyk CA (SA).

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

The directors take full responsibility for the preparation of the unaudited consolidated results for the six months ended 28 February 2017.

On behalf of the board

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

Johannesburg
24 April 2017

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

for the six months ended 28 February 2017

	Unaudited six months 28 February 2017 R'000	Unaudited six months 29 February 2016 R'000	Audited 12 months 31 August 2016 R'000
ASSETS			
Equipment	3 327	4 336	4 003
Intangible assets and goodwill	220 785	210 889	216 137
Other investments	12 208	57 664	58 418
Other financial assets	906	932	954
Deferred tax assets	41 119	27 846	29 725
Total non-current assets	278 345	301 667	309 237
Trade and other receivables	8 567	11 112	8 429
Tax receivable	4 227	-	2 490
Other investments	5 785	6 348	5 938
Other financial assets	1 946	1 834	1 749
Cash and cash equivalents	115 641	100 624	143 839
Total current assets	136 166	119 918	162 445
Total assets	414 511	421 585	471 682
EQUITY AND LIABILITIES			
Share capital and premium	477 187	451 769	456 669
Accumulated loss	(263 892)	(203 434)	(215 644)
Other reserves	25 970	20 120	22 358
Equity attributable to owners	239 265	268 455	263 383
Financial guarantee	26 887	31 058	31 058
Total non-current liabilities	26 887	31 058	31 058
Bank overdraft	12 798	9 147	12 172
Tax payable	-	1 621	-
Trade and other payables	135 561	111 304	165 069
Total current liabilities	148 359	122 072	177 241
Total equity and liabilities	414 511	421 585	671 682
Net asset value per ordinary share (cents)	26.05	31.06	29.88

CONDENSED GROUP STATEMENT OF PROFIT OR LOSS

for the six months ended 28 February 2017

	Change 2016 to 2017 %	Unaudited six months 28 February 2017 R'000	Unaudited six months 29 February 2016 R'000	Audited 12 months 31 August 2016 R'000
Revenue	(43)	37 441	65 484	105 811
Trading expenses	(48)	(3 308)	(6 325)	(9 747)
Operating expenses	20	(49 183)	(41 004)	(95 690)
Net (loss)/income	(183)	(15 050)	18 155	374
Other income	358	903	197	952
Earnings before interest, depreciation and amortisation	(177)	(14 147)	18 352	1 326
Interest income	-	-	-	-
Interest expense	239	(1 805)	(532)	(2 176)
Depreciation and amortisation	26	(2 296)	(1 815)	(2 871)
(Loss)/profit before fair value, impairment adjustments and tax	(214)	(18 248)	16 005	(3 721)
Fair value and impairment adjustments		(42 942)	-	-
(Loss)/profit before tax	(482)	(61 190)	16 005	(3 721)
Current and deferred tax		12 942	(4 855)	531
(Loss)/profit after tax	(533)	(48 248)	11 150	(3 190)

	Change 2016 to 2017 %	Unaudited six months 28 February 2017 R'000	Unaudited six months 29 February 2016 R'000	Audited 12 months 31 August 2016 R'000
Profit/(loss) attributable to:				
Owners of the company		(48 248)	11 150	(3 190)
Non-controlling interest		-	-	-
		(48 248)	11 150	(3 190)
Weighted number of shares in issue at end of period ('000)				
		873 390	861 282	863 492
Earnings per share				
Basic (loss)/profit per share (cents)	(427.9)	(5.52)	1.29	(0.37)
Diluted (loss)/profit per share (cents)	(432.0)	(5.27)	1.22	(0.35)
Headline profit/(loss) per share				
(Loss)/profit for the period	(432.7)	(48 248)	11 150	(3 189)
Headline (loss)/profit for the period	(432.7)	(48 248)	11 150	(3 189)
Headline (loss)/profit per share (cents)	(427.9)	(5.52)	1.29	(0.37)
Diluted headline (loss)/profit per share (cents)	(432.0)	(5.27)	1.22	(0.35)

GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 28 February 2017

	Unaudited six months 28 February 2017 R'000	Unaudited six months 29 February 2016 R'000	Audited 12 months 31 August 2016 R'000
(Loss)/profit for the period	(48 248)	11 150	(3 190)
Other comprehensive income			
Items that may be reclassified subsequently to profit/loss			
Foreign currency translation reserve	587	(31)	1 494
Total other comprehensive income/(loss)	587	(31)	1 494
Total comprehensive (loss)/profit	(47 661)	11 119	(1 696)
Total comprehensive (loss)/profit attributable to:			
Owners of the Company	(47 661)	11 119	(1 696)
Non-controlling interest	-	-	-
	(47 661)	11 119	(1 696)

CONDENSED GROUP STATEMENT OF CASH FLOWS

for the six months ended 28 February 2017

	Unaudited six months 28 February 2017 R'000	Unaudited six months 29 February 2016 R'000	Audited 12 months 31 August 2016 R'000
Cash flow utilised by operating activities	(42 324)	(156 498)	(131 110)
Cash flow utilised in investing activities	(7 018)	(4 575)	(11 113)
Cash flow generated/(utilised) in financing activities	20 518	(9 951)	11 389
Net decrease in cash and cash equivalents	(28 824)	(171 024)	(130 834)
Cash and cash equivalents at the beginning of the period	131 667	262 501	262 501
Cash and cash equivalents at the end of the period	102 843	91 477	131 667

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 28 February 2017

	Unaudited six months 28 February 2017 R'000	Unaudited six months 29 February 2016 R'000	Audited 12 months 31 August 2016 R'000
Balance at beginning of the period	263 383	265 517	265 517
Shares issued	20 518	857	11 144
(Loss)/profit for the period	(48 248)	11 150	(3 190)
Share-based payments	3 025	1 770	4 858
Foreign currency translation reserve	587	(31)	1 494
Dividend payment	-	-	-
Capital distribution	-	(10 808)	(16 440)
	239 265	268 455	263 383

Registered office

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

Independent auditors

BDO South Africa Incorporated
Chartered Accountants (SA)
Registered Auditors

22 Wellington Road, Parktown, 2193, Private Bag X60500, Houghton, 2041

Group secretary

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31 Beacon Road, Florida North, 1709

Sponsor

Deloitte & Touche Sponsor Services Proprietary Limited
Building 8, Deloitte Place, The Woodlands, 20 Woodlands Drive, Woodmead, 2196
Private Bag X6, Gallo Manor, 2052

Directors

Mark Barnes
Charles Savage
Gary van Dyk
Dennis Alter
Craig Carter
Ronnie Lubner

Non-executive Chairman
Chief Executive Officer
Chief Financial and Operations Officer
Independent Non-executive Director
Independent Non-executive Director
Non-executive Director