Investing
made easy.
Your turn.

PURPLE GROUP
LIMITED

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<GT247.COM>

EMPEROR
ASSET MANAGEMENT

EasyEquities

RISE
RETIREMENT INVESTMENTS AND SAVINGS
FOR EVERYONE

CONTENTS

PURPLE GROUP
LIMITED

70% EasyEquities

Investing for everyone.

EasyEquities celebrated its fifth birthday shortly after the current financial year ended. In that period we have grown our platform assets to R9.0 billion. As one of South Africa's most accessible investment platforms, we are proud of how we have redefined the investment landscape for first time investors. Our community now use their Rand denominated Investment Account, Retirement Annuity Account, Tax Free Savings Account, US Dollar denominated Investment Account and Goal driven/Advised Investment account to satisfy their Do-It-Yourself ("DIY"), managed and guided investment needs.

100% <GT247.COM>

Trade to win.

South Africa's first CFD provider, GT247.com, remains one of South Africa's leading trading platforms. With its bespoke research, experienced traders, low cost and many awards under its belt – including Top Online Stockbroker in the annual Intellidex Investors Monthly survey – the team at GT247.com remain dedicated to helping their thousands of clients place successful trades.

100% EMPEROR ASSET MANAGEMENT

The adventure is yours to have. At your pace, altitude and risk level.

We use four main building blocks to construct our portfolios: Value, Quality, Stability and Momentum. You can invest in any one of these building blocks, or a combination of them, as part of an equity portfolio that matches your defined risk-return objectives. Each of these building blocks is driven by different risk factors and in 2019 the team worked hard at achieving above market returns for their clients.

LETTER FROM THE BOARD

POWER IN PARTNERSHIPS, EXTRAORDINARY GROWTH

Purple Group had a great year all round.

Group revenue increased by 40% whilst costs were contained at 6%. Overall this resulted in a 64% decline in the basic loss per share. Trading revenue is solid and the group's ambitious growth strategy in EasyEquities has again been evidenced in this year's result.

It has taken some time and management determination and effort to get GT247.com, our award-winning trading business, back on track. GT247.com reported a profit before tax of R17.7 million, up 73% over last year.

Looking ahead now, there is no doubt that EasyEquities will continue to be at the heart of what drives the Purple Group. EasyEquities has established itself as a leading Fintech retail brand in South Africa, as our many awards and growing client base attest.

Organic growth continues to play its part, however, more and more it's our partnerships that are going to set us apart.

Platform assets grew 157% over the past year, and more than R4.5 billion of that growth came from partners, RISE, being the most significant of these. RISE is a retirement fund administration and investment fund management business which is 50% owned by EasyEquities. Our strategy of expanding, diversifying and strengthening our multitude of client acquisition channels is bearing fruit. This is a far cheaper form of client acquisition and we are extremely proud of and grateful for the quality of our partnerships and the value they add to our business.

Sanlam, through Satrix (South Africa's first ETF provider, which turns 20 next year) and its SatrixNOW platform has in so many ways proven to be the blueprint of an ideal partner. Sanlam have now added the EasyEquities savings functionality to their innovative Sanlam Reality credit card and the transfer of circa 50 000 clients and a further R6 billion of assets in the first quarter of 2020, will further cement our mutually beneficial relationship. Our number one priority remains to ensure we scale efficiently and effectively not only for this partner but all those who have entrusted us with their brands. Sanlam owns 30% of EasyEquities.

As the EasyEquities business matures, winning awards becomes less important to us than delivering on the promise of the many awards we have won in the past. We were nonetheless delighted to again be acknowledged as best Tax-Free Savings Account provider in the country and GT247.com and EasyEquities filled first and second positions in the Top Online Stockbroker category, as voted by thousands of retail users and validated through rigorous research by Intellidex and media partners Financial Mail Investors Monthly.

Through our various products and services, clients can choose everything from DIY investing, managed portfolios through to goal-based robo-advice or any combination of these, ensuring that we are capable of catering to the changing needs of all investor types, not just locally but abroad too. No other platform provides the choice, competitive pricing, easy user experience and value-for money that EasyEquities does. We are especially excited that more than 65% of our customers and revenue come from clients under the age of 37 and more than 95% of them are first time investors.

Our incredible employees are a mixture of experienced team members who have been with the business for over a decade complemented by a passionate group of young, smart and dedicated individuals who continue to join our ranks all the time. Our agile HR approach enables all these people to make meaningful contributions as we continue to lead the way in making investing accessible, profitable and fun for all South Africans.

We invite you to follow our journey on Facebook, LinkedIn, Instagram and Twitter as the next financial year promises to be even more successful with the further acquisition of clients by RISE, the launch of our Australian venture and the conclusion of new partnerships that will drive platform clients and assets.

The re-constituted Board of Purple Group saw the appointment of a new Chairman, Happy Ntshingila, and two new non-executive directors, Bonang Mohale and Arnold Forman, increasing the diversity of the Board.

With thanks to all in the Purple Group and EasyEquities communities and a special thank you to Ronnie Lubner (who sadly passed away in December last year) for his guidance, support and friendship over so many years. He is sorely missed around the boardroom table.

GROUP REVENUE INCREASED BY

▲40%

GROUP COSTS INCREASED BY

▲6%

GROUP BASIC LOSS PER SHARE AT 1.06 CENTS

▼64%

(FY 2018: LOSS 2.94c)

EasyEquities

EASYEQUITIES REVENUE INCREASED BY

▲ 157%

PLATFORM ASSETS INCREASED BY 157% TO

R9.0bn

(FY 2018: R3.5 BILLION)

FUNDED RETAIL INVESTMENT ACCOUNTS INCREASED BY 62% TO

111 331

(FY 2018: 68 739)

RISE MANDATES TOTALLING

R5.4bn

(FY 2018: R1.0 BILLION)

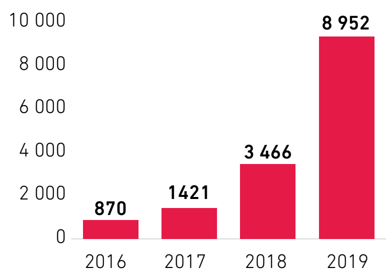
EASYEQUITIES AWARDED BEST TAX-FREE SAVINGS ACCOUNT FOR THE FIFTH TIME

TOTAL RETAIL DEPOSITS INCREASED BY 27% TO

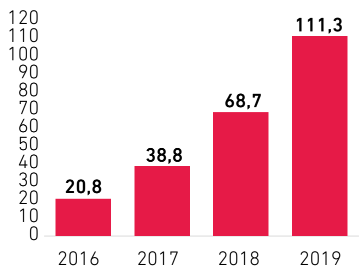
R1.5bn

(FY 2018: R1.2 BILLION)

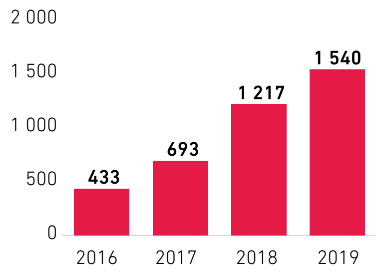
PLATFORM ASSETS (R'M)



FUNDED INVESTMENT ACCOUNTS ('000)



RETAIL DEPOSITS (R'M)



GT247.COM

GT247.COM TRADING REVENUE INCREASED BY

▲6.8%

(FY 2018: ▲ 13.9%)

GT247.COM COSTS DECREASED BY

▼6.2%

(FY 2018: ▼ 14.7%)

PROFIT BEFORE TAX INCREASED BY 73% TO

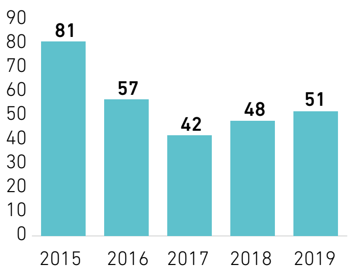
R17.7m

(FY 2018: ▲ 141%)

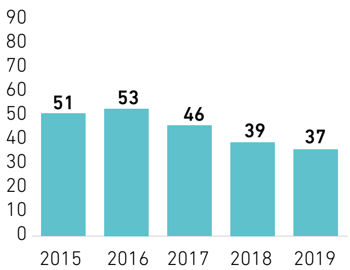
GT247.COM AWARDED TOP ONLINE BROKER FOR 2019

GT247.COM AWARDED SECOND BEST CFD PROVIDER FOR 2019

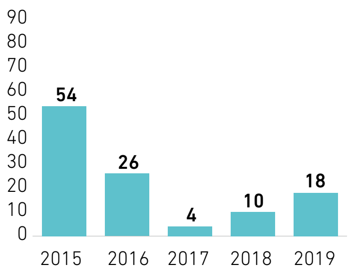
TRADING REVENUE (R'M)



TOTAL COSTS (R'M)



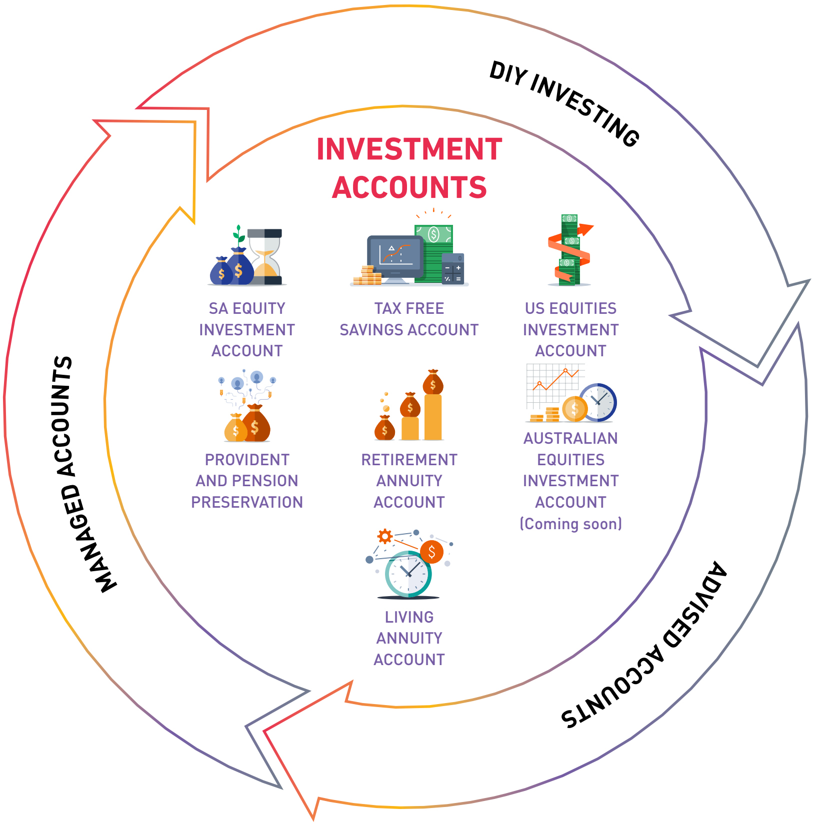
PROFIT BEFORE TAX (R'M)

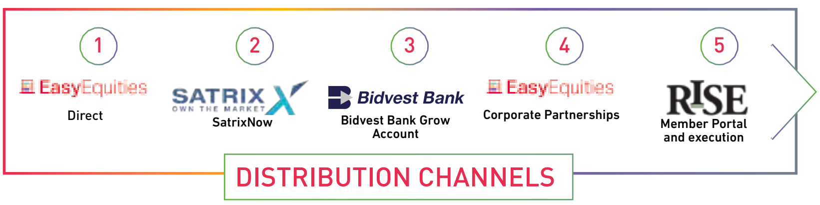


EXECUTING ON OUR STRATEGY

EasyEquities

EasyEquities leverages its innovative investment platform and technology stack through various distribution channels:





Core offering

Founded in South Africa in 2014, originally targeting the heavily under invested Millennial Generation, EasyEquities was built with the deep desire and purpose to democratise all things investing. Since then it's been a wonderful journey. A library of global awards and powerful partnerships gives credence to our success, having won everything from Best Fintech, Best Startup, Most Innovative Business and Top Online Stockbroker. But the real rewards come from our customers and the testimony they give to the difference we are making in changing their financial lives, and the incredible stories of every day South Africans taking up investing for the very first time.

EasyEquities solves three customer problem statements through a world first single platform:

- Customers that know what shares they want to buy. (DIY Investing)
- Customers that don't know what shares they want to buy and prefer to have their money managed by a market professional. (Managed Portfolios)
- Customers who have financial goals but lack the confidence and understanding to match these goals with their risk tolerance, time horizon and capital constraints. (Goal-Based Investment Guide)

We built our loyalty program, Thrive, to drive and shape long-term investor behavior rewarding them through zero brokerage benefits and other lifestyle experiences and enticing them to level up their education through our academy, build community through our referral and vouchering tools, and stay financially fit by putting their education into practice on the platform.

Distribution channels

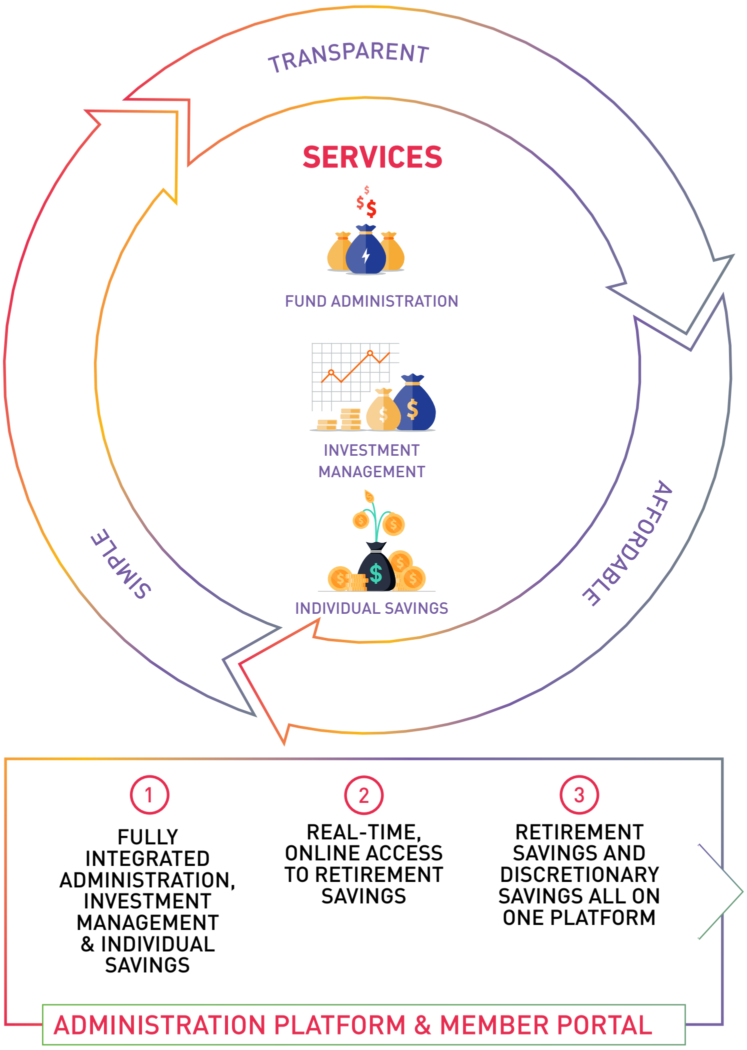
- Customers are acquired directly by EasyEquities through various marketing initiatives and more importantly through referrals from existing customers (40% of clients are acquired through referrals);
- EasyEquities has white labelled its core platform to SatrixNow, who utilises the platform to attract customers to invest in Satrix's ETFs and Unit Trusts.
- EasyEquities has provided customers of the Bidvest Bank Grow Account the opportunity to invest seamlessly through the Bidvest Bank Grow Account App, into the various investment products offered on the EasyEquities core platform.
- EasyEquities has been appointed by RISE to provide execution services in respect of investment mandates secured by RISE and offer members of funds administered by RISE various investment accounts as detailed above.

LETTER FROM THE BOARD CONTINUED

EXECUTING ON OUR STRATEGY CONTINUED

RISE

RETIREMENT INVESTMENTS AND SAVINGS FOR EVERYONE



- A joint venture (50/50) with NBC Fund Administration Services, registered as Retirement Investments and Savings for Everyone (Pty) Ltd and trading as RISE, is a one-stop-shop integrated institutional administration and investment fund management business.
- Through its proprietary administration and investment management system, coupled with a first-of-its-kind member savings portal, RISE is equipped to reduce the cost of administration and provide unparalleled efficiency and transparency to all stakeholders.
- Contributions are seamlessly invested into selected portfolios and claims processed within 96 hours of submission.
- Members are provided with real-time, online access to view their retirement savings and the ability to complement their retirement savings through various investment accounts. This includes a Rand-based Investment Account, a USD Investment Account and a Tax-Free Savings Account with no minimum investment amounts or pre-scribed investment periods.

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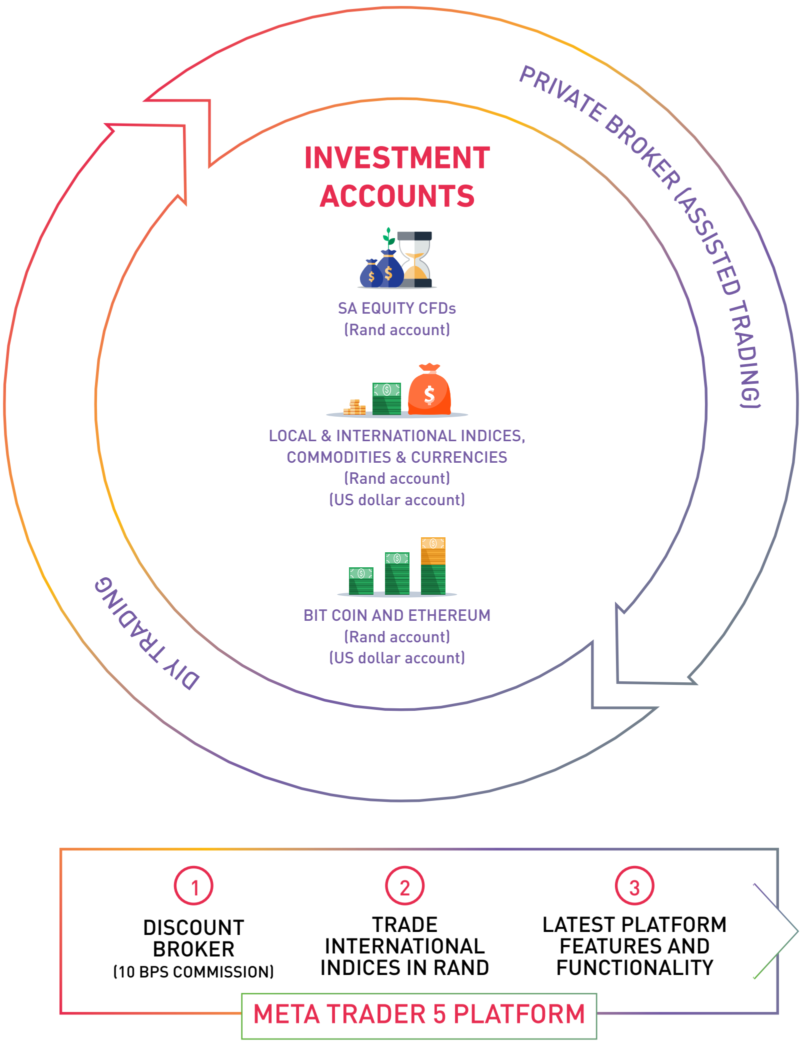
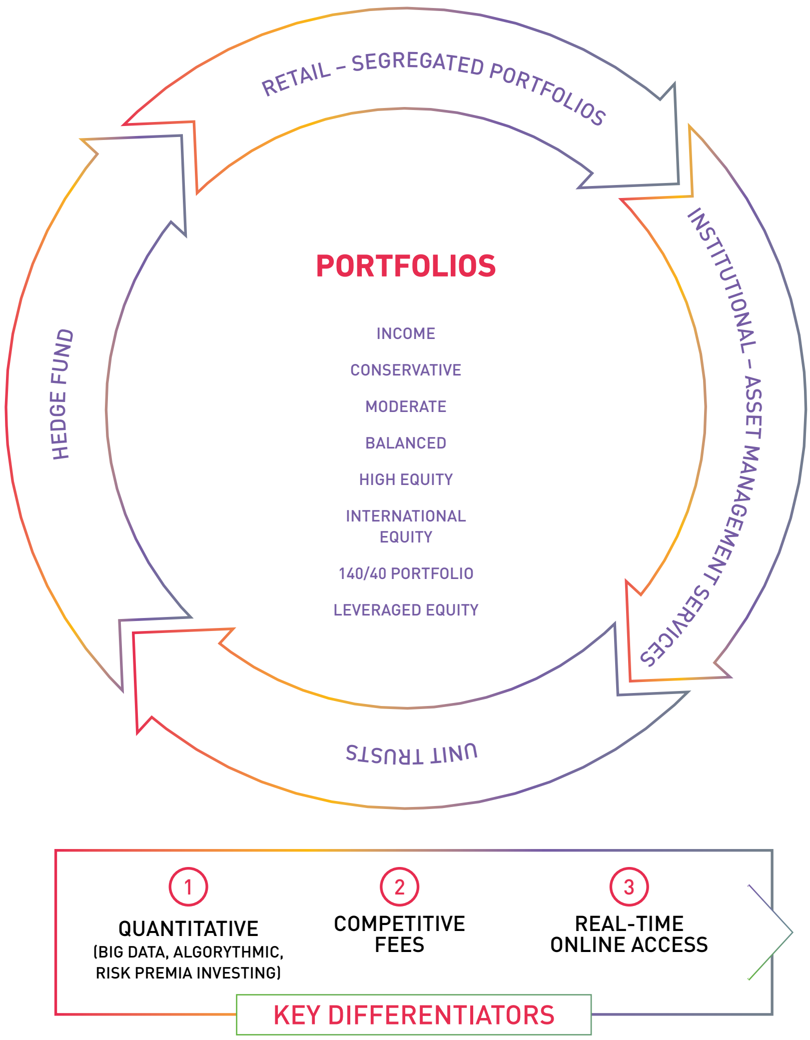


GT247.com is the trading destination for active derivative traders. GT247.com is an important complementary service for traders who require market leverage at competitive rates. The platform provides traders with access to trade equity CFDs (listed on the JSE) and derivatives in respect of over 60 currency pairs, all major international indices, commodities and cryptocurrencies using Rands.

GT247.com offers the lowest commission rates in the market for retail investors, being 10 basis points. This, coupled with the Meta Trader 5 Trading Platform, provides a compelling and competitive offering for our clients.

EXECUTING ON OUR STRATEGY CONTINUED



The strategy for Emperor Asset Management is to broaden the offering and client base through offering managed portfolios on the EasyEquities platform and securing institutional asset management and consulting mandates.

Over the past few years several investment strategies were formulated and listed on the EasyEquities platform. The offering caters to a broad range of investor risk/return requirements.

Emperor Asset Management is one of the investment managers appointed by RISE to manage a portion of the investment mandates secured by RISE.

FINANCIAL ANALYSIS

Consolidated statement of profit or loss

	2019 R'000	2018 R'000	Movement %
Revenue	98 476	70 216	40
Commissions and research expenses	(3 143)	(3 982)	(21)
Operating expenses	(100 756)	(93 825)	7
Net loss	(5 423)	(27 591)	(80)
Other income	33	4 069	(99)
Loss before interest, depreciation and amortisation	(5 390)	(23 522)	(77)
Net interest expense	(3 650)	(4 316)	(15)
Depreciation and amortisation	(9 813)	(8 500)	15
Loss before fair value, impairment adjustments and tax	(18 853)	(36 338)	(48)
Fair value impairments and guarantee adjustments	102	(6 760)	(102)
Share of profit/(loss) of joint venture	3 474	(483)	(819)
Loss before tax	(15 277)	(43 581)	(65)
Income tax benefit	3 264	10 443	(69)
Loss for the period	(12 013)	(33 138)	(64)
Loss attributable to:			
Owners of the company	(9 544)	(26 667)	(64)
Non-controlling interests	(2 469)	(6 471)	(62)
Loss per share			
Basic loss per share (cents)	(1.06)	(2.94)	(64)

The Group recorded an attributable loss for the period of R9.5 million compared with R26.7 million in the prior year. The basic loss of 1.06 cents per share compares with a loss of 2.94 cents per share in the prior year, an improvement of 64%.

The net loss before other income of R5.4 million realised in the current year has decreased by R22.2 million, an improvement of 80%.

FINANCIAL ANALYSIS CONTINUED

EasyEquities

	2019 R'000	2018 R'000	Movement %
Revenue	**40 807**	**15 880**	157
Commissions and research expenses	**(588)**	**(884)**	(33)
Operating expenses	**(51 961)**	**(42 049)**	24
Net loss	**(11 742)**	**(27 053)**	(57)
Other income	**30**	**625**	(95)
Loss before interest, depreciation and amortisation	**(11 712)**	**(26 428)**	(56)
Net interest income	**3 636**	**2 492**	46
Depreciation and amortisation	**(8 874)**	**(7 594)**	17
Loss before joint venture	**(16 950)**	**(31 530)**	(46)
Share of profit/(loss) of joint venture	**3 474**	**(483)**	(819)
Loss before tax	**(13 476)**	**(32 013)**	(58)

- EasyEquities revenue was up 157%.
- Total expenses increased by 22.4% primarily due to higher employment related costs, a bonus provision raised at year end and moderate increases across the majority of other costs, commensurate with the growth in the business. Employment costs increased by 19%, comprising an average annual increase of around 6.5% and the remainder accounted for by additional resources onboarded during the year. A bonus provision of R4 million was raised at year end for all staff and executive management, whereas no bonuses were paid in the prior year.
- EasyEquities' 50% shareholding in RISE added R3.5 million to the bottom line this year.

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	2019 R'000	2018 R'000	Movement %
Asset management execution	**4 277**	**2 601**	64
Trading revenue	**51 228**	**47 969**	7
Revenue	**55 505**	**50 570**	10
Commissions and research expenses	**(2 256)**	**(2 413)**	(7)
Operating expenses	**(34 702)**	**(37 007)**	(6)
Net income	**18 547**	**11 150**	66
Other income	**3**	**–**	(100)
Profit before interest, depreciation and amortisation	**18 550**	**11 150**	66
Net interest expense	**–**	**(113)**	–
Depreciation and amortisation	**(875)**	**(843)**	4
Profit before tax	**17 675**	**10 194**	73

- Trading Revenue is up 6.8% compared to the prior year, driven by a general increase in market volatility, specifically during the first half of the financial year, which drove trading revenue.
- The revenue generated from asset management execution revenue increased by 64%, driven by higher levels of leverage employed across the leveraged equity strategies, as market conditions for Emperor's strategies improved.
- Total expenses are 6.2% lower due to various cost saving initiatives implemented over the past 24 months. Compared to FY 2016, total costs in respect of this business have decreased by 31.9% (R17 million p.a.).

FINANCIAL ANALYSIS CONTINUED

Emperor Asset Management

	2019 R'000	2018 R'000	Movement %
Revenue	**2 109**	**3 707**	(43)
Commissions and research expenses	**(270)**	**(453)**	(40)
Operating expenses	**(3 529)**	**(5 775)**	(39)
Net income	**(1 690)**	**(2 521)**	(33)
Other income	**–**	**–**	N/A
Loss before interest, depreciation and amortisation	**(1 690)**	**(2 521)**	(33)
Depreciation and amortisation	**(36)**	**(26)**	38
Loss before fair value adjustments	**(1 726)**	**(2 547)**	(32)
Fair value adjustments	**102**	**(220)**	(146)
Loss before tax	**(1 624)**	**(2 767)**	(41)

- Revenue has decreased by 43% during the period, primarily due to a decrease in client funds invested in its leveraged strategies, which have not performed well over the past 3 years, however, for the current calendar year the majority of the Emperor portfolios have outperformed their respective benchmarks, including the leveraged strategies.
- The future revenue growth will be driven through retail distribution on the EasyEquities' platform and securing institutional flows.

Purple Group Limited and Investments

	2019 R'000	2018 R'000	Movement %
Revenue	**55**	**59**	(7)
Commissions and research expenses	**(29)**	**(232)**	(88)
Operating expenses	**(10 564)**	**(8 994)**	17
Net loss	**(10 538)**	**(9 167)**	15
Other income	**–**	**3 444**	(100)
Loss before interest, depreciation and amortisation	**(10 538)**	**(5 723)**	84
Net interest expense	**(7 286)**	**(6 695)**	9
Depreciation and amortisation	**(28)**	**(37)**	(24)
Loss before fair value, impairment adjustments and tax	**(17 852)**	**(12 455)**	43
Fair value, impairment and guarantee adjustments	**–**	**(6 540)**	(N/A)
Loss before tax	**(17 852)**	**(18 995)**	(6)

- Operating expenses have increased by 17.5% primarily due to the capital raising fee of R2 million paid in the current year.

RISE

	2019 R'000	2018 R'000	Movement %
Revenue	**18 163**	**1 606**	1 031
Operating expenses	**(8 316)**	**(2 948)**	182
Profit/(loss) before tax	**9 847**	**(1 342)**	(833)
Taxation (expense)/benefit	**(2 899)**	**376**	(871)
Profit/(loss) after tax	**6 948**	**(966)**	(819)
EasyEquities share of profit/(loss) after tax	**3 474**	**(483)**	**(819)**

- RISE secured various administration and asset management mandates during the second half of FY 2019, increasing total mandated funds to R5.4 billion at 31 August 2019. The mandates secured are primarily composite mandates comprising both retirement fund administration and Asset management services.

MAKING OUR MARK

Born to Run – EasyEquities loves supporting the hundreds of runners in our running club – many of them first time athletes who, like first time investors, never thought they could. Pictured are Shaun (our ETF guru) and his wife Kate running Comrades (a few weeks after tying the knot!) Our community lead diverse, active lives.

Health and Fitness – Jessica (our FX queen and client engagement champion) started a netball team. They are fierce competitors – Jessica likes to win. At EasyEquities we support team members in various activities, believing that life=work=life and that a good work/life balance is one where all team mates can lead authentic lives.

JSE She Invests – EasyEquities has a higher percentage of women investors than many other platforms and we strive to make investing even easier for women in all stages of their lives. With our guest speaker, partner and legend asset manager Anthea Gardner (you can buy her #Invest bundles on our platform) the Easy team loved engaging with thousands of women at this annual day at the JSE. Thanks to our partners from Satrix who, as always, make magic with us.

Expo – Annually we take part in LeaderEx and every year our team is invigorated by the thousands of users, hungry for information, who descend on our stand. This year our Client Engagement lead coach Waylon (who is also a Gauteng touch rugby coach in addition to being one of our top performers) designed an Around the World in 80 ETFs stand.

Top Stockbroker Awards – for the fifth year running in 2019, EasyEquities won best Tax Free Savings account provider in these prestigious awards held at the JSE and run by Intellidex and Investors Monthly. With a slew of other awards, including Top Online Stockbroker for GT247.com, we celebrated the night away!

EFC The Fighter – Our brand champion Standwa may be small in stature, but with his team mates, and via a multitude of events such as EFC, he gets around to engage with the diverse Easy community – displaying his massive passion for the brand. Here he is with one of SA's top EFC legends wearing socks from Thedeerfactory – also a part of our community.

Mandela Day 2019 – Our team worked with refugees on Mandela Day to bring some light into the lives of people who struggle owing to displacement and xenophobia. Much of our engagement is driven by exco member Bev Ferreira who has a love of people and believes in doing good, always.

Thriving – our loyalty programme came alive in our new office space. Thrive with us!

Salty Hour – Born out of East London, this initiative now has a national footprint. Unlocking children's confidence through surfing, we are proud of our digital brand champion Jono for creating this initiative and getting us involved in it. Join us when next you at the beach!

OUR LEADERSHIP

HAPPY NTSHINGILA – 58

Independent non-executive Chairman

Happy Ntshingila is Chairman of Washirika 3 Oaks. He was previously Chief Executive Officer at SuperSport International. Prior to that he was Group Chief Marketing and Communications Officer at Barclays Africa. He is the former Deputy Chairman of Brand SA, sat on the Council of the University of Fort Hare, he is Chairman of the Eminent Persons Group (tasked with transformation in SA sport) and is Chairman of NPI Governance Consulting. Former CEO and founder of the famed HerdBuoys Advertising.

Happy joined the Board in February 2019.

Happy is also a member of the Audit Committee, Remuneration Committee and Social and Ethics Committee.

MARK BARNES – 63

Non-executive director

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 a significant shareholder in the Purple Group.

Mark is a frequent contributor in the South African media and was most recently CEO of the South African Post Office, until September 2019.

Mark joined the Board in October 2004.

Mark is also a member of the Remuneration Committee and Risk Committee.

CHARLES SAVAGE – 46

Group CEO

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.

Charles joined the Board in July 2009.

Charles is also a member of the Risk Committee.

GARY VAN DYK – 42

Group CFOO

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.

Gary joined the Board in April 2013.

Gary is also a member of the Social and Ethics Committee and Risk Committee.

ARNOLD FORMAN – 55

Independent non-executive director

Arnold Forman is a chartered accountant having completed articles at Arthur Young, and having worked at PWC locally and internationally.
He is currently Chief Executive Officer of The Lubner Group of Companies which portfolio includes Real Estate, Property Development, Retail, Sporting and Financial Services Interests. His 24 years of experience in strategy, operations, financial and marketing aspects of these businesses is valuable, broad and always seeking out of the box solutions to promote businesses.
His latest business passion is the landmark completion on The Houghton Residential and Hotel Development. From a CSI perspective, he was one of the founders and until last year the financial director of the NPO Afrika Tikkun which focuses on the education and career development of underprivileged township children and youth in South Africa. Today this NPO has 480 employees with more than 11 000 beneficiaries.

Arnold joined the Board in February 2019.

Arnold is also a member of the Audit Committee and Chairman of the Risk Committee.

CRAIG CARTER – 59

Independent 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, and CEO of Luminous Banking.

Craig joined the Board in February 2005.

Craig is also a member of the Risk Committee and Chairman of the Audit Committee and Remuneration Committee.

BONANG MOHALE – 57

Non-executive director

Bonang is Professor of Practice in the Johannesburg Business School (JBS) College of Business and Economics. He is a highly respected South African businessman, who is known for his patriotism and his active role in seeking to advance the country's interests.

Bonang was former Chief Executive Officer of Business Leadership South Africa (BLSA) till July 2019. Prior to joining BLSA, Mr Mohale ended a distinguished term as Vice President Upstream and Chairman of Shell South Africa Proprietary Limited at the end of June 2017.

Bonang, who originally studied to be a medical doctor, has had a distinguished career at the helm and in leadership roles of several major South African and multinational companies; including Otis Elevators, South African Airways, Sanlam Limited, and Drake & Scull Integrated Facilities Management.
He currently serves on the Boards of Swiss Re Africa Limited, Bidvest Group Limited, FirstRand Limited and National Business Initiative (NBI).

Mr Mohale has an impressive track record of building successful companies, delivering results and making significant advances in transformation in the companies he has been involved in. Bonang joined the Board in February 2019.

Bonang is also Chairman of the Social and Ethics Committee.

CORPORATE GOVERNANCE

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.

ROLE AND FUNCTION OF THE BOARD

The Board is ultimately responsible for ensuring 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.

The Board has delegated authority of the day-to-day management of the Group to the CEO and 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 BOARD OF DIRECTORS

COMPOSITION

The Board currently consists of two executive and five non-executive directors (three of whom are independent).

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. Details of the directors, together with a brief *curriculum vitae* of each director, can be found on pages 16 and 17.

Executive directors have standard employment contracts, requiring no more than three months' notice of termination.

Non-executive directors have standard letters of appointment and are subject to retirement by rotation and re-election by shareholders in accordance with the Memorandum of Incorporation.

DIVERSITY POLICY

Purple Group recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A diverse Board will include and make good use of differences in the skills, experience, background, race, gender and other distinctions between members of the Board. These differences will be considered in determining the optimum composition of the Board and, wherever possible, should be balanced appropriately. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

In terms of Regulation 43 (5) of the Companies Act No. 71 of 2008 ("the Act"), the Purple Group social and ethics committee ("the S & E Committee") is required to report on, among others, the promotion of equality, diversity and the prevention of unfair discrimination.

In reviewing the Board composition, the Board will consider the benefits of all aspects of diversity specifically including, but not limited to, gender and race diversity, in order to enable it to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment to the Board, the Board will consider candidates on merit against objective criteria and with due regard to the benefits of diversity on the Board.

As part of the annual performance evaluation and assessment of the Board, Board committees and individual directors, the Board will consider the balance and mix of skills, experience, independence and knowledge and the diversity representation on the Board, including gender and race, how the Board works together as a unit, and any other factors relevant to its effectiveness.

During the year under review the Group appointed three new directors, two of whom are black non-executive directors.

CHAIRMAN

The chairman of the Board, Happy Ntshingila, is an independent non-executive director.

The roles of chairman and CEO are separate, each with clearly defined responsibilities.

INDEPENDENCE AND PERFORMANCE

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 Board reviews the independence of directors annually at a minimum, taking into consideration the principles as set out in the King IV code and the Companies Act.

Executive directors' performance is assessed in relation to key performance indicators as agreed annually in accordance with the Company's standard performance assessment process.

Due to the small size of the Board and the fact that all directors participate actively, the Board has not found it necessary to conduct formal assessments of the individual non-executive directors.

PROCESS FOR APPOINTMENT AND REMOVAL OF DIRECTORS

Due to the small size of the Group and the Board no Nominations Committee has been formed. As a result, directors are appointed and/or removed by the full Board directly, based on the suitability of available candidates and the requirements of the Group.

New directors will be inducted into the Group through interactions with various Exco members across the business, providing them with the necessary understanding of the Group structure and fiduciary responsibilities.

APPOINTMENT AND RE-ELECTION OF THE BOARD

One-third of all non-executive directors retire by rotation annually, and any director appointed by the Board is subject to election by the shareholders at the first AGM held after their initial appointment.

In accordance with the Company's Memorandum of Incorporation and the King code, Mark Barnes and Craig Carter will retire by rotation and will stand for re-election by shareholders at the next AGM.

BOARD COMMITTEES

The Board has established a number of statutory and other committees to assist it in fulfilling its duties and responsibilities more effectively.

Members of the Board are appointed to committees based on their areas of expertise and experience, and in such a way that there is a distribution of authority and decision-making. One of the members is appointed as chair of that committee.

Each committee operates within specific written terms of reference under which certain functions of the Board are delegated with defined purposes, duties and reporting procedures. These terms of reference are reviewed regularly.

The following table records meetings attended by each member of the Board during the period under review:

	Board Meetings	Audit Committee	Social and Ethics Committee	Risk Committee	Remuneration Committee
Happy Ntshingila[4]	(1/1) (Chairman)	(1/1)			
Bonang Mohale[5]	(1/1)		(1/1)		
Mark Barnes[3]	(2/2)	(1/1)		(2/2)	(1/1)
Arnold Forman[5]	(1/1)	(1/1)		(2/2) (Chairman)	
Craig Carter	(2/2)	(2/2) (Chairman)		(1/2)	(1/1) Chairman
Charles Savage	(2/2)			(2/2)	
Gary van Dyk	(2/2)		(1/1)	(2/2)	
Ronnie Lubner[1]	(1/1)				(1/1)
Dennis Alter[2]	(0/1)	(0/1)			

1 *Ronnie Lubner passed away during December 2018.*

2 *Dennis Alter did not stand for re-election at the Company's AGM.*

3 *Mark Barnes stepped down as Chairman of the Board during February 2019.*

4 *Happy Ntshingila was appointed as a non-executive director and Chairman of the Board during February 2019.*

5 *Arnold Forman and Bonang Mohale were appointed as a non-executive directors during February 2019.*

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), Happy Ntshingila and Mark Barnes.

REMUNERATION POLICY

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 stakeholders.

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 who has share options from his time as an executive. 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 members of the audit committee are elected by ordinary resolution at each annual general meeting of the Company.

The Audit Committee will meet at least twice a year and comprises Craig Carter (who chairs the committee), Arnold Forman and Happy Ntshingila, all of whom are independent non-executive directors. The Chief Financial and Operations Officer and representatives of external audit attend Audit Committee meetings by invitation.

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;
- Satisfying itself that the finance function is appropriately staffed; and
- Considering the competence and independence of the external auditor by, amongst others, receiving and reviewing the documentation as detailed in paragraph 22.15(h) of the Listings Requirements of the JSE.

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.

CORPORATE GOVERNANCE CONTINUED

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 Bonang Mohale (who Chairs the committee), Bradley Leather, Happy Ntshingila, Beverly Ferreira, Justin Pearse, Sascha Graham, Rika Pieterse 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.

RISK COMMITTEE

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 Arnold Forman (Chairman), Charles Savage (CEO), Gary van Dyk (Chief Financial and Operations Officer), Mark Wilkes (VP of Risk), Craig Carter and Mark Barnes and meets when the risk position of the various companies warrants it, but at a minimum two times a year, to review the risk policies.

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.

COMPANY SECRETARY

All directors have access to the advice and services of the Company Secretary.

The Company Secretary acts in a support capacity to the directors and Chairman and provides 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 Company 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.

The Board was satisfied that the Company Secretary is suitably qualified, competent, experienced and independent. The Company Secretary is a third party entity in which none of the directors or Exco members have an interest, and as a result the Board believes that an arms-length relationship exists between the Group and the Company Secretary.

GOVERNANCE OF IT

IT forms an integral part of the three business units, namely GT247.com, EasyEquities and Emperor Asset Management.

IT governance, therefore, forms an integral part of the Group's risk management to ensure that the systems are able to support our clients' needs and our own internal control systems, whilst at the same time being aligned to the Group's strategic objectives.

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 a member of Exco, and who is responsible for the implementation of an IT governance framework and for monitoring and evaluating significant IT expenditure.

As part of this framework the Group identifies any new and innovative technology that can be incorporated into its strategy and processes. Security, disaster recovery and data management are also essential focuses of the IT department.

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 and legal 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 VP of Compliance, VP of Legal, VP of Operations and VP 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

Employees	HR function, performance management systems, management structures, team and staff meetings.
Customers	Website, emails, seminars, training, social media and client services team.
Shareholders	Integrated report, Annual General Meeting, one-on-one meetings, circulars and announcements.
Partners	Introducer programme, reporting and meetings.
Regulators	Submission of integrated annual reports and returns, audits and compliance with the rules and regulations of the individual regulatory bodies (JSE, FSCA).
Media	Interviews, providing content to TV shows and magazines.

KING REPORTS ON CORPORATE GOVERNANCE

The Group remains committed to managing its operations in accordance with the highest ethical standards. It supports the values of corporate governance advocated in the King Reports on Corporate Governance and complies with the principles contained in the Code of Corporate Practices forming part of King IV.

A register in terms of King IV, can be found on the website at www.purplegroup.co.za.

FINANCIAL STATEMENTS

These consolidated annual financial statements have been internally prepared under the supervision of Gary van Dyk CA(SA).

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors are responsible for the preparation and fair presentation of the consolidated financial statements of Purple Group Limited, comprising the consolidated statement of financial position at 31 August 2019, 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 reporting date. The external auditors are engaged to express an independent opinion on the financial statements.

The consolidated financial statements set out on pages 28 to 79 of Purple Group Limited, as identified in the first paragraph, were approved by the Board of Directors on 25 November 2019 and are signed on their behalf by:

Happy Ntshingila

Non-executive Chairman

Gary van Dyk

Chief Financial and Operations Officer

COMPANY 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 reporting period ended 31 August 2019, and that all such returns are true, correct and up to date.

4 Africa Exchange Registry Proprietary Limited
Company Secretary

Bryanston
25 November 2019

DIRECTORS' REPORT

for the year ended 31 August 2019

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 2019.

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, investing and asset management.

FINANCIAL REVIEW

The Group recognised an attributable loss of R9.5 million (2018: loss of R26.7 million) for the 2019 reporting period. Shareholders' funds have increased from R268.4 million in 2018 to R273.3 million in 2019. The Segmental Analysis is shown on pages 41 and 42.

SHARE CAPITAL

The total authorised share capital is 1 200 000 000 ordinary shares of R0.01 each and the total number of ordinary shares in issue net of treasury shares is 939 625 662 (2018: 898 088 798).

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

	2019				2018			
	Beneficial		**Non-beneficial**		Beneficial		Non-beneficial	
	Direct	**Indirect**	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
Mark Barnes	**39 212 718**	**166 080 851**	**–**	**–**	46 852 718	166 080 851	–	–
Craig Carter	**1 932 366**	**–**	**–**	**–**	1 932 366	–	–	–
Ronnie Lubner	**–**	**–**	**–**	**–**	–	–	–	227 100 267
Dennis Alter	**–**	**–**	**–**	**–**	7 200 000	–	–	–
Charles Savage	**20 835 591**	**58 925**	**–**	**–**	20 835 591	58 928	–	–
Gary van Dyk	**15 818 500**	**–**	**–**	**–**	18 518 500	–	–	–
	77 799 175	**166 139 779**	**–**	**–**	95 339 175	166 139 779	–	227 100 267

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 2019.

During the year, Gary van Dyk sold 2 700 000 shares and Mark Barnes sold 7 640 000 shares, as disclosed on SENS.

EVENTS AFTER THE REPORTING DATE

The directors are not aware of any other matter or circumstance arising since the reporting date to the date of this report, not otherwise dealt with in this report. Refer to note 25 of the financial statements.

DIRECTORS

The directors of the Group during the reporting period and up to the date of this report were as follows:

Happy Ntshingila (Chairman)*# (appointed February 2019)
Arnold Forman*# (appointed February 2019)
Bonang Mohale* (appointed February 2019)
Charles Savage (CEO)
Mark Barnes*
Gary van Dyk (CFOO)
Craig Carter*#
Dennis Alter (American)*# (resigned 7 January 2019)
Ronnie Lubner (British)*(deceased)

** Non-executive* *# Independent*

SHARE INCENTIVE SCHEME

The Company's Employee Share Option Scheme has issued 114.2 million (2018: 133.5 million) options in total to the directors and staff of Purple Group. Details of the options in issue are disclosed in note 17 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 provided on page 80.

SUBSIDIARIES

Please refer to note 24 for the names of the company's subsidiaries.

CORPORATE GOVERNANCE AND SUSTAINABILITY

The corporate governance and sustainability report is set out on pages 18 to 23.

GOING CONCERN

The consolidated financial statements have been prepared on a going-concern basis. Despite the Group having accumulated losses, the Group has net equity of R273.3 million, and the directors are confident that the Group will continue trading as a going concern into the foreseeable future.

The losses incurred during the period were generated in respect of the Group's investment in its EasyEquities business as GT247.com generated a reasonable profit.

The Group's investment in EasyEquities during the current period was funded through the transaction with Sanlam in 2017 which resulted in EasyEquities being capitalised with sufficient capital to fund its operations. In addition, further funding of R15 million was received on 30 August 2019 from Sanlam to fund the remaining period to profitability. The remaining profitable businesses in the Group will no longer be required to fund the EasyEquities operations. The GT247.com cash flows will be utilised to fund the remaining operations of the remaining businesses as well as to reduce the debt facilities of the Group.

COMPANY SECRETARY

The Company secretary during the period was 4 Africa Exchange Registry Proprietary Limited. Per the JSE Listings Requirements, the Board of Directors has, during the period 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:

Cedarwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2121

RESOLUTIONS

At a general meeting of the shareholders on 7 January 2019, the following resolutions were passed:

ORDINARY RESOLUTIONS

- Adoption of annual financial statements for the year ended 31 August 2018
- Remuneration of auditors
- Appointment of auditors
- 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
- Non-binding advisory vote on remuneration policy

SPECIAL RESOLUTIONS

- Awarding of shares and provision of financial assistance in connection therewith
- Approval of directors' remuneration to 31 August 2019
- Ratification of capital raising fee paid to non-executive chairman

At a general meeting of the shareholders on 4 April 2019, the following resolutions were passed:

ORDINARY RESOLUTIONS

- Ratification of the appointment of Happy Ntshingila as an independent non-executive director and chairperson of the board;
- Ratification of the appointment of Bonang Mohale as an independent non-executive director;
- Ratification of the appointment of Arnold Forman as an independent non-executive director;
- Appointment of audit committee members;
- Non-binding advisory vote on remuneration policy;
- To authorise the directors as signatories.

SPECIAL RESOLUTIONS

- To authorise the implementation of the Company's name change.

AUDITORS

BDO South Africa Incorporated (Designated audit partner: Daniel Botha)

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. Arnold Forman and Happy Ntshingila joined as new members, Mark Barnes discontinued as a member and Craig Carter (Audit Committee Chairman) continued as Chairman of the committee.

The Audit Committee met twice during the period. The first meeting was on 26 November 2018 to approve the 2018 annual financial statements and again on 21 August 2019 to deal with the matters below and planning for the 31 August 2019 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 are able to meet separately with the Chairman of the Audit Committee during the period if considered necessary.

In execution of its duties during the past reporting period, 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;
- performed an assessment of the competence of the auditor to perform it's duties by, amongst others, receiving and reviewing the documentation as detailed in paragraph 22.15(h) of the Listings Requirements of the JSE;
- 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;
- considered the JSE Proactive Monitoring report of 2018 and has taken appropriate action to apply the findings where applicable; 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 period taking into account all other non-audit services performed if applicable 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, is able to fulfil its function adequately and has in place appropriate financial reporting procedures that are applied and operational.

FINANCIAL STATEMENTS

Following our review of the consolidated annual financial statements for the year ended 31 August 2019, 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 2019 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

25 November 2019

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PURPLE GROUP LIMITED

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of Purple Group Limited and its subsidiaries ("the group") set out on pages 35 to 79, which comprise the consolidated statement of financial position as at 31 August 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Purple Group Limited and its subsidiaries as at 31 August 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Impairment of goodwill *(Note 8)* Goodwill recognised on the acquisition of the GT247 business in prior years, represents by far the most significant asset in the statement of financial position. The goodwill is measured at cost less accumulated impairment losses and is not amortised under International Financial Reporting Standards. The annual goodwill impairment review in accordance with IAS 36: Impairment of Assets, involves valuations utilising different valuation techniques including free cash flow models, which are complex and require significant judgement. In addition, the estimate of the recoverable amount of goodwill is sensitive to the discount rate applied to the cash forecast, and arriving at an appropriate discount rate in itself involves a high degree of estimation. Therefore the impairment testing of goodwill was regarded as a key audit matter and required significant audit emphasis.	Our audit procedures included, among others: • Assessed the key inputs and assumptions used in the valuation and impairment model, including specifically the operating cash flow projections, discount rates, and long-term growth rates to external sources where appropriate and our knowledge of the industry and business. The key assumptions used for estimating cash flow projections in the group's impairment testing are those relating to growth in assets under management, revenue and operating margin; • BDO technical team were consulted to review and assess the valuation models and related inputs and assumptions for reasonability, and to assess whether the methods applied are consistent with International Financial Reporting Standards and industry norms; • Tested the integrity and mathematical accuracy of the impairment and valuation model by re-performing the calculations; and • Considered the adequacy and appropriateness of the group's disclosures in terms of International Financial Reporting Standards in respect of its goodwill impairment testing and whether disclosures about the sensitivity of the outcome of the impairment and valuation assessment to reasonably possible changes in key assumptions properly reflected the risks inherent in such assumptions.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key audit matter	*How our audit addressed the key audit matter*
Revenue recognition – Existence *(Note 1)* A significant part of the group's financial processes is reliant on Information Technology (IT) systems, with automated processes and controls over the capturing, valuing and recording of transactions. This is a key part of our audit due to the: • Complex IT environment supporting diverse business processes which are continuously expanded and new functionality added; • Mix of manual and automated controls, with the majority of the control environment being automated; • Complexity of the billing systems used to recognise revenue; • Revenue consisting of high volume, low value transactions which are generated automatically by the system when clients execute transactions; and • Revenue transactions that are electronically generated by the group's trading platforms, with no physical supporting documents. These factors complicate the auditing of the existence and accuracy of revenue and obtaining the required assurance over revenue recognition, which results in significant audit time and focus being spent on this cycle and as a result is considered to be a key audit matter.	Our audit procedures included, among others: • BDO IT assurance services were employed to perform a comprehensive IT General Control environment review, including testing of the design and implementation of relevant IT general controls for the year and documented all processes and controls in operation over the IT Environment; • BDO IT assurance services tested the automated controls in the system by means of test data and computer assisted auditing techniques; • The operational systems and databases were reconciled to the financial systems in order to ensure the functioning of the interfaces between the systems; • We obtained access to the transactional data for the period under review and identified exceptions within the underlying data when compared to our expectations. These exceptions were identified using computer assisted auditing techniques and tested to supporting evidence; • In addition to the computer assisted auditing techniques, we also performed substantive detail testing to obtain assurance on the existence and accuracy of transactions within the system on a sample basis by vouching transactions to supporting evidence; • Where counterparties are used, revenue transactions were confirmed to external supporting evidence; • Where the revenue stream is homogenous and recurring we used substantive analytical procedures to test the existence and accuracy of revenue; • Assessed on a sample basis whether the revenue was recorded within the correct period with relevance to terms and conditions of the services and agreements with customers; and • Evaluated the adequacy and appropriateness of disclosures in terms of International Financial Reporting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Funds held on behalf of customers *(Note 14 and 18)* The group holds R523.1 million (R621.1 million) of client funds which are not reflected on the statement of financial position. According to regulation, these accounts have to be treated and accounted for as restricted funds held in trust and are not available for use by the group. Also included in group cash and cash equivalents, are client funds held in margin, whose use is restricted to hedging activities. A related liability for these client funds on margin are accounted for in the client funds liability. The group manages significant amounts of client funds in a fiduciary capacity. Accordingly, significant audit emphasis was placed on ensuring the appropriate accounting treatment of the funds held in trust, that adequate safeguards are in place over these funds and that their administration is strictly in accordance with client mandates. As a result, this area is regarded as a key audit matter.	Our audit procedures included, amongst others: • BDO Technical team was consulted on the appropriateness of the accounting treatment of the funds held in trust; • Reconciled the database of clients' transactions across all trading products with the client funds balances at year-end and reconciled these in turn to the accounting records; • Confirmed client funds held in trust and margin accounts with external third parties; • Confirmed that the group operates a separate trust account for these funds and that the balances have been reconciled to the accounting records; • Reconciled the client funds liability with the client funds on margin per the trading database; • Confirmed by way of a reconciliation that the group has enough cash resources on hand at year-end to meet the client funds held in trust and on margin liabilities; • Assessed on a sample basis the transactions to ensure they were valid trust account transactions by vouching trust account balances to the trading database and instructions from clients; and • Evaluated the adequacy and appropriateness of disclosures in terms of International Financial Reporting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Going concern and deferred tax asset *(Note 27 and 12)* When preparing annual financial statements, management are required to make an assessment of the group's ability to continue as a going concern. This basis assumes that the group will continue in operation for the foreseeable future, and that the group has adequate access to capital and borrowings to meet its obligations as they fall due. In making this assessment, management take into account all available information about the future which is at least, but not limited to, 12 months from reporting date. During the current and prior financial year, the group incurred losses before and after taxation and the group reflects an accumulated loss of R242.3 million (2018: R 232.7 million) at financial year-end. In addition, the group has borrowings and bank overdrafts. The going concern assessment by management involves making significant judgements and estimates about the future and the going concern assumption underpins the recognition and measurement of the entire financial statements. In addition, the deferred tax asset is recognised in the financial statements to the extent that it is probable that future taxable profits will be available against which the tax losses can be utilised. The going concern and related recognition of deferred tax asset was therefore considered to be a key audit matter.	Our audit procedures included, among others: • Discussed with management and reviewed their assessment of the group's ability to continue as a going concern, cash flow forecasts prepared, the availability of financing facilities and access to capital, and whether all information that is reasonably available had been taken into account and also obtained formal management representation in this regard; • Evaluated the reliability of underlying data used to prepare the medium term forecast by comparing the projected cash flows, including the assumptions relating to revenue growth rates, operating margins, and growth in assets under management to historical performance; • Inspected supporting evidence relating to the assumptions underlying the forecasts for reasonability and where possible compared the assumptions used to external market factors; • Reviewed the availability of financing facilities and access to capital to external supporting documentation where possible; • Assessed the key ratios for further indicators of going concern uncertainty and compared the group's actual working capital requirements to management's forecasts; • Compared management's forecast working capital requirements to available funds and committed credit facilities; • Based on the procedures above we, assessed whether there would be future taxable profits available in order to recognise the deferred tax asset over the medium term (5 years); and • Evaluated the adequacy and appropriateness of disclosures in terms of International Financial Reporting Standards.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Purple Group Limited Integrated Report for the year ended 31 August 2019", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

INDEPENDENT AUDITOR'S REPORT CONTINUED

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the 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 9 years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

D.F. Botha
Director
Registered Auditor

26 November 2019

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 August 2019

	Notes	**2019 R'000**	2018 R'000
Revenue	1	**98 476**	70 216
Commissions and research expenses	2	**(3 143)**	(3 982)
Operating expenses	2	**(100 756)**	(93 825)
Net loss		**(5 423)**	(27 591)
Other income	3	**33**	4 069
Loss before interest, depreciation and amortisation		**(5 390)**	(23 522)
Finance income	4	**3 636**	2 687
Finance costs	4	**(7 286)**	(7 003)
Depreciation and amortisation	2	**(9 813)**	(8 500)
Loss before fair value, impairment adjustments and tax		**(18 853)**	(36 338)
Fair value, impairments and guarantee adjustments	5	**102**	(6 760)
Share of profit/(loss) of joint venture	10	**3 474**	(483)
Loss before tax		**(15 277)**	(43 581)
Income tax benefit	6	**3 264**	10 443
Loss for the period		**(12 013)**	(33 138)
Loss attributable to:			
Owners of the Company		**(9 544)**	(26 667)
Non-controlling interest		**(2 469)**	(6 471)
		(12 013)	(33 138)
Earnings per share			
Basic and diluted loss per share (cents)	16	**(1.06)**	(2.94)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 August 2019

	Notes	2019 R'000	2018 R'000
Loss for the period		**(12 013)**	(33 138)
Other comprehensive income/(loss)			
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation reserve	15	**207**	(411)
Total comprehensive loss		**(11 806)**	(33 549)
Total comprehensive loss attributable to:			
Owners of the Company		**(9 337)**	(27 078)
Non-controlling interest		**(2 469)**	(6 471)
		(11 806)	(33 549)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 August 2019

	Notes	2019 R'000	2018 R'000
ASSETS			
Equipment	7	**3 273**	3 944
Intangible assets	8	**53 089**	44 270
Goodwill	8	**204 568**	204 568
Investments	9	**13 781**	13 781
Investment in joint venture	10	**3 877**	631
Receivables	11	**2 826**	2 824
Deferred tax assets	12	**60 591**	56 289
Total non-current assets		**342 005**	326 307
Trade and other receivables	13	**23 643**	23 645
Current tax receivable		**2 097**	2 983
Investments	9	**4 044**	3 942
Receivables	11	**–**	742
Cash and cash equivalents	14	**69 614**	107 333
Total current assets		**99 398**	138 645
Total assets		**441 403**	464 952
EQUITY AND LIABILITIES			
Share capital and premium	15	**474 023**	464 023
Accumulated loss		**(242 261)**	(232 717)
Equity component of compound financial instrument	19	**3 496**	3 496
Other reserves	15	**38 037**	33 614
Equity attributable to owners		**273 295**	268 416
Non-controlling interest		**23 604**	26 073
Total equity		**296 899**	294 489
Borrowings	19	**38 521**	40 284
Total non-current liabilities		**38 521**	40 284
Bank overdraft	14	**8 313**	4 080
Trade and other payables	18	**18 823**	22 061
Client open position liability	18	**58 582**	79 716
Borrowings	19	**20 265**	24 322
Total current liabilities		**105 983**	130 179
Total equity and liabilities		**441 403**	464 952

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2019

	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	Equity component of derivative financial instrument R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Balance 1 September 2017		9 332	473 989	(273 506)	(3 966)	32 463	–	238 312	–	238 312
Total comprehensive income for the period										–
Loss for the period		–	–	(26 667)	–	–	–	(26 667)	(6 471)	(33 138)
Other comprehensive income										
Foreign currency translation reserve	20	–	–	–	(411)	–	–	(411)	–	(411)
Contributions by and distributions to owners										
Convertible borrowings		–	–	–	–	–	3 496	3 496	–	3 496
Sale of non-controlling share in subsidiary		–	–	67 456	–	–	–	67 456	32 544	100 000
Treasury shares acquired	15	(351)	(18 947)	–	–	–	–	(19 298)	–	(19 298)
Share-based payment expense		–	–	–	–	5 528	–	5 528	–	5 528
Balance 1 September 2018		**8 981**	**455 042**	**(232 717)**	**(4 377)**	**37 991**	**3 496**	**268 416**	**26 073**	**294 489**
Total comprehensive loss for the period										
Loss for the period		**–**	**–**	**(9 544)**	**–**	**–**	**–**	**(9 544)**	**(2 469)**	**(12 013)**
Other comprehensive income										
Foreign currency translation reserve	15	**–**	**–**	**–**	**207**	**–**	**–**	**207**	**–**	**207**
Contributions by and distributions to owners										
Shares issued	15	**415**	**9 585**	**–**	**–**	**–**	**–**	**10 000**	**–**	**10 000**
Share-based payment expense		**–**	**–**	**–**	**–**	**4 216**	**–**	**4 216**	**–**	**4 216**
Balance at 31 August 2019		**9 396**	**464 627**	**(242 261)**	**(4 170)**	**42 207**	**3 496**	**273 295**	**23 604**	**296 899**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 August 2019

	Notes	2019 R'000	2018 R'000
Cash flows utilised in operating activities			
Cash utilised in operations		**(25 385)**	(77 888)
Tax paid		**(152)**	(220)
Finance income	4	**3 477**	2 687
Finance costs	4	**(4 752)**	(1 889)
Cash flows utilised in operating activities		**(26 812)**	(77 310)
Cash flows from investing activities			
Acquisition of intangible assets	8	**(17 505)**	–
Acquisition of equipment	7	**(456)**	(24 247)
Repayment from/(Acquisition of) joint venture	10	**228**	(1 114)
Proceeds from sale of investment		**–**	6 143
Rental deposit received/(paid)		**740**	(628)
Cash flows utilised in investing activities		**(16 993)**	(19 846)
Cash flows from financing activities			
Proceeds from the issue of share capital	15	**10 000**	–
Acquisition of treasury shares	15	**–**	(19 298)
Proceeds from disposal of ownership interest in subsidiary		**–**	100 000
Proceeds from borrowings raised		**15 000**	10 000
Repayments of borrowings		**(23 354)**	(17 060)
Cash flows generated by financing activities		**1 646**	73 642
Net decrease in cash and cash equivalents		**(42 159)**	(23 514)
Effect of foreign exchange on cash held		**207**	(411)
Cash and cash equivalents at beginning of period		**103 253**	127 178
Cash and cash equivalents at the end of the period	14	**61 301**	103 253

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 August 2019

RECONCILIATION OF CASH UTILISED IN OPERATIONS

	Notes	2019 R'000	2018 R'000
Loss before tax, finance income and finance costs		**(11 468)**	(39 265)
Adjustments for:			
– Depreciation and amortisation	2	**9 813**	8 500
– Fair value losses on investments	5	**–**	6 540
– Fair value adjustments – Group Asset Management Division		**(102)**	(779)
– Share of profit/(loss) of joint venture		**(3 474)**	483
– Share-based payment expense	2	**4 216**	5 528
– Profit on sale of investment	3	**–**	(3 444)
		(1 015)	(22 437)
Movement in working capital			
Trade and other receivables		**2**	(3 058)
Trade and other payables		**(3 238)**	8 443
Client open position liability		**(21 134)**	(60 836)
		(25 385)	(77 888)

TAX PAID

Balance at beginning of period		**2 983**	2 763
Current tax	6	**(1 038)**	–
Balance at end of period		**(2 097)**	(2 983)
Tax paid		**(152)**	(220)

BORROWINGS RECONCILIATION

	2019 R'000	2018 R'000
Balance at beginning of period	**64 606**	20 000
Loans raised	**15 000**	56 504
– Funding raised (cash flow generation)	**15 000**	10 000
– Funding raised (non-cash flow generation)	**–**	15 000
– Financial guarantee converted to loan (non-cash flow generation)	**–**	35 000
– Embedded derivative equity portion (non-cash flow generation)	**–**	(3 496)
Capital portion of loans repaid	**(23 354)**	(17 060)
Interest paid	**(3 292)**	–
Interest accrued	**5 826**	5 162
Balance at end of period	**58 786**	64 606

SEGMENTAL ANALYSIS

for the year ended 31 August 2019

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): represent the derivatives trading and asset management operations of the Group. These two businesses operate largely off the same centralised resource base of the Group and GT247.com generates a portion of its revenue for services performed for Emperor clients.
- EasyEquities is the web-based investment platform of the Group.
- Investments represent fees and dividends earned on investments and fair value adjustments made against them.

	GT247.com and EAM R'000	EasyEquities R'000	Purple Group Ltd and Investments R'000	Total R'000
2019				
Segment asset				
Non-current assets	9 411	61 563	271 031	342 005
Current assets	42 217	56 344	837	99 398
Total assets	**51 628**	**117 907**	**271 868**	**441 403**
Segment liabilities				
Non-current liabilities	–	15 000	23 521	38 521
Current liabilities	37 803	37 358	30 822	105 983
Total liabilities	**37 803**	**52 358**	**54 343**	**144 504**

	GT247.com and EAM R'000	EasyEquities R'000	Purple Group Ltd and Investments R'000	Total R'000
2019				
Revenue	57 614	40 807	55	98 476
Commissions and research expenses	(2 526)	(588)	(29)	(3 143)
Operating expenses	(38 231)	(51 961)	(10 564)	(100 756)
Net profit/(loss)	16 857	(11 742)	(10 538)	(5 423)
Other income	3	30	–	33
Profit/(loss) before interest, depreciation and amortisation	16 860	(11 712)	(10 538)	(5 390)
Finance income	–	3 636	–	3 636
Finance costs	–	–	(7 286)	(7 286)
Depreciation and amortisation	(911)	(8 874)	(28)	(9 813)
Profit/(loss) before fair value, impairment adjustments and tax#	15 949	(16 950)	(17 852)	(18 853)

** Share-based payment expense of R4 216 026.83 is included in operating expenses. The split per segment is as follows:*

- *GT247.com, EAM: R931 457.00*
- *EasyEquities: R1 039 625.42*
- *Purple Group Ltd and Investments: R2 244 944.41*

 # Included in GT247.com and EAM profit/(loss) before fair value, impairment adjustments and tax is profit before tax of R17.7 million attributable to GT247.com and loss before fair value adjustments of R1.7 million attributable to EAM.

SEGMENTAL ANALYSIS CONTINUED

for the year ended 31 August 2019

	GT247.com and EAM R'000	EasyEquities R'000	Purple Group Ltd and Investments R'000	Total R'000
2018				
Revenue	**54 277**	**15 880**	**59**	**70 216**
Commissions and research expenses	**(2 866)**	**(884)**	**(232)**	**(3 982)**
Operating expenses	**(42 782)**	**(42 049)**	**(8 994)**	**(93 825)**
Net profit/(loss)	**8 629**	**(27 053)**	**(9 167)**	**(27 591)**
Other income	**–**	**625**	**3 444**	**4 069**
Profit/(loss) before interest, depreciation and amortisation	**8 629**	**(26 428)**	**(5 723)**	**(23 522)**
Interest income	**–**	**2 687**	**–**	**2 687**
Finance costs	**(113)**	**(195)**	**(6 695)**	**(7 003)**
Depreciation and amortisation	**(869)**	**(7 594)**	**(37)**	**(8 500)**
Profit/(loss) before fair value, impairment adjustments and tax#	**7 647**	**(31 530)**	**(12 455)**	**(36 338)**

** Share-based payment expense of R5 528 252 is included in operating expenses. The split per segment is as follows:*

- *GT247.com and EAM: R1 490 058.*
- *EasyEquities: R1 382 748.*
- *Purple Group Ltd and Investments: R2 655 446.*

 # Included in GT247.com and EAM profit/(loss) before fair value, impairment adjustments and tax is profit before tax of R10.2 million attributable to GT247.com and loss before fair value adjustments of R2.5 million attributable to EAM.

ACCOUNTING POLICIES

Reporting entity

Purple Group Limited (the Company) is a company domiciled in South Africa. The address of the Company's registered office is 16th Floor, 25 Owl Street, Braamfontein Werf, Johannesburg, 2092. The consolidated financial statements of the Group as at and for the year ended 31 August 2019 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.

Basis of preparation

The consolidated 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. This is the first set of the Group's financial statements in which IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied.

The consolidated financial statements were authorised for issue by the Board of Directors on 26 November 2019.

The accounting policies set out below have been applied consistently to all the periods presented in these consolidated financial statements.

The consolidated 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.

The methods used to measure fair value are discussed further on page 51.

These consolidated 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.

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.

Use of judgements and estimates

Information on significant areas of estimation uncertainty can be found in the following sections/notes: determination of fair values, note 8 (intangible assets and goodwill), note 9 (investments), note 13 (trade and other receivables), note 12 (deferred tax assets), note 17 (share-based payments) and note 19 (borrowings).

Useful life of intangibles

The useful life of developed software is assessed at each reporting date based on information and data obtained from the Chief Technology 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.

Income taxes

The Group recognises the future tax benefits related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make estimates related to expectations of future taxable income.

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in South Africa. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Share-based payments

The Group issues equity-settled share-based payments to executive directors and certain employees. The fair value of these instruments is measured at grant date, using the Black-Scholes valuation model, which requires assumptions regarding the estimated term of the option, share price volatility and expected dividend yield. While the Group's management believes that these assumptions are appropriate, the use of different assumptions could have an impact on the fair value of the option granted and the related recognition of the share-based payments expense in the consolidated income statement.

Expected Credit Losses

Determining whether trade and other receivables are impaired requires a probability-weighted estimate. This estimation requires management to consider both qualitative and quantitative information and perform an analysis based on historical experience and forward-looking information. Judgement is applied when considering the impact of forward-looking information on the expected credit losses.

Investment in joint venture

The Group and NBC Fund Administration Services have joint control of RISE as each party has equal representation on the management committee that governs the relevant activities of the arrangement. The joint venture transaction is structured as a separate vehicle and the group has a residual interest in the net assets of RISE. Accordingly, the Group has classified its interest in RISE as a joint venture.

Going Concern

The consolidated financial statements have been prepared on a going concern basis. Despite being in a loss-making position in the current year the group has net equity of R273.3 million. Based on the financial projections performed, the directors believe that the group will continue trading as a going concern in the foreseeable future. The projections involved estimations of future cash flows and showed positive cash flows for the foreseeable future.

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

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 page 51).

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 reporting date, 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 2019					
Investments (at fair value through profit or loss)	**9**	**–**	**4 044**	**516**	**4 560**
31 August 2018					
Investments (at fair value through profit or loss)	9	–	3 942	104	4 046

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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.

Non-controlling interest

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Investment in joint venture

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the joint arrangement. The Group's interests in joint ventures are accounted for using the equity method. On initial recognition the investment in joint venture is recognised at cost (including transaction costs) and subsequently the carrying amount is increased or decreased to recognise the Group's share of the net assets of the joint venture after date of acquisition.

The Group's share of the joint venture's profit or loss is recognised in profit or loss, outside of operating profit and represents profit or loss after tax of the joint venture. Where there has been a change recognised directly in other comprehensive income or equity of the joint venture, the Group recognises its share of any changes and discloses this, where applicable, in the Group statement of other comprehensive income or Group statement of changes in equity. Distributions received from the joint venture reduce the carrying amount of the investment.

Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture.

Foreign currency

Foreign currency transactions

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 recognised 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 in profit or loss.

Foreign operations

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

The date of initial application of IFRS 9 is 1 September 2018.

Non-derivative financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets – Classification in terms of IFRS 9

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); or
- FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held with a business model whose objective is to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Trade receivables are carried at amortised cost less ECLs (expected credit losses) using the Group's business model for managing its financial assets. ECLs are a probablility-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment

Policy applicable in terms of IFRS 9

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is ''credit-impaired'' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and subsequently remeasured to their fair value with changes therein recognised in profit or loss.

Derivative instruments comprise spread trading and contracts for difference (CFDs) on fixed income, equity, commodity and currency markets.

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)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are cancelled until they are re-issued later. When treasury shares are sold or re-issued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Transfer between the share-based payment reserve and share capital

Share options exercised result in a transfer of reserves from the share-based payment reserve to retained income at the initial grant value.

Equipment

Recognition and measurement

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 in profit or loss.

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.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis, over the estimated useful life of each asset to its residual value. The estimated useful lives for the current and comparative periods are as follows:

Computer equipment	3 years (2018: 3 years)
Fixtures, fittings and improvements	5 years (2018: 6 years)*
Office equipment	5 years (2018: 5 years)

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

** The change in the useful life from prior period did not have a significant impact. Therefore, no further disclosure has been done.*

Intangible assets

Goodwill

Goodwill that arises on the acquisition of a business is measured at cost less accumulated impairment losses. Goodwill is not amortised and is assessed for impairment annually.

Contracts

Contracts that arise from the acquisition of client contracts are measured at cost less accumulated impairment losses. Contracts have an indefinite useful life and is assessed for impairment annually.

Contracts have been assesed as having indefinite useful lives as the rights to which the Group is entitled, are in respect of client contracts that are currently held and those that will be acquired in future.

There is no indication or expectation that client contracts will not be obtained in future.

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 professional services and direct labour that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Purchased software

Purchased software that is acquired by the Group, which has a finite useful life, is 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, over the estimated useful lives of intangible assets. Indefinite life intangible assets and goodwill are not amortised.

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 and useful lives are reviewed at each reporting date and adjusted if required.

Impairment

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. Goodwill and intangible assets with indefinite useful lives are tested annually for impairment.

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 an after-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.

Employee benefits

Short-term employee 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 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 (equity-settled share-based payment arrangement) 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 vesting period that the employees become unconditionally entitled to the options and are not subsequently revalued. 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 from contracts with customers

The date of initial application of IFRS 15 is 1 September 2018. As there has been no effect on revenue recognition and measurement, there has been no cumulative change to retained income as at that date.

Revenue recognition under IFRS 15

Revenue is recognised net of VAT (where applicable). Derivatives trading revenue is recognised on execution of the trades. Asset management and performance fees are recognised monthly for the month under review. Brokerage and related fees on equity trades are recognised on execution of the trades. Revenue is measured based on the consideration specified in a contract with the customer.

Nature and timing of satisfaction of performance obligations

Customers pay a brokerage fee to transact (buy or sell shares) on the platform that they invest on. The brokerage fee is a certain percentage of the value of the customer's transaction. Derivatives trading revenue is recognised based on the value of the trades executed. The revenue is recognised on execution of the trades. Customers are charged management and performance fees on a monthly basis for services provided to them. The revenue described above is the only performance obligations and the contracts do not contain any further performance obligations.

All revenue from contracts with customers is recognised at a point in time.

Other income

Other income includes net unrealised gains, dividends arising from investments, net profit on sale of investments, and proceeds from insurance claims received.

Finance income

Finance income comprises finance income on funds invested and are recompromised in profit or loss using the effective interest method.

Leases

Payments made under operating leases are recognised in profit or loss and included in other expenses on a straight-line basis over the term of the lease. All leases are classified as operating leases.

Finance costs

Finance costs comprise finance costs on borrowings and are recognised in profit or loss using the effective interest method.

Income tax

Income tax expense/benefit 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/receivable 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/receivable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax 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. Detailed forecasts are prepared and the recoverability of deferred tax assets are limited to a five-year horizon. If not realised within five years they are not recognised. 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 4/2018, 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 and for convertible loans.

Operating segment reporting

Operating segments are distinguishable components of the Group that the Chief Executive Officer, on behalf of the Board of Directors, 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.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both 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 at fair value through profit or loss.

Unlisted investments and investments held as venture capital investments are measured at their estimated fair value as determined by the Board at the reporting date.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values should be first calculated with reference to observable inputs where these are available in the market. Only where these are unavailable should fair value techniques be applied which employ less observable inputs. Unobservable inputs may only be used where observable inputs or less observable inputs are unavailable.

Fair Value Measurement does not mandate the use of a particular valuation technique but rather sets out a principle requiring an entity to determine a valuation technique that is appropriate in the circumstances for which sufficient data is available and for which the use of relevant observable inputs can be maximised. Where management is required to place greater reliance on unobservable inputs, the fair values may be more sensitive to assumption changes and different valuation methodologies that may be applied. For this reason, there is a direct correlation between the extent of disclosures required by IFRS and the degree to which data applied in the valuation is unobservable.

The principal methodologies applied in valuing unlisted investments are as follows:

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

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.

Trade and other receivables and payables

Due to the short-term nature of these receivables and payables 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 at the grant date and is not remeasured. 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.

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments (see note 20):

- 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 and cash and cash equivalents, trading counterparties and investments.

Trading counterparties

The Derivatives Business (GT247.com) has various trading counterparties and mitigates the risk of default through using multiple counterparties and evaluating the counterparty credit-worthiness on an ongoing basis. In addition, a certain percentage is held as margin for all trades.

Credit risk is dispersed through a wide range of individual investors from whom margin is withheld for every trade. The Group establishes an allowance for credit losses that represents its estimate of expected 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. The expected credit loss is also based on the Group's understanding of the financial position of the counterparty, including the consideration of their credit risk grade.

Default has been defined as the customer's or counterparty's failure to meet its contractural obligations.

Other investments

The 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 and access to facilities to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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 (EAM) buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. The Equity Trading Business (EE) is also exposed to market risk through timing on transactions and the whole shares owned to cover fractional shares owned by clients. 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 and USD.

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.

The 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 the 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 period.

In the Group's joint venture it is exposed to regulatory capital requirements which partially restricts the distribution of capital.

Standards and interpretations effective and adopted in current year

During the financial year, the following new and revised accounting standards, amendments to standards and new interpretations were adopted by the Group:

Standard(s) Interpretation(s) Amendment(s)	Nature of the change	Salient features of the changes	Impact on financial position or performance
IFRS 9 Financial Instruments	New Standard	• This IFRS sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments. The Group have adopted IFRS 9 on 1 September 2018. • IFRS 9 introduces a single expected credit loss impairment model.	No significant impact
IFRS 15 Revenue from Contracts with Customers	New Standard	• This IFRS introduces a new revenue recognition model for contracts with customers and establishes a comprehensive framework for determining whether, how much and when revenue is recognised. IFRS 15 also includes new disclosure requirements; and • The Group has adopted IFRS 15 on 1 September 2018.	No significant impact

Transition method applied by the Group

The Group adopted IFRS 15 And IFRS 9 using the full retrospective method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 September 2018). The information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and IAS 39 and related interpretations. Additionally, the disclosure requirements in IFRS 15 and IFRS 9 have generally been applied to comparative information. There has been no effect on revenue recognition and measurement. In addition, the application of IFRS 9 has had no significant impact on the financial position or performance of the group.

The assessment of the Expected Credit Loss (ECL) was quantified at 0.1% due to the nature of the T + 3 settlement and as a result was insignificant.

New standards and interpretations

At the date of authorisation of the financial statements for the year ended 31 August 2019, 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 16	**Leases** • 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 in the 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.	1 January 2019

	Standard/Interpretation	Annual periods beginning on or after
IAS 1	**Presentation of Financial Statements** • Definition of Material: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency In the application of that concept whenever it is used in IFRS Standards.	1 January 2020
IAS 8	**Accounting Pollcies, Changes In Accounting Estimates and Errors** • Definition of Material: The amendments clarify and align the definition of 'material' and provide guidance to help Improve consistency in the application of that concept whenever it is used in IFRS Standards.	1 January 2020

The Group does not intend to early adopt the standards or amendments. Management have assessed the impact of IFRS 16 and the impact is expected to be as follows:

Statement of financial position

	R'000
ASSETS	
Right of use asset	5 695
Accumulated depreciation	(1486)
	4 209
LIABILITIES	
Lease liability	
Opening balance	6 120
Finance costs	557
Lease payments	(1 802)
	4 875
STATEMENT OF PROFIT OR LOSS	
Operating expenses	
Depreciation	1 486
Finance costs	
Lease liability – Finance costs	557
	2 043

For comparison purposes using the current leasing standard IAS 17: Leases the profit or loss impact on the implementation date would be R1.9 million.

Statement of cash flows

Contractual lease payments (Interest and Capital)	(1 802)

The adoption of the other standards and amendments not specifically disclosed will not have a significant effect, other than additional disclosure.

The Group expects to adopt the standard for the first time in the 2020 consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 August 2019

1. Revenue

	Notes	2019 R'000	2018 R'000
Equity investing fees		**40 807**	15 880
Asset management execution revenue		**4 277**	2 601
Derivatives trading revenue		**43 624**	44 484
Net funding income		**7 604**	3 485
Asset management fees		**2 164**	3 766
Total revenue		**98 476**	70 216

All revenue from contracts with customers is recognised at a point in time. The Group generates revenue primarily from derivatives trading and equity investing fees.

2. Trading and operating expenses

	2019 R'000	2018 R'000
Commissions and research expenses	**3 143**	3 982
Introducing broker commission	**1 271**	861
Sales commission	**1 321**	1 408
Research costs	**551**	1 713
Employee benefit expenses	**58 013**	50 756
Short-term employee benefits	**53 797**	45 228
Share-based payment expense	**4 216**	5 528
Listing expenses	**188**	227
Lease rentals	**3 134**	5 066
Premises	**3 030**	4 888
Equipment	**104**	178
Fees paid for services	**11 842**	7 506
Regulatory fees	**599**	543
Company secretarial services	**139**	330
Corporate advisory	**670**	1 668
Legal consulting	**1 405**	1 437
Professional services	**7 378**	2 551
Ad-hoc consulting	**1 651**	977
Depreciation and amortisation	**9 813**	8 500
Computer equipment	**288**	331
Furniture and fittings	**622**	1 838
Office equipment	**217**	62
Amortisation of intangible assets	**8 686**	6 269

3. Other income

	2019 R'000	2018 R'000
Profit on sale of investment	**–**	3 444
Insurance proceeds	**–**	481
Other income	**33**	144
Total other income	**33**	4 069

4. Net finance costs

	2019 R'000	2018 R'000
Recognised in profit or loss		
Interest income on bank deposits	**3 477**	2 534
Interest income from Tax Receivable	**159**	153
Total interest income	**3 636**	2 687
Interest on borrowings	**5 826**	5 162
Interest on bank overdraft	**1 460**	1 841
Total finance costs	**7 286**	7 003
Net finance costs	**(3 650)**	(4 316)

5. Fair value, impairments and guarantee adjustments

	Notes	2019 R'000	2018 R'000
Reversal of impairments – Real People Investment Holdings Limited	9	**–**	1 573
Fair value adjustments – Investment accounts in Group's Asset Management Division	9	**102**	(220)
Adjustment to financial guarantee liability – Blockbuster Trading 3 (Pty) Ltd	9	**–**	(8 113)
		102	(6 760)

Please refer to note 9 for further information regarding the write-down of investments and the financial guarantee liability. Fair values of investments were reassessed in 2019, the fair value of the investment accounts in the group's asset management division was adjusted.

6. Income tax

	Notes	2019 R'000	2018 R'000
Recognised in profit or loss			
Current tax expense*		**1 038**	–
		1 038	–
Deferred tax expense			
Payables and accruals		**(330)**	24
Available for sale		**–**	156
Prepayments		**53**	(124)
Fair value		**–**	1 874
Acquisition of intangible assets		**2 642**	(1 745)
Origination and reversal of temporary differences		**2 365**	(185)
Recognition of tax loss	12	**(6 667)**	(10 258)
Total deferred tax		**(4 302)**	(10 443)
Total current and deferred tax		**(3 264)**	(10 443)
Reconciliation of effective tax rate:			%
Income tax recognised in profit or loss		**21.4**	24.0
Tax exempt income		**(6.4)**	(0.3)
Legal fees		**6.1**	1.0
Share based payments expense		**7.7**	3.5
Other		**2.4**	2.2
Non-deductible expenses		**16.2**	6.7
Assessed losses not recognised		**(3.2)**	–
Available for sale		**–**	(0.1)
Capital loss non-deductible		**–**	–
Capital inclusion rate		**–**	(2.3)
Domestic tax rate		**28.0**	28.0

* No group companies realised taxable income in 2018.

7. Equipment

	Notes	Computer equipment R'000	Fixtures, fittings and improvements R'000	Office equipment R'000	Total R'000
Cost					
Balance at 31 August 2017		2 294	8 589	294	11 177
Additions		317	2 289	402	3 008
Disposals*		(103)	(1 926)	(26)	(2 055)
Scrapping of assets**		–	(3 476)	–	(3 476)
Balance at 31 August 2018		2 508	5 476	670	8 654
Additions		176	117	163	456
Balance at 31 August 2019		**2 684**	**5 593**	**833**	**9 110**
Accumulated depreciation and impairment losses					
Balance at 31 August 2017		1 714	6 091	204	8 009
Depreciation for the period		331	1 839	62	2 232
Disposals		(103)	(1 926)	(26)	(2 055)
Scrapping of assets		–	(3 476)	–	(3 476)
Balance at 31 August 2018		1 942	2 528	240	4 710
Depreciation for the period	2	288	622	217	1 127
Balance at 31 August 2019		**2 230**	**3 150**	**457**	**5 837**
Carrying amounts					
At 31 August 2017		580	2 498	90	3 168
At 31 August 2018		566	2 948	430	3 944
At 31 August 2019		454	2 443	376	3 273

** Assets disposed of by First World Trader Proprietary Limited to GT247 Proprietary Limited, at carrying value, were recognised as such in the register.*

*** The leasehold improvements carrying value linked to the old Hyde Park offices was reduced to nil and removed from the register as it is no longer in use.*

There are no restrictions on title, and equipment has not been pledged as security for liabilities.

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

8. Intangible assets and goodwill

	Notes	Goodwill R'000	Contracts R'000	Software development R'000	Purchased software R'000	Total intangible assets R'000	Total R'000
Cost							
Balance at 31 August 2017		212 999	7 914	41 906	4 793	54 613	267 612
Additions		–	–	18 957	2 282	21 239	21 239
Disposals		–	–	(900)	–	(900)	(900)
Balance at 31 August 2018		212 999	7 914	59 963	7 075	74 952	287 951
Additions		–	–	17 505	–	17 505	17 505
Balance at 31 August 2019		**212 999**	**7 914**	**77 468**	**7 075**	**92 457**	**305 456**
Accumulated amortisation and impairment losses							
Balance at 31 August 2017		8 431	–	23 777	1 536	25 313	33 744
Amortisation for the period		–	–	4 292	1 977	6 269	6 269
Disposals		–	–	(900)	–	(900)	(900)
Balance at 31 August 2018		8 431	–	27 169	3 513	30 682	39 113
Amortisation for the period	2	–	–	6 397	2 289	8 686	8 686
Balance at 31 August 2019		**8 431**	**–**	**33 566**	**5 802**	**39 368**	**47 799**
Carrying amounts							
At 31 August 2017		204 568	7 914	18 129	3 257	29 300	233 868
At 31 August 2018		204 568	7 914	32 794	3 562	44 270	248 838
At 31 August 2019		**204 568**	**7 914**	**43 902**	**1 273**	**53 089**	**257 657**

The goodwill was acquired as part of the First World Trader Proprietary Limited purchase in November 2007 and was valued at the date of acquisition.

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

No intangible assets have restrictions to their titles and none of them have been pledged as security for liabilities.

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL AND CONTRACTS

The 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:

	2019 R'000	2018 R'000
GT247.com	**204 568**	204 568
	204 568	204 568

8. Intangible assets and goodwill continued

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.

Key variables	2019	2018
GT247 Proprietary Limited		
Discount period	**10 years**	10 years
Terminal growth rate (%)	**3**	3
Discount rate (%)	**18.4**	21.3

A discount period of 10 years was used to take into account the longer period that the cash-generating unit will contribute to the carrying amount. The lower discount rate applied during the current year reflects the lower levels of uncertainty with regards to market conditions at the date of valuation.

Contracts with an indefinite useful life

Key variables	2019	2018
Emperor Asset Management Proprietary Limited		
Discount period	**10 years**	10 years
Terminal growth rate (%)	**5**	5
Discount rate (%)	**20.9**	23.3

Contracts have been assessed as having indefinite useful lives as the rights to which the Group is entitled, are in respect of client contracts that are currently held and includes intellectual property rights, algorithms and developed systems related thereto.

The lower discount rate applied during the current year reflects the lower levels of uncertainty with regards to market conditions at the date of valuation.

The various sensitivity analyses performed by changing each of the above different key variables by 3.5% in the calculations above, resulted in the recoverable amount exceeding the carrying amounts in all instances.

9. Investments

	2019 R'000 Cost	2019 R'000 Fair Value	2018 R'000 Cost	2018 R'000 Fair Value
The Group had the following unlisted investments:				
Investments – recognised at fair value through profit or loss				
Real People Investment Holdings Limited	**25 916**	**516**	25 916	104
Investment accounts in Group's Asset Management Division	**3 000**	**4 044**	3 000	3 942
Financial assets at amortised cost				
Cost	**33 406**		33 406	
Impairment	**(20 141)**		(19 729)	
Real People Investments Holdings Limited#	**13 265**		13 677	
Total investments	**42 181**	**4 560**	42 593	4 046

 # The Group's exposure to credit risk in respect of these redeemable preference shares is disclosed in note 20.

Fair values of investments are reassessed at the reporting date and adjusted accordingly.

9. Investments continued

	2019 R'000	2018 R'000
Non-current assets – investments	**13 781**	13 781
Current assets – investments	**4 044**	3 942
Total investments	**17 825**	17 723

	2019 R'000	2018 R'000
Balance 1 September	**17 723**	(8 817)
Fair value gain and guarantee adjustments	**102**	29 240
Disposal of investment	**–**	(2 700)
Balance 31 August	**17 825**	17 723

Investment in Real People Investment Holdings and financial guarantee

The group holds a direct investment in Real People Investment Holdings Limited ("RPIH") comprising the following instruments:

- 506 793 ordinary shares;
- 968 C2 preference shares; and
- 9 325 B preference shares.

In addition, the group holds an indirect investment in RPIH through Blockbuster Trading 3 Proprietary Limited ("BBT"), of which the group owns a 37.5% shareholding. This investment is held at a fair value of R412 k.

Prior year guarantee adjustments

The guarantee adjustments of R8.1 million shown in prior year (refer to note 5) relates to the group's investment in BBT. Although the group's investment in BBT was written off, the shareholders of BBT, at the inception of this deal, during September 2007, 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 to the shareholders of BBT at the subscription price. At 31 August 2017, the group provided for the estimated liability in respect of this guarantee, an amount of R26.9 million. During the 2019 year, the shareholders of BBT reached final agreement with the IDC in respect of the debt owed to the IDC. In the result, the group was allocated a disproportionate share of this liability, an amount totalling R35 million (being an additional R8.1 million above the amount raised of R26.9 million), for which the group has reached payment terms with the IDC, and as such this liability was moved to Borrowings (refer to note 19). Capital of R17 million was repaid by the group during the period under review leaving R18 million still to be repaid.

ASSUMPTIONS APPLIED IN DETERMINING FAIR VALUE

The fair value in respect of the Group's direct and indirect investment in RPIH was calculated using a combination of a discounted cash flow model and Price: Earnings valuation in order to arrive at an indicative valuation for the business. The valuation arrived at was then allocated across the various instruments in issue, in accordance with the cash flow waterfall agreed with the RIPH creditors.

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 and managements view of the future prospects. The fair value measurement technique would result in Level 3 fair value in the fair value hierarchy (see page 44).

9. Investments continued

Key assumptions used – Real People Investment Holdings Limited/Blockbuster Trading 3 Proprietary Limited

	2019	2018
Discount period	**3 years**	3 years
Exit PE multiple	**10.10**	8.84
Risk free rate (%)	**6.7**	7.95

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 risk free 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 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, as these are Level 2 instruments.

10. Investment in joint venture

The group entered into a joint venture, Retirement Investments and Savings for Everyone Proprietary Limited trading as RISE, with NBC Fund Administration Services.

The Group's interest in RISE is accounted for using the equity method in the consolidated financial statements.

The following amounts represent the assets and liabilities, income and expenses of the associate:

	2019 R'000	2018 R'000
Effective rate of interest held in joint venture (%)	**50.0**	50.0
Reconciliation between proportionate investment and current investment value:		
Investment at cost	**–**	–
Loan to joint venture	**886**	1 114
Share of profit/(losses) in prior periods	**(483)**	–
Investment in joint venture	**403**	1 114
Share of profits/(losses) for the period	**3 474**	(483)
Carrying value in joint venture	**3 877**	631
Assets		
Non-current assets	**631**	34
Current assets	**17 081**	2 259
Liabilities		
Current liabilities	**(11 738)**	(3 260)
Equity	**(5 974)**	967
Summarised statement of comprehensive income		
Income	**18 163**	1 606
Expenses	**(8 316)**	(2 948)
Profit/(loss) before tax	**9 847**	(1 342)
Income tax (expense)/benefit	**(2 899)**	376
Profit/(loss) for the period	**6 948**	(966)
Total comprehensive income/(loss) for the period	**6 948**	(966)
Group's proportionate share of the income/(loss) for the period	**3 474**	(483)

11. Receivables

	2019 R'000	2018 R'000
Rental deposits*	**770**	1 510
Loan receivable	**2 056**	2 056
	2 826	3 566

* *The rental deposits are repayable upon termination of the leases. Refer to note 21.*

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;
- there are no fixed terms of repayment; 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 20.

	2019 R'000	2018 R'000
Non-current receivable	**2 826**	2 824
Current receivable	**–**	742
	2 826	3 566

The group has no intention or expectation to call on theses loans in the next 12 months.

12. Deferred tax assets

	2019 R'000	2018 R'000
Recognised deferred tax assets and liabilities		
Balance at the beginning of the period	**56 289**	45 845
Investments at fair value	**–**	2 029
Payables and accruals	**330**	24
Receivables and prepayments	**(53)**	(123)
Tax loss	**6 667**	10 258
Intangible assets	**(2 642)**	(1 744)
Balance at the end of the period	**60 591**	56 289
Deferred tax comprises the following:		
Receivables and prepayments	**(368)**	(315)
Intangible assets	**(5 728)**	(3 085)
Deferred tax liability	**(6 096)**	(3 400)
Financial assets at fair value	**28 487**	28 486
Payables and accruals	**1 770**	1 440
Tax loss	**36 430**	29 763
Deferred tax asset	**66 687**	59 689
Net deferred tax assets	**60 591**	56 289

The group will start:

a) earning a significant share of the asset management fees in respect of the IP it owns;

b) generate risk advisory revenue from the GT247.com operations; and

c) earning full year revenue on contracts secured during the current year, which will enable the Group to take advantage of the deferred tax assets as at 31 August 2019 over the next three to five years. No deferred tax was provided on capital losses amounting to R4.1 million (2018: R4.1 million). The Group has accumulated losses of R130.1 million (2018: R106.1 million).

13. Trade and other receivables

	2019 R'000	2018 R'000
Trade receivables	**1 278**	1 097
Prepayments	**2 095**	1 647
Vat	**6 755**	5 348
Trading account	**10 617**	–
Receivable in terms of Serialong loan	**–**	15 000
Accrued trade income	**1 823**	
Other receivables	**1 075**	553
	23 643	23 645

The Group's exposure to credit and currency risks and credit losses related to trade and other receivables is disclosed in note 20.

All of the above amounts fall under current assets.

Movement in allowance for credit losses

	2019 R'000	2018 R'000
Opening balance	**569**	992
Utilised	**–**	(423)
Closing balance	**569**	569

Expected credit loss assessment for customers at 31 August 2019 under IFRS 9

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group also considers other factors that might impact the credit risk of its customer base including default risk and the economic conditions of the country in which the customer operate.

The Group is not exposed to significant credit risk due to the short dated nature of trade receivables.

Impairment of trade receivables, carried at amortised cost, has been determined using the simplified expected credit loss ("ECL") approach and reflects the short-term maturities of the exposures. The ECL was based on the Group's understanding of the financial position of the counterparty, including the consideration of their credit risk grade.

In performing the assessment to determine the expected credit loss, it was concluded that the credit loss recognised above is appropriate and sufficient.

14. Cash and cash equivalents

	2019 R'000	2018 R'000
Bank deposit	**17 841**	14 727
Trading margin with brokers	**51 773**	92 606
Cash and cash equivalents	**69 614**	107 333
Bank overdraft	**(8 313)**	(4 080)
Cash and cash equivalents in the statement of cash flows	**61 301**	103 253

The Group's exposure to interest rate risk, credit risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 20. The Group holds R523.1 million (2018: R621.1 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 Group. Included in Group cash and cash equivalents are client funds held to settle client trades and as margin for risk exposure. The related liability is included under current liabilities as client open position liability (see note 18.2).

R0.8 million (2018: R1.6 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 R14.5 million with Mercantile Bank. The overdraft is secured by an unlimited pledge and cession over the Group's investment in Blockbuster Trading 3 Proprietary Limited, Real People Investment Holdings Limited and First World Trader Proprietary Limited.

15. Capital and reserves

	Number of shares	Number of shares
The number of shares in issue is as follows:		
Ordinary share capital**		
Ordinary share capital in issue at 1 September	**935 476 518**	935 476 518
New shares issued (30 August 2019)*	**41 536 864**	–
In issue at 31 August – fully paid up	**977 013 382**	935 476 518
Less: Treasury shares#	**(37 387 720)**	(37 387 720)
In issue at reporting date	**939 625 662**	898 088 798

2 300 000 (2018: 2 300 000) shares (acquired at an average price of 16 cents) and 35 087 720 (2018: 35 087 720) shares (acquired at an average price of 55 cents) in Purple Group are held by GT247.com and First World Trader respectively and are eliminated on consolidation.

* *The directors of the Company issued 41 536 864 shares at a price of 24 cents to public shareholders under the general authority granted by shareholders to issue shares for cash.*

** *Holders of the shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.*

15. 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 2017	9 332	473 989	483 321
Treasury shares acquired**	(351)	(18 947)	(19 298)
Balance at 31 August 2018	**8 981**	**455 042**	**464 023**
Shares issued*	415	9 585	10 000
Balance at 31 August 2019	**9 396**	**464 627**	**474 023**

* *This related to the issue of 41 536 864 shares at a price of 24 cents to public shareholders under the general authority granted by shareholders to issue shares for cash.*

** *This related to the repurchase by First World Trader Proprietary Limited of 35 087 720 shares from Sanlam at 55 cents per share as per the agreement of sale of 30% of First World Trader Proprietary Limited.*

At 31 August 2019 the authorised share capital comprised 1 200 000 000 ordinary shares of R0.01 each (2018: 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 17).

OTHER RESERVES

	2019 R'000	2018 R'000
Foreign currency translation reserve	**(4 170)**	(4 377)
Share-based payment reserve	**42 207**	37 991
Balance 31 August	**38 037**	33 614
Reconciliation of foreign currency translation reserve		
Balance as at 31 August of prior year	**(4 377)**	(3 966)
Translation of foreign operations	**207**	(411)
Balance as at 31 August	**(4 170)**	(4 377)
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	**37 991**	32 463
Share options exercised	**–**	–
Share-based payment expense	**4 216**	5 528
Balance as at 31 August	**42 207**	37 991

The above relates to share options granted by the Company to its employees under its employee share option scheme. For further information please refer to note 17.

16. Earnings per share

	2019 R'000	2018 R'000
Basic earnings per share		
The calculation of basic and headline earnings per share at 31 August 2019 was based on a Group loss attributable to ordinary shareholders of R9.5 million (2018: loss of R26.7 million), a headline loss of R9.5 million (2018: loss of R27.1 million) and a weighted average number of ordinary shares outstanding during the year ended 31 August 2019 of 898 316 397 (2018: 905 971 591), calculated as follows:		
Loss attributable to ordinary shareholders	**(9 544)**	(26 667)
Headline loss for the period	**(9 455)**	(27 148)
Weighted average number of ordinary shares		
Issued ordinary shares at 31 August*	**935 476 518**	933 176 518
Effect of treasury shares	**(37 387 720)**	(27 204 999)
Effect of shares issued for cash	**227 599**	–
Weighted average number of ordinary shares at 31 August	**898 316 397**	905 971 519
** Number of ordinary shares is stated after taking into account treasury shares owned at the beginning of the reporting period.*		
Basic loss per share (cents)	**(1.06)**	(2.94)
Headline loss per share (cents)	**(1.06)**	(3.00)
Headline loss has been computed as follows:		
Loss attributable to ordinary shareholders	**(9 544)**	(26 184)
Insurance proceeds	**–**	(481)
Headline loss	**(9 544)**	(27 148)
Diluted earnings per share The calculation of diluted earnings and diluted headline earnings per share as at 31 August 2019 was based on a Group loss attributable to ordinary shareholders of R9.5 million (2018: loss of R26.7 million), a headline loss of R9.5 million (2018: loss of R27.1 million) and a diluted weighted average number of ordinary shares outstanding during the year ended 31 August 2019 of 898 316 397 (2018: 905 971 519), calculated as follows:		
Loss attributable to ordinary shareholders (diluted)	**(9 544)**	(26 667)
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at 31 August	**898 316 397**	905 971 519
Serialong convertible loan	**–**	–
Effect of share options in issue	**–**	–
Weighted average number of ordinary shares (diluted) at 31 August	**898 316 397**	905 971 519
Diluted loss per share (cents)	**(1.06)**	(2.94)
Diluted headline loss per share (cents)	**(1.06)**	(3.00)

There are currently 114.2 million (2018: 133.5 million) share options in issue in terms of the Group's share incentive scheme (see note 17) of which 100.9 million are exercisable.

None of the options are considered dilutive as they reduce the loss per share.

17. 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 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
Issued 4 November 2016	22 692 868
Exercised 24 August 2017	(583 818)
Forfeiture 31 August 2016	(1 499 974)
Total at 31 August 2017	144 805 905
Expired 9 October 2017	(6 500 000)
Forfeiture 31 August 2018	(4 762 382)
Total at 31 August 2018	133 543 523
Expired February 2019	(13 120 000)
Forfeiture 31 August 2019	(6 199 603)
Total at 31 August 2019	114 223 920

17. Share-based payments continued

The options granted to directors are:

	Number of options 2019 Opening Balance	Expired	Closing balance	Number of options 2018
Mark Barnes	17 160 000	(4 500 000)	**12 660 000**	17 160 000
Charles Savage	22 000 000	(3 000 000)	**19 000 000**	22 000 000
Gary van Dyk	20 750 000	(1 750 000)	**19 000 000**	20 750 000
	59 910 000	(9 250 000)	**50 660 000**	59 910 000

	2019		2018	
	Weighted average exercise price (cents)	**Number of options**	Weighted average exercise price (cents)	Number of options
Outstanding at the beginning of the period	**42**	**133 543 523**	41	144 805 905
Expired during the period	**19**	**(13 120 000)**	18	(6 500 000)
Forfeited during the period	**56**	**(6 199 603)**	53	(4 762 382)
Outstanding at the end of the period	**44**	**114 223 920**	42	133 543 523
Exercisable at the end of the period	**37**	**100 861 490**	35	89 548 710

The options outstanding at 31 August 2019 have been issued in a price range from 19 cents to 76 cents and have a weighted average exercise price of 44 cents (2018: 42 cents) and a weighted average contractual life of 3.28 years (2018: 3.64 years).

Share-based payment expenses of R4.2 million (2018: R5.5 million) were accounted for in profit or loss.

No additional options were granted and accepted during the period. The estimate of the fair value of the options granted was measured on a Black-Scholes model at grant date. The contractual life of the option (seven years) is used as an input into this model. Expectations of early exercise are not incorporated.

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 million shares (2018: 164.0 million shares).

18. Trade and other payables and client open position liability

18.1

	Notes	2019 R'000	2018 R'000
Trade payables		**5 065**	14 532
Accrued expenses		**2 065**	1 783
Corporate credit cards		**8**	212
Vouchers redeemable		**–**	47
Introducer fee payable		**107**	134
Lease liability		**–**	107
Employee-related accruals		**11 578**	5 246
		18 823	22 061

18.2

	Notes	2019 R'000	2018 R'000
Client open position liability	14	**58 582**	79 716
		58 582	79 716

The Group's exposure to currency and liquidity risk related to trade and other payables and client open position liability is disclosed in note 20.

19. Borrowings

	Notes	2019 R'000	2018 R'000
Industrial Development Corporation of South Africa Limited*		**18 176**	39 045
Serialong Consortium**		**23 862**	21 504
Gajoder Investments Proprietary Limited Term Loan***		**1 748**	4 057
Sanlam Investment Holdings Term Loan****		**15 000**	–
		58 786	64 606

* *The loan bears interest at prime +1% per annum, compounded monthly and is repayable in monthly instalments, with a final balloon payment of R15 million due on 29 February 2020. Total payments of R23 million were made during the year of which R17 million was for capital and R6 million was for interest of which R4 million interest accrued to 31 August 2018.*

** *The loan bears interest at 11.5% fixed per annum compounded monthly, of which 30% is payable monthly and 70% is capitalised. The loan has a conversion option embodied into the agreement giving the Lender the right at any time until the final repayment date, to call upon Purple Group to allot and issue Purple Group shares to cover the outstanding loan balance at that time. The conversion price fixed in terms of the agreement is 22.87 cents per share. The final repayment date is set at 31 August 2021. The conversion option makes this loan a compound financial instrument, and as such the liability was initially split between equity and liabilities as follows:*

Equity component	*3 496*
Liability component	*21 504*
Total loan	*25 000*

*** *The loan was to be payable on 28 February 2018 but an extension was granted with monthly repayment of R190 000 per month and a final repayment date of 30 June 2020. Interest is accrued daily at JIBAR plus 10% and is compounded monthly in arrears. Repayments of R2.3 million were made during the year.*

**** *Interest is accrued daily at the prime rate and compounded monthly. The loan is repayable in full on 30 August 2021 together with all interest accrued to that date.*

	Notes	2019 R'000	2018 R'000
Non-current payable		**38 521**	40 284
Current payable		**20 265**	24 322
		58 786	64 606

20. 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	**2019 R'000**	2018 R'000
Receivables	11	**2 826**	3 566
Investments	9	**13 677**	13 677
Trade and other receivables	13	**14 792**	16 650
Cash and cash equivalents	14	**69 614**	107 333
		100 909	141 226

The exposure to credit risk for financial assets at the reporting date was in South Africa. The group's receivables are predominantly with a few large corporates whom management deems to be credit worthy. In respect of the staff loans the collateral held as security exceeds the loan amount thereby reducing the credit risk on these receivables.

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 reporting date no amounts are past due. All trades are settled daily through the mark-to-market process.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, the group only holds accounts with major South African and international banks, with credit ratings ranging from Baa1 to Baa3, to reduce risk.

The expected credit loss was quantified at 0.1% and deemed insignificant due to the short dated nature of trade receivables, resulting from T + 3 settlement of trades that are committed to on a daily basis. All trade receivables have settled at reporting date.

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, 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; and
- setting cash equity trading policy, which addresses the risk of cash trading with a settlement cycle of T+3.

20. Financial instruments continued

LIQUIDITY RISK

The following are the contractual undiscounted maturities of financial liabilities, including estimated interest payments as at 31 August 2019:

	Notes	Carrying amount R'000	Contractual cash flows R'000	Less than one year R'000	One to two years R'000	Two to five years R'000	Total R'000
Trade and other payables	18.1	**18 823**	**18 823**	**18 823**	**–**	**–**	**18 823**
Client open position liability	18.2	**58 582**	**58 582**	**58 582**	**–**	**–**	**58 582**
Borrowings	19	**58 786**	**71 584**	**26 723**	**44 861**	**–**	**71 584**
Overdraft	14	**8 313**	**8 313**	**8 313**	**–**	**–**	**8 313**
		144 504	**157 302**	**112 441**	**44 861**	**–**	**157 302**

The following were the contractual undiscounted maturities of financial liabilities including estimated interest payments as at 31 August 2018:

	Notes	Carrying amount R'000	Contractual cash flows R'000	Less than one year R'000	One to two years R'000	Two to five years R'000	Total R'000
Trade and other payables	18.1	22 061	22 061	22 061	–	–	22 061
Client open position liability	18.2	79 716	79 716	79 716	–	–	79 716
Borrowings	19	64 606	78 064	30 005	23 061	24 998	78 064
Overdraft	14	4 080	4 080	4 080	–	–	4 080
		170 463	183 921	135 862	23 061	24 998	183 921

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 as well as foreign currency held by First World Trader in its New York bank account. At the reporting date the amount of foreign currency held was R0.8 million (2018: R1.6 million). The closing rate used was R15.14.

For foreign currency held, the impact on profit or loss after tax of a10% change in the exchange rate at the reporting date would have the following impact:

	2019 Profit or loss		2018 Profit or loss	
	10% increase R'000	**10% decrease R'000**	10% increase R'000	10% decrease R'000
Foreign currency held (in USD)	**58**	**(58)**	116	(116)

20. 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 2019 R'000	Carrying amount 2018 R'000
Borrowings	19	Various*	**(58 786)**	(64 606)
Variable rate instruments				
Other financial assets	11	Interest free	**2 826**	3 566
Cash and cash equivalents	14	Daily call rate	**69 614**	107 333
Overdraft	14	Prime	**(8 313)**	(4 080)

* *Refer to note 19 for individual interest rates*

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss after tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2019.

	2019		2018	
	Profit or loss		Profit or loss	
	50 bp increase R'000	**50 bp decrease R'000**	50 bp increase R'000	50 bp decrease R'000
Variable rate instruments				
Financial assets	**261**	**(261)**	400	(400)
Financial liabilities	**(156)**	**156**	(170)	170
	105	**(105)**	230	(230)

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.

Although VaR is a primary indicator of risk, the full intra-day exposure 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-tracking day due to the liquidity available in the instruments that we offer our clients.

20. 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
2019				
Other price risk	**3 153**	**3 231**	**9 825**	**1 235**
2018				
Other price risk	1 396	3 855	10 851	327

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 R2.3 million (2018: R3.5 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	2019 R'000	2018 R'000
Financial assets at amortised cost			
– Trade and other receivables	13	**14 792**	16 650
– Other financial assets	11	**2 826**	3 566
– Investments	9	**13 677**	13 677
– Cash and cash equivalents	14	**69 614**	107 333
		100 909	141 226
Investments at fair value through profit or loss			
– Investments	9	**4 560**	4 046
		4 560	4 046
Financial liabilities at amortised cost			
– Trade and other payables	18.1	**(18 823)**	(22 061)
– Client open position liability	18.2	**(58 582)**	(79 716)
– Borrowings	19	**(58 786)**	(64 606)
– Bank overdraft	14	**(8 313)**	(4 080)
		(144 504)	(170 463)

21. Operating lease commitment

LEASES AS LESSEE

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

	2019 R'000	2018 R'000
Future minimum lease payments		
Office equipment		
Less than one year	**104**	178
Between one and five years	**–**	104
Office premises		
Less than one year	**1 802**	1 684
Between one and five years	**5 619**	7 421
	7 525	9 387

The Group leases one office under an operating lease. The lease runs for five years until 31 May 2023, with an option to renew the lease after that date. The lease escalates at 7% per annum. The premises are in Braamfontein Werf.

Office equipment is under a 36-month lease for printers and telephone systems, with no annual escalation.

During the period ended 31 August 2019, R3.1 million (2018: R5.0 million) was recognised as an expense in profit or loss in respect of operating leases.

22. Contingencies

There are no contingencies at the reporting date.

23. Related parties

IDENTITY OF RELATED PARTIES

The Group has related party relationships (note 24) as disclosed below.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The key management personnel compensation is as follows and is included in employee benefit expense (see note 2):

	2019 R'000	2018 R'000
Employee benefits		
Non-executive directors		
Mark Barnes		
– fees (Purple Group Ltd)	**1 050**	2 697
– fees (Subsidiary)	**350**	–
– capital raising fee	**2 000**	–
– statutory contributions	**–**	28
– share option expenses	**436**	541
Happy Ntshingila – fees (Chairman – appointed 07/02/2019)	**292**	–
Craig Carter – fees	**291**	275
Bonang Mohale – fees (Appointed 07/02/2019)	**60**	–
Arnold Forman – fees (Appointed 07/02/2019)	**170**	–
Ronnie Lubner – fees (Deceased 27/12/2018)	**–**	76
	4 649	3 617
Employee benefits		
Executive directors		
Charles Savage		
– salary	**4 231**	3 921
– leave paid out	**209**	–
– share option expenses	**862**	986
Gary van Dyk		
– salary	**3 200**	2 956
– leave paid out	**217**	–
– share option expenses	**862**	986
	9 581	8 849

23. Related parties continued

The three highest paid employees other than directors earned salaries of R3.0 million, R2.6 million and R1.8 million, respectively. At 31 August the directors' interests in the issued share capital of the Company were as follows:

	2019				2018			
	Beneficial		**Non-beneficial**		Beneficial		Non-beneficial	
	Direct	**Indirect**	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
Mark Barnes	**39 212 718**	**166 080 851**	**–**	**–**	46 852 718	166 080 851	–	–
Craig Carter	**1 932 366**	**–**	**–**	**–**	1 932 366	–	–	–
Ronnie Lubner*	**–**	**–**	**–**	**–**	–	–	–	227 100 267
Dennis Alter*	**–**	**–**	**–**	**–**	7 200 000	–	–	–
Charles Savage	**20 835 591**	**58 928**	**–**	**–**	20 835 591	58 928	–	–
Gary van Dyk	**15 818 500**	**–**	**–**	**–**	18 518 500	–	–	–
	77 799 175	**166 139 779**	**–**	**–**	95 339 175	166 139 779	–	227 100 267

* *No longer directors at 31 August 2019.*

	2019 R'000	2018 R'000
Loans from related parties:		
Bonang Mohale (Serialong Consortium)*	**23 862**	–
Sanlam	**15 000**	–

* *Bonang Mohale was only appointed to the board in 2019. Therefore, Serialong Consortium became a related party in 2019.*

TRANSACTIONS WITH RISE

	2019 R'000	2018 R'000
Administration fee from RISE	**344**	240
Rebates from RISE	**275**	–
Brokerage costs paid to RISE	**(2 090)**	(74)
Management fees	**796**	253

24. List of subsidiaries

		Ownership interest	
Subsidiaries Name	Country	**2019 %**	2018 %
First World Trader Proprietary Limited*	South Africa	**70**	70
First World Trader Nominees (RF) Proprietary Limited* (Subsidiary of First World Trader Proprietary Limited)	South Africa	**100**	100
EasyProperties (Subsidiary of First World Trader Proprietary Limited)	South Africa	**100**	–
GT247 Proprietary Limited**	South Africa	**100**	100
One World Trader Proprietary Limited (Subsidiary of GT247 Proprietary Limited)	Mauritius	**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

24. List of subsidiaries continued

Subsidiaries Name	Country	Ownership interest 2019 %	2018 %
Global Trader Europe Limited ***	United Kingdom	**100**	100
EasyEquities International Limited (Subsidiary of First World Trader Proprietary Limited)	Ireland	**100**	–
EasyEquities Proprietary Limited (Subsidiary EasyEquities International Limited)	Australia	**100**	–

* *Includes the operations of EasyEquities.*

** *Includes the operations of GT247.com*

*** *Placed into liquidation in 2008 and still ongoing.*

First World Trader, a 70% owned subsidiary of the Company, has material non-controlling interests (NCI).

Summarised financial information in relation to First World Trader, before intra-group eliminations, is presented below together with amounts attributable to NCI:

	2019 R'000	2018 R'000
Statement of profit or loss and other comprehensive income:		
Revenue	**40 917**	15 775
Loss	**(9 269)**	(22 022)
Total comprehensive income	**(9 269)**	(22 022)
Statement of financial position:		
Non-current assets	**71 739**	55 364
Current assets	**55 942**	59 046
Non-current liabilities	**15 000**	–
Current liabilities	**41 079**	34 579
Allocations to NCI:		
Loss	**(2 469)**	(6 471)
Accumulated non-controlling interests	**23 604**	26 073
Dividends paid	**–**	–

25. Events after the reporting date

The directors are not aware of any other matter or circumstance arising since reporting date up to the date of this report, not otherwise dealt with in this report.

26. Net asset value per share

The Group net asset value is 29.09 (2018: 29.89) cents per share and is based on the number of ordinary shares in issue net of treasury shares at reporting date of 939 625 662 (2018: 898 088 798) and net assets of R273.3 million (2018: 268.4 million).

27. Going concern

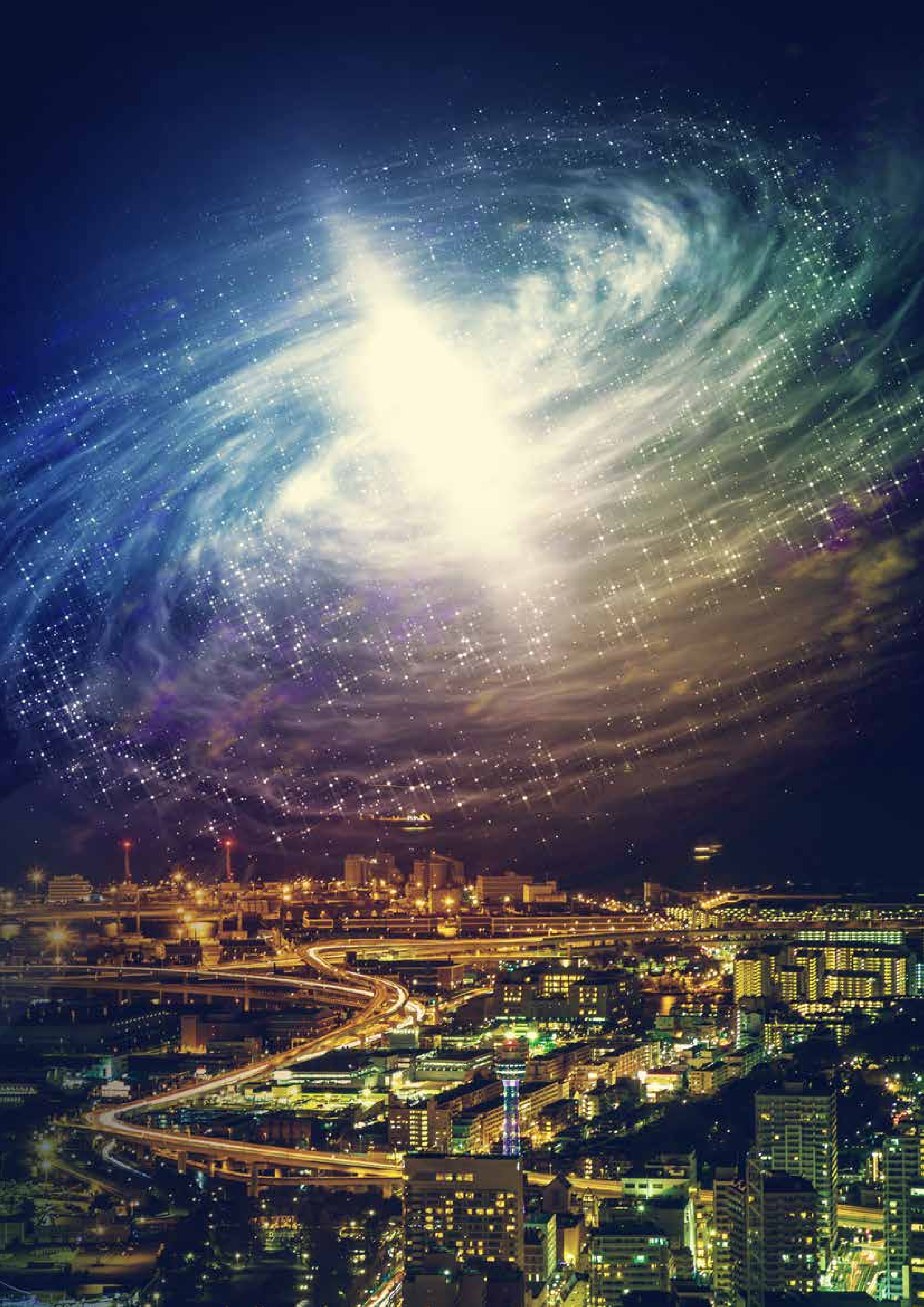
The consolidated financial statements have been prepared on a going-concern basis. Despite the Group having accumulated losses, the Group has net equity of R273.3 million, and the directors are confident that the Group will continue trading as a going concern into the foreseeable future.

The losses incurred during the period were generated in respect of the Group's investment in its EasyEquities business as GT247.com generated a reasonable profit.

The Group's investment in EasyEquities during the current period was funded through the transaction with Sanlam in 2017 which resulted in EasyEquities being capitalised with sufficient capital to fund its operations. In addition, further funding of R15 million was received on 30 August 2019 from Sanlam to fund the remaining period to profitability. The remaining profitable businesses in the Group will no longer be required to fund the EasyEquities operations. The GT247.com cash flows will be utilised to fund the remaining operations of the Group as well as to reduce the debt facilities of the Group.

SHAREHOLDERS ANALYSIS

	Number of shareholders	% of total shareholders	Number of shares	% of total issued share capital
Analysis of shareholdings				
1 – 999	**4 399**	**64.35**	**1 065 890**	**0.11**
1 000 – 9999	**1 599**	**22.81**	**5 097 959**	**0.52**
10 000 – 99 999	**816**	**11.94**	**72 062 453**	**7.38**
100 000 and over	**62**	**0.91**	**898 787 080**	**91.99**
Total	**6 836**	**100.00**	**977 013 382**	**100.00**
Distribution of shareholders				
Banks	**3**	**0.04**	**151 952 910**	**15.55**
Brokers	**5**	**0.07**	**460**	**0.00**
Close corporations	**16**	**0.23**	**838 323**	**0.09**
Individuals	**6 688**	**97.83**	**221 974 146**	**22.72**
Investment companies	**13**	**0.19**	**82 586 870**	**8.45**
Nominees and trusts	**53**	**0.78**	**81 263 065**	**8.32**
Other corporations	**9**	**0.13**	**3 298 900**	**0.34**
Private companies	**49**	**0.72**	**435 098 708**	**44.53**
Total	**6 836**	**100.00**	**977 013 382**	**100.00**
Shareholder spread				
Non-public	**44**	**0.64**	**535 475 109**	**54.81**
Directors*	**7**	**0.10**	**49 567 348**	**5.08**
Employees	**33**	**0.48**	**16 358 339**	**1.67**
Treasury shares	**2**	**0.03**	**37 387 720**	**3.83**
10% of issued capital or more	**2**	**0.03**	**432 161 702**	**44.23**
Public	**6 792**	**99.36**	**441 538 273**	**45.19**
Total	**6 836**	**100.00**	**977 013 382**	**100.00**
Beneficial shareholding of 3% or more				
Business Venture Investments No 184			**332 161 702**	**34.00**
Erasmus Family Trust (CGIM)			**56 164 103**	**5.75**
Axon			**46 000 000**	**4.71**
Peter White			**34 288 432**	**3.51**
Montegray Capital (Pty) Ltd			**34 968 432**	**3.58**
First World Trader (Pty) Ltd			**35 087 720**	**3.59**
Foreign custodians holding 3% or more				
Banque Lombard Ocker & Cie SA			**51 932 910**	**5.32**
JP Morgan Chase Bank Omnibus Clients Onshore			**100 000 000**	**10.24**
Country				
South Africa	**6 791**	**99.34**	**814 496 316**	**83.37**
Namibia	**19**	**0.28**	**224 815**	**0.02**
Australia	**1**	**0.01**	**93**	**0.00**
United States	**3**	**0.04**	**7 239 114**	**0.74**
Swaziland	**6**	**0.09**	**36 532**	**0.00**
Netherlands	**1**	**0.01**	**16 013**	**0.00**
Germany	**2**	**0.03**	**902**	**0.00**
United Kingdom	**7**	**0.10**	**103 033 005**	**10.55**
United Arab Emirates	**1**	**0.01**	**3 333**	**0.00**
Lesotho	**4**	**0.06**	**30 349**	**0.00**
Switzerland	**1**	**0.01**	**51 932 910**	**5.32**
Total	**6 836**	**100.00**	**977 013 382**	**100.00**
Dematerialised	**6 628**	**96.96**	**970 916 393**	**99.38**
Certificated	**208**	**3.04**	**6 096 989**	**0.62**
Total	**6 836**	**100.00**	**977 013 382**	**100.00**



PURPLE GROUP
LIMITED

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 16th Floor, 25 Owl Street, Braamfontein Werf on Wednesday, 22 January 2020 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, 22 November 2019; 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, 17 January 2020.

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 2019, 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 Daniel Botha, 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 Memorandum of Incorporation, the following directors retire by rotation, but being eligible, hereby offer themselves for re-election:

   - Mark Barnes; and
   - Craig Carter.

   (A brief *curriculum vitae* in respect of these directors is contained on page 90 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 6 – 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 7 – 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 146 552 007 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 8 – 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 6 and 7 and special resolutions number 1, 2 and 3."

5.4 Ordinary resolution number 9 – 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 21).

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution."

Reason for and effect of ordinary resolution

The reason for ordinary resolution number 9 is that the King IV Report on Corporate Governance for South Africa, 2016 recommends and the JSE Listings Requirements in paragraph 3.84(k) stipulates that the Remuneration Policy of the Company be endorsed through separate non-binding advisory votes by shareholders.

Should resolution number 9 be voted against by 25% or more of the voting rights exercised, the Board will enter into an engagement process to ascertain the reasons for the dissenting votes and appropriately address legitimate and reasonable objections and concerns raised. Details of such engagement will be provided in the Annual General Meeting results announcement as per the listings requirements, if necessary.

5.5 Ordinary resolution number 10: Non-binding advisory vote on implementation report of the remuneration policy

"Resolved that, by way of a non-binding advisory vote, the remuneration implementation report of the company, as contained in the remuneration committee report set out below in Annexure 1 be, and is hereby, endorsed.

In order for this resolution to be approved, it must be supported by more than 50% of the voting rights exercised on the resolution."

To the extent that 25% or more votes are cast against this resolution 10, dissenting shareholders will be invited to engage with the remuneration committee to discuss their concerns. Details of such engagement will be provided in the Annual General Meeting results announcement as per the listings requirements, if necessary.

Reason for and effect of ordinary resolution

The reason for the ordinary resolution number 10 is that the King IV Report on Corporate Governance for South Africa, 2016 recommends, and the JSE Listing Requirements stipulate, that the Implementation Report of the Remuneration Policy be endorsed through separate non-binding advisory votes by shareholders.

5.6 Ordinary resolution number 11: Appointment of the Audit Committee members

Resolved that the following Directors of the Company be, and are hereby, elected as members of the Company's Audit Committee until the conclusion of the next Annual General Meeting, being appointed in accordance with the Companies Act.

(a) Ordinary resolution number 11.1

Resolved that Mr Craig Carter is elected as a member and Chair of the Audit Committee of the Company.

(b) Ordinary resolution number 11.2

Resolved that Mr Happy Ntshingila is elected as a member of the Audit Committee of the Company.

(c) Ordinary resolution number 11.3

Resolved that Mr Arnold Forman is elected as a member of the Audit Committee of the Company.

Reason for and effect of ordinary resolution

The reason for, and effect of, ordinary resolutions number 11.1 – 11.3 are that the members of the Audit Committee of the Company are required, in terms of section 94(2) of the Companies Act, to be appointed by the shareholders.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

5.7 Special resolution number 1: Awarding of shares and provision of financial assistance in connection therewith

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

- The Company may issue investment vouchers to selected employees of the Company or of Group companies (excluding Directors), on a monthly basis or such other basis, all as may be determined from time to time by the Company, such vouchers shall be utilised by the recipients to acquire ordinary shares in the Company on the open market (collectively "**Awards**");
- The Company may grant Awards to selected clients or potential clients of the Company or of Group companies, for loyalty, retention and/or marketing purposes;
- 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 Awards which may be Awarded to employees is a maximum of R75 000;
- The aggregate of Awards which may be Awarded to clients and potential clients is a maximum of R1 200 000.

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) and/or the relevant JSE Listing Requirements, 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.

5.8 Special resolution no. 2 – Approval of non-executive 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, until the next AGM, as set out below, be approved:

Non-executive Chairman

- Annual fee of – R530 000 per year

Independent non-executive directors

- Annual fee of – 308 711 per year

Non-executive directors

- Attendance fee per Board meeting – R42 447
- Attendance fee per sub-committee – R21 223

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.

5.9 Special resolution no. 3 – Financial assistance to related and inter-related entities

Resolved that the directors of the Company may, subject to compliance with the requirements of the articles of association of the Company and the Act, authorise the provision by the Company, at any time and from time to time during the period of two (2) years commencing on the date of adoption of this special resolution, of direct or indirect financial assistance, by way of a loan, guarantee of a loan or other obligation or the securing of a debt or other obligation to any one or more related or interrelated companies or corporations of the Company and/ or to any one or more members of any such related or inter-related company or corporation related to any such company or corporation as outlined in section 2 of the Act, on such terms and conditions as the directors may deem fit".

Reasons for and effect of the special resolution

The reason for the passing of this special resolution is that, on a strict interpretation of section 45 of the Act, the Company may not provide the financial assistance contemplated in such section without a special resolution. The above resolution gives the directors the authority to authorise the Company to provide direct or indirect financial assistance, by way of a loan, guaranteeing of a loan or other obligation or securing of a debt or other obligation, to the recipients contemplated in special resolution number 3. It is difficult to foresee the exact details of financial assistance that the Company may be required to provide over the next two (2) years. It is essential, however, that the Company is able to organise effectively its internal financial administration. For these reasons and because it would be impractical and difficult to obtain shareholder approval every time the Company wishes to provide financial assistance as contemplated above, it is necessary to obtain the approval of shareholders, as set out in special resolution number 3.

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, 22 November 2019
Notice of AGM to be posted to shareholders on	Tuesday, 26 November 2019
Last day to trade to be recorded in the register on the record date for participation in the AGM	Tuesday, 14 January 2020
Record date to participate in and vote at the AGM	Friday, 17 January 2020
Last day for lodging forms of proxy at 10:00 on	Monday, 20 January 2020
AGM at 10:00 on	Wednesday, 22 January 2020
Results of AGM released on SENS on	Wednesday, 22 January 2020

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 6 and 8 to 11. For the special resolutions and ordinary resolution number 7 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 4 Africa Exchange Registry, Cedarwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, 2121 by no later than 10:00 on Monday, 20 January 2020.

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, 22 November 2019.

The last day to trade in order to be eligible to vote at the Annual General Meeting is Tuesday, 14 January 2020.

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, 17 January 2020.

By order of the Board

4 Africa Exchange Registry Proprietary Limited

Company Secretary

25 November 2019

IMPLEMENTATION REPORT OF THE REMUNERATION POLICY

REMUNERATION IMPLEMENTATION REPORT FOR THE YEAR ENDED 31 AUGUST 2018

We are pleased to present Purple Group's Remuneration Implementation Report for the financial year ended 31 August 2019. The report aligns to the reporting structure recommended in the fourth King Report on Corporate Governance for South Africa (King IV).

We believe this report provides stakeholders with improved clarity on how our remuneration policy informs the actual pay and awards received by Purple Group's executive directors, senior executives and prescribed officers as defined by the Companies Act, and how it supports our strategy to attract and retain talent.

At the annual general meeting (AGM) held in January 2019, 95.37% of our shareholders voted in favour of our remuneration policy. Following the Remuneration Committee's review of its processes and the remuneration policy, to ensure alignment with shareholder expectations, the remuneration principles have not changed for this financial year.

We will continue to actively engage with shareholders on changes to our remuneration policy and its implementation as part of our commitment to enhance our reporting, meet shareholder expectations, where feasible, and maintain accurate, transparent and relevant disclosure on the performance measures used to determine the award of short- and long-term incentives.

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 stakeholders.

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, who has share options from his time as an executive. It was approved at a general meeting of shareholders that these could be retained.

EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT REMUNERATION

GUARANTEED PACKAGES

R'000	FY 2018	FY 2019	Movement %
C Savage	3 921	4 231	7.9%
G van Dyk	2 956	3 200	8.3%
Senior Management (3 members)	6 435	7 063	10.0%

Increases were granted to the above individuals during FY 2019.

INCENTIVES – SHORT-TERM

Short-term bonuses for Executives and Senior Management are currently awarded at the discretion of the Remuneration Committee. Although various metrics are taken into account in evaluating performance, the overriding criteria is currently Group profitability. As such, no bonuses were paid during FY 2017, FY 2018 and Fy 2019 to the Executives and Senior Management.

INCENTIVES – LONG-TERM

The Group rewards its staff through the Employee Share Option Scheme which translates into future value to the staff through increasing profits and in return, the share price of Purple Group.

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 the details of the options granted, are as follows:

	FY 2019		FY 2018	
	Weighted average exercise price (cents)	**Number of shares**	Weighted average exercise price (cents)	Number of options
Outstanding at the beginning of the period	**42**	**133 543 523**	38	144 805 905
Granted during the period	**–**	**–**	–	–
Exercised during the period	**–**	**–**	–	–
Expired during the period	**19**	**(13 120 000)**	18	(6 500 000)
Forfeited during the period	**56**	**(6 199 603)**	53	(4 762 382)
Outstanding at the end of the period	**44**	**114 223 920**	42	133 543 523
Exercisable at the end of the period	**37**	**100 861 490**	35	89 548 710

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 options outstanding at 31 August 2019 have been issued in a price range from 19 cents to 76 cents and have a weighted average exercise price of 44 cents (2018: 42 cents) and a weighted average contractual life of 3.28 years (2018: 3.64 years).

The number of share options held by Executive Directors and Senior Management are:

	FY 2018	**Expired**	**FY 2019**	Movement %
C Savage	22 000	(3 000)	19 000	(13.6%)
G van Dyk	20 750	(1 750)	19 000	(8.4%)
Senior Management (3 members)	26 150	(2 000)	24 150	(7.6%)
Total	68 900	(6 750)	62 150	(9.8%)

No share options were granted during FY 2019

NON-EXECUTIVE DIRECTOR REMUNERATION

The remuneration of non-executive directors is reviewed annually by the Board and the Remuneration Committee. The Remuneration Committee proposed a 6% increase in non-executive director's fees.

Non-executive directors are paid a fixed fee for services rendered and fees are set at levels that will attract and retain the calibre of directors necessary to contribute to a highly productive board.

IMPLEMENTATION REPORT OF THE REMUNERATION POLICY CONTINUED

FEES PAID TO EACH NON-EXECUTIVE DIRECTOR FOR SERVICES PERFORMED AS DIRECTORS

	Period			
	From	**To**	**FY 2019**	**FY 2018**
Mark Barnes				
– Chairman of the Board	Sep – 18	Dec – 18	899	899
– Chairman of the Board	Jan – 19	Jan – 19	42	1 798
– Board meetings attendance fee	Feb – 19	Aug – 19	40	–
– Sub-committee meetings attendance fee	Feb – 19	Aug – 19	60	–
Total director's fees			**1 041**	**2 697**
Happy Ntshingila				
– Chairman of the Board	Feb – 19	Aug – 19	292	–
Total director's fees			**292**	**–**
Craig Carter				
– Independent non-executive director's fees	Sep – 18	Dec – 18	92	91,7
– Independent non-executive director's fees	Jan – 19	Aug – 19	194	183,3
Total director's fees			**286**	**275,0**
Arnold Forman				
– Independent non-executive director's fees	Feb – 19	Aug – 19	170	–
Total director's fees			**170**	**–**
Bonang Mohale				
– Board meetings attendance fee	Feb – 19	Aug – 19	40	–
– Sub-committee meetings attendance fee	Feb – 19	Aug – 19	20	–
Total director's fees			**60**	**–**

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

MARK BARNES – 63

Non-executive director

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 a significant shareholder in the Purple Group.

Mark is a frequent contributor in the South African media and Mark was most recently CEO of the South African Post Office, until September 2019

Mark joined the Board in October 2004.

Mark is also a member of the Remuneration Committee and Risk Committee.

CRAIG CARTER – 59

Independent 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, and CEO of Luminous Banking.

Craig joined the Board in February 2005.

Craig is also a member of the Risk Committee and Chairman of the Audit Committee and Remuneration Committee.

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, 16th Floor, 25 Owl Street, Braamfontein Werf on Wednesday, 22 January 2020 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 Wednesday, 22 January 2020 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 2019			
Ordinary resolution number 2: Remuneration of auditors			
Ordinary resolution number 3: Appointment of auditors			
Ordinary resolution number 4: Ratification of re-election of Mark Barnes			
Ordinary resolution number 5: Ratification of re-election of Craig Carter			
Ordinary resolution number 6: To place the unissued shares of the Company under the control of the directors			
Ordinary resolution number 7: To authorise the Company to issue shares and to sell treasury shares for cash under a general authority			
Ordinary resolution number 8: To authorise the directors as signatories			
Ordinary resolution number 9: Non-binding advisory note on remuneration policy			
Ordinary resolution number 10: Non-binding advisory note on implementation report of remuneration policy			
Ordinary resolution number 11.1: Election of Craig Carter as Chairman of the Audit Committee			
Ordinary resolution number 11.2: Election of Happy Ntshingila as a member of the Audit Committee			
Ordinary resolution number 11.3: Election of Arnold Forman as a member of the Audit Committee			
Special resolution number 1: Awarding of shares and provision of financial assistance in connection therewith			
Special resolution number 2: Non-executive directors' remuneration to next AGM			
Special resolution number 3: Financial assistance to related and inter-related entities			

(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 ______________ 2020

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 initialled 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. 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.

6. Forms of proxy must be received at the Company's Transfer Secretaries, 4 Africa Exchange Registry, Cedarwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, 2121 by no later than 10:00 on Monday, 20 January 2020.

7. 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.

8. 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.

9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

10. 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.

11. 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

Happy Ntshingila	Independent non-executive Chairman
Mark Barnes	Non-executive director
Charles Savage	Group CEO
Gary van Dyk	Group CFO
Arnold Forman	Independent non-executive director
Craig Carter	Independent non-executive director
Bonang Mohale	Non-executive director

BUSINESS ADDRESS
16th Floor
25 Owl Street
Braamfontein Werf
2092

POSTAL ADDRESS
PO Box 411449
Craighall
2024

BANKERS
Mercantile Bank Limited

AUDITORS
BDO South Africa Incorporated
Registered Auditors

GROUP SECRETARY
4 Africa Exchange Registry Proprietary Limited
Cedarwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2121

SHARE REGISTRARS
4 Africa Exchange Registry Proprietary Limited
Cedarwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2121

COMPANY REGISTRATION NUMBER
1998/013637/06

ISIN
ZAE000185526

VAT REGISTRATION NUMBER
4640178168

TAX NUMBER
9552/065/64/2

PURPLE GROUP
LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 31 AUGUST
2019